SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority)
and
Series 2000 B (West Virginia Infrastructure Fund)

Date of Closing: September 21, 2000

BOND TRANSCRIPT

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Series 2000 B (West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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SALT ROCK WATER PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE OUTSTANDING PRINCIPAL OF AND INTEREST ACCRUED ON THE WATERWORKS FACILITIES BOND ANTICIPATION NOTES, SERIES 2000 B, OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SALT ROCK WATER PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 1, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Salt Rock Water Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State.

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

C. The Issuer has heretofore temporarily financed a portion of the costs of construction of the Project with proceeds of its Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17,2000, issued in the original aggregate principal amount of not to exceed $7,950,000 (the "Prior Notes"). The Issuer has determined that refunding the Prior Notes is in the best interests of the Issuer and is required by the terms of the Prior Notes. The Issuer intends to permanently finance a portion of the costs of refunding the Prior Notes and the acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority").

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $12,000,000 in two series being the Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than $9,300,000 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $3,000,000 (the "Series 2000 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay the Prior Notes in full. 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 costs of paying the outstanding interest on, principal of and all fees for the Prior Notes, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. Following the refunding of the Prior Notes, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated May 27, 1998, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Prior Notes and issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

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

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

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 22C, Article 1, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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

"Agreement" means initially, the Agreement, dated May 27, 1998, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

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

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

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

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

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

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

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

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

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

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

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

"Consulting Engineers" means West Virginia-American Water Company, Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

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

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

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the Small Cities Block Grant and the grant by The County Commission of Cabell County.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally

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

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

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

"Issuer" means Salt Rock Water Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

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

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

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

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

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

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

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

"Prior Notes" means the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000, issued in the original aggregate principal amount of not to exceed $7,950,000

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account.

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

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

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

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

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

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

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

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

"Series 2000 B Bonds" means the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

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

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

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

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 B Bonds and the Series 2000 B Bonds.

"State" means the State of West Virginia.

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

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

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

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF THE PRIOR NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and the Refunding of the Prior Notes. There is hereby authorized and ordered the acquisition and construction of the Project and the refunding of the Prior Notes, at an estimated cost of $17,747,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $17,747,000, of which approximately $9,300,000 will be obtained from proceeds of the Series 2000 A Bonds, approximately $3,000,000 will be obtained from proceeds of the Series 2000 B Bonds, approximately $1,250,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), approximately $100,000 will be obtained from a grant by The County Commission of Cabell County and approximately $4,097,000 will be from funds contributed by the Company.

The total cost of refunding the Prior Notes is estimated to be $1,882,892.76 which will be obtained from the proceeds of the Series 2000 A 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 A Bonds and the Series 2000 B Bonds, refunding the Prior Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued Series 2000 A Bonds and the Series 2000 B Bonds of the Issuer. The Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority)," in the principal amount of not more than $9,300,000 and "Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $3,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

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

Section 3.03. Execution of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 A Bonds and the Series 2000 B Bonds shall cease to be such officer of the Issuer before the Series 2000 A Bonds and the Series 2000 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2000 A Bonds and the Series 2000 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2000 A Bond nor 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 Series 2000 A Bond and the Series 2000 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2000 A Bonds and the Series 2000 B Bonds issued hereunder.

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

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

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bond or Series 2000 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2000 A Bonds and the Series 2000 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

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

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

(iv) An executed copy of the Loan Agreement;

(v) A copy of the Agreement;

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

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

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

(FORM OF SERIES 2000 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on _____ 1 of each year, commencing _____1, _____, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, ____, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and

conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17,2000; (iii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

_____,
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2000 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

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

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,300,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the

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

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

_____, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

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

(3) Series 2000 B Bonds Construction Trust Fund.

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

(1) Series 2000 A Bonds Sinking Fund;

(2) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account (to be funded with Letter of Credit);

(3) Series 2000 B Bonds Sinking Fund; and

(4) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account (to be funded with Letter of Credit);

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, commencing 7 months prior to the first date of payment of interest on the Series 2000 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 A 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 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

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

prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

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

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

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

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

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

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

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

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

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

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

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

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

Bonds and the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreements and submit a copy of said form, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

C. Next, from the proceeds of the Series 2000 A Bonds, there shall be paid to the Holders of the Prior Notes the entire outstanding principal of, all accrued interest on and all fees for the Prior Notes.

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

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

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the respective Bond Construction Trust Funds and shall comply

with all requirements with respect to the disposition of such funds set forth in the Bond Legislation.

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

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

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

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

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

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

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

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2000 A Bonds shall be applied as directed by the Authority.

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

B. To make disbursements from the Series 2000 B Bonds Construction Trust Fund, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require.

Payments of all Costs of the Project from the proceeds of the Series 2000 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2000 B Bonds shall be applied as directed by the Council.

The Issuer shall expend all proceeds of the Series 2000 B Bonds within 3 years of the date of issuance of the State's general obligation bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered January 11, 1999, in Case No. 98-0774-W-PSD-CN.

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

Section 7.05. Sale of the System. So long as the Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds. Any balance remaining after the payment of the Series 2000 A Bonds and the Series 2000 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

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

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

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 A Bonds and the Series 2000 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the Series 2000 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided.

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

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the payments from the Company under the Agreement shall not be less than 100% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

In the event the Agreement is no longer in place, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

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

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so

that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the Agreement is no longer in place, the Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan

Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfil compliance with this covenant.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the

services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

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

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

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

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

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

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

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

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

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

shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

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

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

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

A. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 A 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 A Bonds, will be and remain excludable from gross income for federal income tax purposes.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2000 A Bonds and the Series 2000 B Bonds.

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

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds and the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds as a condition to issuance of the Series 2000 A Bonds and the Series 2000 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and

applicable to the Series 2000 A Bonds and the Series 2000 B Bonds as may be necessary in order to maintain the status of the Series 2000 A Bonds and the Series 2000 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered

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

ARTICLE X

PAYMENT OF BONDS

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Company, the Authority, or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Salt Rock Water Public Service District
Route 1, Box 31
Water Plant Road
Salt Rock, West Virginia 25559
Attention: Chairman

COMPANY:

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

AUTHORITY:

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

COUNCIL:

West Virginia Infrastructure Council
980 One Valley Square
Charleston, West Virginia 25301
Attention: Executive Secretary

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

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia

applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Salt Rock Water Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

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

(b) The maximum interest rate and terms of the Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 19th day of September, 2000.

Robert J. Burns
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the 19th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Secretary

09/05/00
121970/99001

EXHIBIT A

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

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNTS; APPROVING THE FIRST AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Salt Rock Water Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 19, 2000 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF THE OUTSTANDING PRINCIPAL OF AND INTEREST ACCRUED ON THE WATERWORKS FACILITIES BOND ANTICIPATION NOTES, SERIES 2000 B, OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED,

THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Series 2000 B (West Virginia Infrastructure Fund) of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed $9,300,000 and $3,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 1 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer and the Company have agreed to amend the Operation and Maintenance Agreement dated May 27, 1998, by entering into the First Amendment to Agreement dated September 21, 2000 (the "First Amendment to Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from One Valley Bank, National Association, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, No.00-050, dated September 21, 2000, in the amount of $596,028 (the "Series 2000 A Letter of Credit"), and a Letter of Credit, No. 00-049, dated September 21, 2000, in the amount of $153,848 (the "Series 2000 B Letter of Credit" and collectively with the Series 2000 A Letter of Credit, the "Letter of Credit") to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account respectively;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT:

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

A. Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $9,300,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2040, and shall bear interest at the rates

per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, payable semiannually on June 1 and December 1 of each year, beginning December 1, 2000. The Series 2000 A Bonds shall be payable in annual installments of principal on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1.75% of the principal amount of the Series 2000 A Bonds, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement. The Authority will purchase the Series 2000 A Bonds at the price of $8,755,000.

B. Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $3,000,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2040, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, and ending September 1, 2040, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds.

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

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

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

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

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

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

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

Section 8. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Depository Bank under the Resolution.

Section 9. Series 2000 A Bonds proceeds in the amount of $587,108.59 shall be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest.

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. Series 2000 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 A Bonds Reserve Account. The Series 2000 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $596,028.

Section 12. Series 2000 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 B Bonds Reserve Account. The Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $153,848.

Section 13. Series 2000 A Bonds proceeds in the amount of $1,882,892.76 shall be paid to One Valley Bank, National Association, Charleston, West Virginia, to pay in full the entire outstanding principal of and all interest accrued on the Prior Notes.

Section 14. The balance of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs.

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 21, 2000.

Section 16. The acquisition and construction of the Project, the refunding of the Prior Notes 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 17. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of September, 2000.

Robert L Burns
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of SALT ROCK WATER PUBLIC SERVICE DISTRICT on the 19th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Secretary

09/17/00
121970/99001

WDA-LP III
(9/11/00)

LOAN AGREEMENT

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

SALT ROCK WATER PUBLIC SERVICE DISTRICT (Series 2000A)
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

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

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

SALT ROCK WATER PUBLIC SERVICE DISTRICT
[Name of Governmental Agency]

(SEAL)

By: Robert J Burns

Its: Chairman

Attest:

Date: September 19, 2000

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: David B. Lyons

Its: Director

Attest:

Date: September 21, 2000

Barbara B Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

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

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

Witnesseth my signature this __ day of____. ____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

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

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

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

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

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

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest $____

Principal $____

Total: $____

Reserve Account: $____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$9,300,000
Purchase Price of Local Bonds	$8,755,000

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

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

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

None.

FINAL

Salt Rock Water Public District Service (West Virginia)

WDA Loan of $9,300,000
Administrative Fee of 1.75% of Annual Debt Service
(Annual Use Fee not to exceed $606,608)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2000	-	-	145,223.62	-	145,223.62
6/01/2001	-	-	258,814.38	7,070.67	265,885.05
12/01/2001	-	-	258,814.38	-	258,814.38
6/01/2002	75,000.00	4.500%	258,814.38	10,371.01	344,185.39
12/01/2002	-	-	257,126.88	-	257,126.88
6/01/2003	80,000.00	4.600%	257,126.88	10,399.45	347,526.33
12/01/2003	-	-	255,286.88	-	255,286.88
6/01/2004	85,000.00	4.650%	255,286.88	10,422.55	350,709.43
12/01/2004	-	-	253,310.63	-	253,310.63
6/01/2005	85,000.00	4.700%	253,310.63	10,353.38	348,664.01
12/01/2005	-	-	251,313.13	-	251,313.13
6/01/2006	90,000.00	4.750%	251,313.13	10,370.96	351,684.09
12/01/2006	-	-	249,175.63	-	249,175.63
6/01/2007	95,000.00	4.800%	249,175.63	10,383.65	354,559.28
12/01/2007	-	-	246,895.63	-	246,895.63
6/01/2008	100,000.00	4.900%	246,895.63	10,391.35	357,286.98
12/01/2008	-	-	244,445.63	-	244,445.63
6/01/2009	105,000.00	5.000%	244,445.63	10,393.10	359,838.73
12/01/2009	-	-	241,820.63	-	241,820.63
6/01/2010	110,000.00	5.000%	241,820.63	10,388.73	362,209.36
12/01/2010	-	-	239,070.63	-	239,070.63
6/01/2011	115,000.00	5.000%	239,070.63	10,379.98	364,450.61
12/01/2011	-	-	236,195.63	-	236,195.63
6/01/2012	120,000.00	5.125%	236,195.63	10,366.85	366,562.48
12/01/2012	-	-	233,120.63	-	233,120.63
6/01/2013	125,000.00	5.250%	233,120.63	10,346.73	368,467.36
12/01/2013	-	-	229,839.38	-	229,839.38
6/01/2014	135,000.00	5.375%	229,839.38	10,406.88	375,246.26
12/01/2014	-	-	226,211.25	-	226,211.25
6/01/2015	140,000.00	5.875%	226,211.25	10,367.40	376,578.65
12/01/2015	-	-	222,098.75	-	222,098.75
6/01/2016	150,000.00	5.875%	222,098.75	10,398.46	382,497.21
12/01/2016	-	-	217,692.50	-	217,692.50
6/01/2017	160,000.00	5.875%	217,692.50	10,419.24	388,111.74
12/01/2017	-	-	212,992.50	-	212,992.50
6/01/2018	165,000.00	5.875%	212,992.50	10,342.24	388,334.74
12/01/2018	-	-	208,145.63	-	208,145.63
6/01/2019	175,000.00	5.875%	208,145.63	10,347.60	393,493.23
12/01/2019	-	-	203,005.00	-	203,005.00
6/01/2020	185,000.00	5.875%	203,005.00	10,342.68	398,347.68
12/01/2020	-	-	197,570.63	-	197,570.63
6/01/2021	200,000.00	5.625%	197,570.63	10,414.98	407,985.61
12/01/2021	-	-	191,945.63	-	191,945.63
6/01/2022	210,000.00	5.625%	191,945.63	10,393.10	412,338.73

FINAL

Salt Rock Water Public District Service (West Virginia)

WDA Loan of $9,300,000
Administrative Fee of 1.75% of Annual Debt Service
(Annual Use Fee not to exceed $606,608)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2022	-	-	186,039.38	-	186,039.38
6/01/2023	220,000.00	5.625%	186,039.38	10,361.38	416,400.76
12/01/2023	-	-	179,851.88	-	179,851.88
6/01/2024	235,000.00	5.625%	179,851.88	10,407.32	425,259.20
12/01/2024	-	-	173,242.50	-	173,242.50
6/01/2025	245,000.00	5.625%	173,242.50	10,350.99	428,593.49
12/01/2025	-	-	166,351.88	-	166,351.88
6/01/2026	260,000.00	5.625%	166,351.88	10,372.32	436,724.20
12/01/2026	-	-	159,039.38	-	159,039.38
6/01/2027	275,000.00	5.625%	159,039.38	10,378.88	444,418.26
12/01/2027	-	-	151,305.00	-	151,305.00
6/01/2028	290,000.00	5.625%	151,305.00	10,370.68	451,675.68
12/01/2028	-	-	143,148.75	-	143,148.75
6/01/2029	305,000.00	5.625%	143,148.75	10,347.71	458,496.46
12/01/2029	-	-	134,570.63	-	134,570.63
6/01/2030	325,000.00	5.625%	134,570.63	10,397.48	469,968.11
12/01/2030	-	-	125,430.00	-	125,430.00
6/01/2031	345,000.00	5.650%	125,430.00	10,427.55	480,857.55
12/01/2031	-	-	115,683.75	-	115,683.75
6/01/2032	360,000.00	5.650%	115,683.75	10,348.94	486,032.69
12/01/2032	-	-	105,513.75	-	105,513.75
6/01/2033	385,000.00	5.650%	105,513.75	10,430.49	500,944.24
12/01/2033	-	-	94,637.50	-	94,637.50
6/01/2034	405,000.00	5.650%	94,637.50	10,399.82	510,037.32
12/01/2034	-	-	83,196.25	-	83,196.25
6/01/2035	425,000.00	5.650%	83,196.25	10,349.37	518,545.62
12/01/2035	-	-	71,190.00	-	71,190.00
6/01/2036	450,000.00	5.650%	71,190.00	10,366.65	531,556.65
12/01/2036	-	-	58,477.50	-	58,477.50
6/01/2037	475,000.00	5.650%	58,477.50	10,359.22	543,836.72
12/01/2037	-	-	45,058.75	-	45,058.75
6/01/2038	505,000.00	5.650%	45,058.75	10,414.56	560,473.31
12/01/2038	-	-	30,792.50	-	30,792.50
6/01/2039	530,000.00	5.650%	30,792.50	10,352.74	571,145.24
12/01/2039	-	-	15,820.00	-	15,820.00
6/01/2040	560,000.00	5.650%	15,820.00	10,353.70	586,173.70
Total	9,300,000.00	-	14,234,891.96	411,860.79 *	23,946,752.75

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

SCHEDULE Z

None.

IC-1
(4/6/00)

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"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

SALT ROCK WATER PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date for the

Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

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

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

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

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

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

local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and

maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

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

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

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

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

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

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

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to

maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

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

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

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

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

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

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and

charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to 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 the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

7.6 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

SALT ROCK WATER PUBLIC SERVICE DISTRICT

(SEAL)

By: Robert J Burns
Its: Chairman

Attest: Will A Hill
Its: Secretary

Date: 9-19-2000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyon Bosley
Its: Director

Attest: Barbara B Meadows
Secretary-Treasurer

Date: 9.20.00

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

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

Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

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

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

Witnesseth my signature this ___ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

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

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

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

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

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

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

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

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

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

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

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

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

None.

SCHEDULE Y

Salt Rock Water Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	19,231.00	-	19,231.00
3/01/2002	19,231.00	-	19,231.00
6/01/2002	19,231.00	-	19,231.00
9/01/2002	19,231.00	-	19,231.00
12/01/2002	19,231.00	-	19,231.00
3/01/2003	19,231.00	-	19,231.00
6/01/2003	19,231.00	-	19,231.00
9/01/2003	19,231.00	-	19,231.00
12/01/2003	19,231.00	-	19,231.00
3/01/2004	19,231.00	-	19,231.00
6/01/2004	19,231.00	-	19,231.00
9/01/2004	19,231.00	-	19,231.00
12/01/2004	19,231.00	-	19,231.00
3/01/2005	19,231.00	-	19,231.00
6/01/2005	19,231.00	-	19,231.00
9/01/2005	19,231.00	-	19,231.00
12/01/2005	19,231.00	-	19,231.00
3/01/2006	19,231.00	-	19,231.00
6/01/2006	19,231.00	-	19,231.00
9/01/2006	19,231.00	-	19,231.00
12/01/2006	19,231.00	-	19,231.00
3/01/2007	19,231.00	-	19,231.00
6/01/2007	19,231.00	-	19,231.00
9/01/2007	19,231.00	-	19,231.00
12/01/2007	19,231.00	-	19,231.00
3/01/2008	19,231.00	-	19,231.00
6/01/2008	19,231.00	-	19,231.00
9/01/2008	19,231.00	-	19,231.00
12/01/2008	19,231.00	-	19,231.00
3/01/2009	19,231.00	-	19,231.00
6/01/2009	19,231.00	-	19,231.00
9/01/2009	19,231.00	-	19,231.00
12/01/2009	19,231.00	-	19,231.00
3/01/2010	19,231.00	-	19,231.00
6/01/2010	19,231.00	-	19,231.00
9/01/2010	19,231.00	-	19,231.00
12/01/2010	19,231.00	-	19,231.00
3/01/2011	19,231.00	-	19,231.00
6/01/2011	19,231.00	-	19,231.00
9/01/2011	19,231.00	-	19,231.00
12/01/2011	19,231.00	-	19,231.00
3/01/2012	19,231.00	-	19,231.00

Salt Rock Water Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2012	19,231.00	-	19,231.00
9/01/2012	19,231.00	-	19,231.00
12/01/2012	19,231.00	-	19,231.00
3/01/2013	19,231.00	-	19,231.00
6/01/2013	19,231.00	-	19,231.00
9/01/2013	19,231.00	-	19,231.00
12/01/2013	19,231.00	-	19,231.00
3/01/2014	19,231.00	-	19,231.00
6/01/2014	19,231.00	-	19,231.00
9/01/2014	19,231.00	-	19,231.00
12/01/2014	19,231.00	-	19,231.00
3/01/2015	19,231.00	-	19,231.00
6/01/2015	19,231.00	-	19,231.00
9/01/2015	19,231.00	-	19,231.00
12/01/2015	19,231.00	-	19,231.00
3/01/2016	19,231.00	-	19,231.00
6/01/2016	19,231.00	-	19,231.00
9/01/2016	19,231.00	-	19,231.00
12/01/2016	19,231.00	-	19,231.00
3/01/2017	19,231.00	-	19,231.00
6/01/2017	19,231.00	-	19,231.00
9/01/2017	19,231.00	-	19,231.00
12/01/2017	19,231.00	-	19,231.00
3/01/2018	19,231.00	-	19,231.00
6/01/2018	19,231.00	-	19,231.00
9/01/2018	19,231.00	-	19,231.00
12/01/2018	19,231.00	-	19,231.00
3/01/2019	19,231.00	-	19,231.00
6/01/2019	19,231.00	-	19,231.00
9/01/2019	19,231.00	-	19,231.00
12/01/2019	19,231.00	-	19,231.00
3/01/2020	19,231.00	-	19,231.00
6/01/2020	19,231.00	-	19,231.00
9/01/2020	19,231.00	-	19,231.00
12/01/2020	19,231.00	-	19,231.00
3/01/2021	19,231.00	-	19,231.00
6/01/2021	19,231.00	-	19,231.00
9/01/2021	19,231.00	-	19,231.00
12/01/2021	19,231.00	-	19,231.00
3/01/2022	19,231.00	-	19,231.00
6/01/2022	19,231.00	-	19,231.00
9/01/2022	19,231.00	-	19,231.00
12/01/2022	19,231.00	-	19,231.00
3/01/2023	19,231.00	-	19,231.00
6/01/2023	19,231.00	-	19,231.00
9/01/2023	19,231.00	-	19,231.00

Salt Rock Water Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2023	19,231.00	-	19,231.00
3/01/2024	19,231.00	-	19,231.00
6/01/2024	19,231.00	-	19,231.00
9/01/2024	19,231.00	-	19,231.00
12/01/2024	19,231.00	-	19,231.00
3/01/2025	19,231.00	-	19,231.00
6/01/2025	19,231.00	-	19,231.00
9/01/2025	19,231.00	-	19,231.00
12/01/2025	19,231.00	-	19,231.00
3/01/2026	19,231.00	-	19,231.00
6/01/2026	19,231.00	-	19,231.00
9/01/2026	19,231.00	-	19,231.00
12/01/2026	19,231.00	-	19,231.00
3/01/2027	19,231.00	-	19,231.00
6/01/2027	19,231.00	-	19,231.00
9/01/2027	19,231.00	-	19,231.00
12/01/2027	19,231.00	-	19,231.00
3/01/2028	19,231.00	-	19,231.00
6/01/2028	19,231.00	-	19,231.00
9/01/2028	19,231.00	-	19,231.00
12/01/2028	19,231.00	-	19,231.00
3/01/2029	19,231.00	-	19,231.00
6/01/2029	19,231.00	-	19,231.00
9/01/2029	19,231.00	-	19,231.00
12/01/2029	19,231.00	-	19,231.00
3/01/2030	19,231.00	-	19,231.00
6/01/2030	19,231.00	-	19,231.00
9/01/2030	19,231.00	-	19,231.00
12/01/2030	19,231.00	-	19,231.00
3/01/2031	19,231.00	-	19,231.00
6/01/2031	19,231.00	-	19,231.00
9/01/2031	19,231.00	-	19,231.00
12/01/2031	19,230.00	-	19,230.00
3/01/2032	19,230.00	-	19,230.00
6/01/2032	19,230.00	-	19,230.00
9/01/2032	19,230.00	-	19,230.00
12/01/2032	19,230.00	-	19,230.00
3/01/2033	19,230.00	-	19,230.00
6/01/2033	19,230.00	-	19,230.00
9/01/2033	19,230.00	-	19,230.00
12/01/2033	19,230.00	-	19,230.00
3/01/2034	19,230.00	-	19,230.00
6/01/2034	19,230.00	-	19,230.00
9/01/2034	19,230.00	-	19,230.00
12/01/2034	19,230.00	-	19,230.00
3/01/2035	19,230.00	-	19,230.00

Salt Rock Water Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2035	19,230.00	-	19,230.00
9/01/2035	19,230.00	-	19,230.00
12/01/2035	19,230.00	-	19,230.00
3/01/2036	19,230.00	-	19,230.00
6/01/2036	19,230.00	-	19,230.00
9/01/2036	19,230.00	-	19,230.00
12/01/2036	19,230.00	-	19,230.00
3/01/2037	19,230.00	-	19,230.00
6/01/2037	19,230.00	-	19,230.00
9/01/2037	19,230.00	-	19,230.00
12/01/2037	19,230.00	-	19,230.00
3/01/2038	19,230.00	-	19,230.00
6/01/2038	19,230.00	-	19,230.00
9/01/2038	19,230.00	-	19,230.00
12/01/2038	19,230.00	-	19,230.00
3/01/2039	19,230.00	-	19,230.00
6/01/2039	19,230.00	-	19,230.00
9/01/2039	19,230.00	-	19,230.00
12/01/2039	19,230.00	-	19,230.00
3/01/2040	19,230.00	-	19,230.00
6/01/2040	19,230.00	-	19,230.00
9/01/2040	19,230.00	-	19,230.00
Total	3,000,000.00	-	3,000,000.00

YIELD STATISTICS

Bond Year Dollars	$61,707.79
Average Life	20.569 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.24E-10
Bond Yield for Arbitrage Purposes	1.24E-10
All Inclusive Cost (AIC)	1.24E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.569 Years

SCHEDULE Z

None.

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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, 1999.

CASE NO. 98-0774-W-PSD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
SALT ROCK WATER PUBLIC SERVICE DISTRICT,
and CABELL COUNTY COMMISSION
Joint Application for Consent to Sale of Portion of Water Utility Assets, For Approval of Related Agreements and for Certificate of Convenience and Necessity.

COMMISSION ORDER

By Joint Application filed on June 26, 1998, the West Virginia-American Water Company (Company), the Salt Rock Public Service District (District), and the County Commission of Cabell County (County Commission) (collectively, Applicants) sought the consent of the Public Service Commission to the conveyance by the District of a portion of its water system, approval of related agreements and the issuance of a certificate of convenience and necessity for the construction of certain facilities (Application).

The project includes construction of various water transmission, distribution and storage facilities at an estimated cost of $21.5 million. The project will enable service to be extended to approximately 1,600 new and currently unserved customers in Cabell County. The project will interconnect the Company's Huntington and Charleston systems and includes the installation of a transmission main to provide adequate volumes of water from either the Huntington or Charleston distribution systems to support economic development in eastern Cabell County. Additional transmission and distribution capacity will put the Company in a better position to provide service to West Hamlin, Lavalette and Milton if necessary in the future. Capacity to support the project currently exists at both the Kanawha Valley and Huntington Treatment Plants. Staff further noted that the Applicants request approval of an operation and maintenance agreement and financing for the project.

The Company will finance the project costs with $4.544 million of a traditional blend of debt and equity, and public funding provided by the District in the amount of

$16.908 million from an Infrastructure loan to be repaid from proceeds of a use fee to be paid by the Company to the District. The use fee would be derived from the avoidance of property taxes on Company Facilities conveyed to the County Commission in exchange for Industrial Development bonds issued by the County. Those facilities would then be leased by the Company under a Capital Lease agreement. The District would enter into an operation and maintenance agreement under which the Company would operate, maintain, repair and replace District facilities. The Company would also

read meters and bill customers at District rates mirroring the Company rates.

Upon completion of the project, the customers of the District will pay monthly bills at the District's tariff rates which will mirror those of the Company and which are higher than the District's current rates. The Company's published Notice of Filing set forth a comparison of the Company's current rates, the District's current rates, the variance between current rates, as well as the District's possible future rates.

On August 6, 1998, Commission Staff filed an Initial Joint Staff Memorandum in this proceeding. Staff recommended that the parties be required to publish a revised Notice of Filing to fully apprise the public of the nature of the proposed project.

On September 1, 1998, Commission Staff filed a Final Joint Staff Memorandum containing Technical Staff's recommendation that the project is financially feasible and should be approved. The Staff Memorandum noted that the Commission's Engineering Division was still reviewing the application and had not yet made its recommendation.

On August 28, 1998, the Applicants filed a Joint Petition for Approval of an Interim Operation and Maintenance Agreement and Request for Accelerated Treatment.

On September 1, 1998, Commission Staff filed a Further Joint Staff Memorandum in response to the Applicant's August 28, 1998 Joint Motion stating that Staff had no objections to an interim operation and maintenance agreement or to expedited approval of the same.

On September 3, 1998, the Applicants filed additional and updated exhibits to their original certificate application.

By Order dated September 14, 1998, the Commission granted the Applicants' Joint Petition for Approval of an Interim Operation and Maintenance Agreement and Request for Expedited Treatment (Joint Petition) and required the parties to publish a revised Notice of Filing for the project.

On October 26, 1998, counsel for Mary F. Myers filed a letter in this proceeding alleging that Mrs. Myers is due reimbursement from the District in the amount of $25,451 in connection with the installation of a water service line and booster station.

On November 3, 1998, the Company filed an affidavit of publication of the revised Notice of Filing in *The Herald-Dispatch* newspaper.

On December 16, 1998, Commission Staff filed a Further Joint Staff Memorandum containing the Engineering Division's recommendation that the Commission approve the proposed transfer of ownership and grant the requested certificate on certain conditions. Specifically, the approval should be contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit from the State Office of Environmental Health Services.

Staff further noted Mrs. Myers' claim filed in this proceeding on October 26, 1998, and indicated that it would investigate this matter and if appropriate, recommend to Mrs. Myers that she file a separate formal complaint.

DISCUSSION

Based on the Staff recommendations in this matter and the Commission's review, the Application should be approved and the certificate granted contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit from the State Office of Environmental Health Services.

Mrs. Myers should be informed that she is free to pursue her claim by filing a separate formal complaint against the District.

FINDINGS OF FACT

1. By Joint Application filed on June 26, 1998, the Applicants sought the consent of the Public Service Commission to the conveyance by the District of a portion of its water system, approval of related agreements and the issuance of a certificate of convenience and necessity for the construction of certain facilities (Application).

2. The project includes construction of various water transmission, distribution and storage facilities at an estimated cost of $21.5 million. The project will enable service to be extended to approximately 1,600 new and currently unserved customers in Cabell County.

3. The project will interconnect the Company's Huntington and Charleston systems and includes the installation of a transmission main to provide adequate volumes of water from either the Huntington or Charleston distribution systems to support economic development in eastern Cabell County.

4. Additional transmission and distribution capacity will put the Company in a better position to provide service to West Hamlin, Lavalette and Milton if necessary in the future.

5. Capacity to support the project currently exists at both the Kanawha Valley and Huntington Treatment Plants. Staff further noted that the Applicants request approval of an operation and maintenance agreement and financing for the project.

6. The Company will finance the project costs with $4.544 million of a traditional blend of debt and equity, and public funding provided by the District in the amount of $16.908 million from an Infrastructure loan to be repaid from proceeds of a use fee to be paid by the Company to the District.

7. The use fee would be derived from the avoidance of property taxes on Company Facilities conveyed to the County Commission in exchange for Industrial Development bonds issued by the County. Those facilities would then be leased by the Company under a Capital Lease agreement.

8. The District would enter into an operation and maintenance agreement under which the Company would operate, maintain, repair and replace District facilities. The Company would also read meters and bill customers at District rates mirroring the Company rates.

9. Upon completion of the project, the customers of the District will pay monthly bills at the District's tariff rates which will mirror those of the Company and which are higher than the District's current rates. The Company's Notice of Filing set forth a comparison of the Company's current rates, the District's current rates, the variance between current rates, as well as the District's possible future

rates.

10. The Applicants are currently operating pursuant to an Interim Operation and Maintenance Agreement approved by the Commission by Order dated September 14, 1998.

11. Commission Staff recommends approval of the Application contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit

from the State Office of Environmental Health Services.

12. Mrs. Mary F. Myers filed a claim in this proceeding alleging that she is due a reimbursement from the District of $25,451 in connection with installation of a water line and booster pump.

13. Staff indicated that it would investigate Mrs. Myers' claim and, if appropriate, recommend to Mrs. Myers that she file a separate formal complaint.

CONCLUSIONS OF LAW

1. The Application should be approved and the certificate granted contingent upon: 1) submittal of final plans and specifications; and 2) issuance of construction permit from the State Office of Environmental Health Services.

2. Mrs. Myers should be informed that she is free to pursue her claim by filing a separate formal complaint against the District.

ORDER

IT IS THEREFORE ORDERED that the Joint Application of the Company, the District, and the County Commission seeking the consent of the Public Service Commission to the conveyance by the District of a portion of its water system, approval of related agreements and the issuance of a certificate of convenience and necessity for the construction of certain facilities is hereby approved and granted.

IT IS FURTHER ORDERED that the financing outlined in the Application and in Commission Staff's Final Joint Staff Memorandum filed on September 1, 1998, is hereby approved.

IT IS FURTHER ORDERED that upon completion of the project and following the District's filing of revised tariff sheets with the Commission stating rates mirroring those of the Company, the District shall be authorized to charge the new tariff rates.

IT IS FURTHER ORDERED that should there be any change in the scope or cost of the project, the Applicants shall seek the Commission's approval prior to beginning construction.

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

JML/seg

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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 14th day of October, 1999.

CASE NO. 98-0774-W-PSD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
SALT ROCK WATER PUBLIC SERVICE DISTRICT,
and CABELL COUNTY COMMISSION
Joint Application for Consent to Sale of Portion of Water Utility Assets, For Approval of Related Agreements and for Certificate of Convenience and Necessity.

COMMISSION ORDER

This case is pending before the Commission on a petition to reopen for approval of revised funding, increased project costs, and changes in the scope of this previously certificated project.

Background

By Commission Order issued January 11, 1999, the Public Service Commission granted the above-styled Joint Application.

By further Joint Petition filed on May 20,1999 (Petition to Reopen), the West Virginia-American Water Company (Company), the Salt Rock Water Public Service District (District), and the Cabell County Commission (County), sought to reopen this case for approval of revised funding and increased costs of the project, and for a change in the scope of the project as it was originally certificated on January 11, 1999.

On June 24, 1999, the District filed a Petition for Approval of Interim Financing to permit construction of this project during the Commission's consideration of the Petition to Reopen referenced in the foregoing paragraph. The District explained that the interim financing would take the form of the Company's guarantee of an interim line of credit from One Valley Bank National Association in the amount of $9,000,000. The term of the line of credit would be one year at a variable interest rate equal to the Federal Funds effective rate plus .55% per annum. As of June 21, 1999, the initial borrowing rate

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was 5.03%. The District represented that the interim financing would have no rate impact.

On June 25, 1999, Commission Staff filed an Initial Joint Staff Memorandum. Staff noted that the Petition to Reopen indicated that the project costs had increased to $22,076,000 from the original estimate of $21,500,000. In lieu of the funding approved by the Commission's January 11, 1999, Order, the parties now seek approval of the following funding arrangements:

1. Loan in the amount of $4,400,000 from the West Virginia Infrastructure and Jobs Development Council (Infrastructure) for a 40 year term at a 0% interest rate, or a loan from another source;
2. Tax Exempt Market-Rate Bond in the amount of $641,845 for a term of 40 years, at a 5.5% interest rate;
3. Tax Exempt Market-Rate Bond in the amount of $10,937,161 for a term of 40 years, at a 5.5% interest rate;
4. Two HUD Block Grants totaling $2,500,000; and
5. Company investment of $3,596,794.

Staff expressed concern that neither the Infrastructure loan nor the grants had been committed.

Staff opined that the parties also seek to amend the scope of the project. Staff noted that the project was originally certificated to serve 1,592 new customers, but is now proposed to serve 140 fewer customers. Staff calculated that with the increased project costs, the cost per customer of this project would rise from $13,474.95 to $15,203.72. The annual use fee to be paid by the Company to the District to finance repayment of the Infrastructure loan would also increase from $496,768 to $681,608.

Staff recommended that the parties be required to publish the proposed changes to the project.

On July 2, 1999, the Company filed a response to Staff's June 24, 1999, Memorandum. The Company clarified that it is not omitting any customers from the project. The Company explained that it does not intend to eliminate any of the construction that was originally contemplated by the project. The adjustment in the number of customers results from a lower customer count. The Company urged the Commission not to delay approval of the revised project until the Infrastructure loan and

Public Service Commission
of West Virginia

the grants are committed. The Company noted that 80% of the new customers to be added by the project can be served based on funding that is already fully committed. The Company requested that the Commission issue a revised certificate contingent on infrastructure or other comparable funding of the remaining portion of the project. The Company opined that publication of the proposed amendments would serve no public purpose.

On October 5, 1999, Commission Staff filed a Further Final Joint Staff Memorandum recommending that the Commission approve the revised funding outlined above and the increased project costs for this project. With respect to Staff's earlier concerns regarding changes in project scope, Staff indicated that it had been assured that no customers would be omitted from the project and that the lower customer count was due to updated information. Staff explained that the increased costs of the project arose from the Company's and the District's adjustments in the size of main lines to improve hydraulics and adjustment to the length of some main lines.

Staff recommended that the Commission reopen this proceeding and approve the revised funding and scope of this project contingent upon the issuance of a permit for construction from the Office of Environmental Health Services. Staff additionally recommended approval of the District's June 25, 1999, Petition for Approval of Interim Financing.

DISCUSSION

Based on the Commission's review of the proposed amendments to costs, financing and scope of this certificated project, the Commission finds it appropriate to reopen this proceeding and to approve the proposed amendments. As Staff has been assured that the amendments will not cause any customers will be omitted from the project, and as the parties do not seek a rate increase in connection with the proposed amendments, we find that there is no need for further publication or public notice of the proposed amendments.

We now turn to the District's June 25, 1999, Petition for Approval of Interim Financing, which requested permission to borrow funds to permit construction during the Commission's consideration of the Petition to Reopen. Given that this Order grants the Petition to Reopen, it may not be necessary to also grant the Petition for Approval of Interim Financing. However, in light of the possibility that funding for the project has not been fully committed as of this date, the Commission will grant the Petition for Approval of Interim Financing to enable the parties to proceed with construction immediately.

Public Service Commission
of West Virginia

of the new customers to be added by the project can be served based on funding that is already fully committed. The Company requested that the Commission issue a revised certificate contingent on Infrastructure or other comparable funding of the remaining portion of the project. The Company opined that publication of the proposed amendments would serve no public purpose.

10. On October 5, 1999, Commission Staff filed a Further Final Joint Staff Memorandum recommending that the Commission approve the revised funding outlined above and the increased project costs for this project. With respect to Staff's earlier concerns regarding changes in project scope, Staff indicated that it had been assured that no customers would be omitted from the project and that the lower customer count was due to updated information. Staff explained that the increased costs of the project arose from the Company's and the District's adjustments in the size of main lines to improve hydraulics and adjustment to the length of some main lines.

11. Staff recommended that the Commission reopen this proceeding and approve the revised funding and scope of this project contingent upon the issuance of permit for construction from the Office of Environmental Health Services. Staff additionally recommended approval of the District's June 25, 1999, Petition for Approval of Interim Financing.

CONCLUSIONS OF LAW

1. It is appropriate to reopen this proceeding and to approve the proposed amendments.

2. As no customers have been eliminated from the project as it was originally certificated and as the amendments sought in the Petition to Reopen will not result in rate increases, there is no need for further publication or public notice of the proposed amendments.

3. In light of the possibility that funding for the project has not been fully committed as of this date, the Commission will grant the Petition for Approval of Interim Financing to enable the parties to proceed with construction immediately.

ORDER

IT IS THEREFORE ORDERED that the Petition to Reopen this certificate proceeding, filed on May 20, 1999, is hereby granted.

IT IS FURTHER ORDERED that the revised estimate of project costs of $22,076,000 are hereby approved.

IT IS FURTHER ORDERED that the following revised financing of the project costs is hereby approved, on condition that the parties notify the Commission as to the source of funding for the amount listed in item 1 below, and the terms of the alternative loan, in the event they do not obtain the Infrastructure loan listed as item 1:

1. Loan in the amount of $4,400,000 from the West Virginia Infrastructure and Jobs Development Council (Infrastructure) for a 40 year term. at a 0% interest rate, or a loan from another source;

2. Tax Exempt Market-Rate Bond in the amount of $641,845 for a term of 40 years, at a 5.5% interest rate;

3. Tax Exempt Market-Rate Bond in the amount of $10,937.161 for a term of 40 years, at a 5.5% interest rate;

4. Two HUD Block Grants totaling $2,500,000; and

5. Company investment of $3,596,794.

IT IS FURTHER ORDERED that the Petition for Approval of Interim Financing filed by the District on June 25, 1999, is hereby granted.

IT IS FURTHER ORDERED that should there be any change in the scope or cost of the project, the Applicants shall seek the Commission's approval prior to beginning construction.

IT IS FURTHER ORDERED that except as amended herein, the Commission's Order issued January 11, 1999, remains in full force and effect.

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/sag
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Sandra Squire
Sandra Squire
Executive Secretary

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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 15th day of September, 2000.

CASE NO. 98-0774-PWD-CN (REOPENED)

WEST VIRGINIA-AMERICAN WATER COMPANY,
SALT ROCK PUBLIC SERVICE DISTRICT, &
CABELL COUNTY COMMISSION.

Joint application for consent to sale of portion of water utility assets, for approval of related agreements and for certificate of convenience and necessity.

COMMISSION ORDER

West Virginia-American Water Company (WVAWC), Salt Rock Public Service District and the Cabell County Commission have joined forces to provide water service to 1,600 new customers in Cabell County. The project, initially estimated to cost $21.5 million, will connect WVAWC's Huntington and Charleston treatment systems. Comm'n Order p. 1 (Jan. 11, 1999). A new transmission line, which can receive water from either the Huntington or Charleston treatment systems, will provide sufficient volumes to support economic development in eastern Cabell County. Id.

On January 11, 1999, the Commission granted a certificate for the project, approved the proposed financing for it, and approved an operation and maintenance (O&M) agreement under which WVAWC would operate Salt Rock's facilities. Id. p. 5. WVAWC was to provide $4.544 million for the project, in a traditional blend of debt and equity. Id. p. 4 (Finding of Fact No. 6). Salt Rock would obtain a $16.9 million loan for the project from the West Virginia Infrastructure and Jobs Development Council (WVIJDC). Id. If there were changes in the project, the Commission would have to review and approve them. Id.

On October 14, 1999, the Commission reopened the case and approved revised funding, increased costs of the project and a change in scope. Comm'n Order pp. 5-6. The revised funding allowed for interim financing, as well as changes to the approved funding. Id. The Commission permitted the plan for interim financing, a $9 million line of credit

through One Valley Bank National Association for one year at the Federal Funds interest rate plus 0.55%, to allow construction to begin immediately. Id. pp. 1-2, 6. The Commission approved the following revised funding plan for the project:

$4,400,000	WVIJDC loan, 40-year term, 0.0% interest
641,845	tax-exempt market-rate bond, 40-year term at 5.5% interest
10,937,161	tax-exempt market-rate bond, 40-year term at 5.5% interest
2,500,000	total of 2 HUD block grants
$3,596,794	WVAWC investment
$22,075,800	

Id. p. 6. The revised project cost was $22,076,000, up from 21,500,000. Id. As to the revised scope, while no customers had been eliminated from the plan, updated information showed that the project would serve 140 fewer than originally estimated. Id. The Commission would have to review and approve further changes to the project. Id.

On August 18, 2000, another petition to reopen was filed. This time, WVAWC, Salt Rock and Cabell County proposed to further revise the project funding and to amend the O&M agreement. Petition p. 1. They advised that bids for the project came in lower than expected and that the cost had decreased dramatically, to $17,442,000 from the estimated $22,076,000 that the Commission approved. Id. pp. 1-2. These lower than expected construction costs also reduced other associated budget items, such as the project contingency and financing costs. Id. p. 2. In addition, the West Virginia Water Development Authority (WDA) has developed a new funding mechanism, Loan Program III, under which the WDA issues tax-exempt "private activity" bonds and lends the proceeds to governmental agencies that partner with private entities. Id. Under this program, it is less expensive for Salt Rock to access the capital markets. Id. WDA has also agreed to fund the debt service reserve fund from WDA's own funds, rather than passing that expense to Salt Rock. Also, the project no longer includes 18 customers, with an estimated cost of $287,800, because the Town of Milton has extended its lines to the Mill Creek/Lower Creek area of the project. Id.

Under the financing approved in October, debt service on the WVIJDC loan and the smaller tax-exempt bond were to be provided by Cabell County. Id. p. 3. A use fee to be paid by WVAWC to Salt Rock would provide debt service for the larger bond. Id.

Public Service Commission
of West Virginia

Under the second revised funding plan, they asked the Commission to approve the following financing:

$3,000,000	WVIJDC loan, 40-year term, 0.0% interest
8,995,000	WDA loan, 40-year term, estimated 5.99% interest, from the proceeds of the WDA bonds
1,250,000	one HUD Small Cities Block Grant
100,000	Cabell County grant
4,097,000	WVAWC investment
$17,442,000	

Id. Under the second revised funding plan, Cabell County will not fund the debt service on any of Salt Rock's loans. Id. The final principal amount and the net interest cost of the WDA loan to Salt Rock depends upon the terms upon which the WDA bonds are sold. Id. Those figures will not be available until September 12, 2000. Id. pp. 3-4. A pre-closing is scheduled for September 19, 2000, so the Commission was asked to give the second petition to reopen expedited consideration. Id. p. 4.

The first amendment of the O&M agreement will extend the term to coincide with Salt Rock's debt service repayment obligations and to ensure that WVAWC's use fee obligation will be equal to the debt service obligation on all the project's bonds and notes. Id. They noted that the Commission had approved similar amendments for WVAWC's Boone County and Fayette County projects. Id.

On August 30, 2000, Commission Staff recommended that the case be reopened and that the Commission approve 1) the revised funding, conditioned upon the final WDA figures being filed with the Commission as soon as they are available, 2) the change in the project scope, and 3) the first amendment to the O&M agreement, pursuant to W. Va. Code § 24-2-12. Initial & Final Joint Staff Memorandum p. 2.

On September 5, 2000, WVAWC advised that it concurred with Staff's recommendation and appreciated the speed with which Staff reviewed the petition to reopen. Ltr. p. 1.

On September 12, 2000, WVAWC advised that the WDA loan to Salt Rock will be $9,300,000 at 5.76% interest. Ltr. p. 2. Compared to the estimate filed on August 18, this is a $305,000 increase in the principal amount and a decrease of 23 basis points in the net interest cost. Id. The additional principal will be used for construction contingency. Id.

Public Service Commission
of West Virginia

DISCUSSION

We agree that this case should be reopened to consider the second funding revision, the change in scope and the O&M amendment. The Commission agrees with Staff that the second revised funding is reasonable and should be approved, as should the minor change in scope (Mill Creek/Lower Creek customers being served by Milton instead) and the O&M contract amendment.

As always, if there are further changes in this project, they must be presented to the Commission for review and approval.

Finally, the request for expedited treatment is reasonable and should be granted.

FINDINGS OF FACT

1. On January 11, 1999, the Commission granted a certificate for a project in which WVAWC, Salt Rock and Cabell County would join forces to provide water service to 1,600 new customers in Cabell County. Comm'n Order p. 1 (Jan.11, 1999). The Commission also approved an O&M agreement between WVAWC and Salt Rock, as well as the following project funding:

$4.544 million	WVAWC contribution
16.9 million	WVIJDC loan to Salt Rock

2. On October 14, 1999, the Commission reopened the case and approved interim financing, revised project funding, increased costs of the project and a change in scope. Comm'n Order pp. 5-6.

3. The Commission approved the following revised funding plan for the project:

$4,400,000	WVIJDC loan, 40-year term, 0.0% interest
641,845	tax-exempt market-rate bond, 40-year term at 5.5% interest
10,937,161	tax-exempt market-rate bond, 40-year term at 5.5% interest
2,500,000	total of 2 HUD block grants
$3,596,794	WVAWC investment
$22,075,800	

Id. p. 6.

4. The revised project estimate was about $22,076,000, up from $21,500,000. Id.

5. As to the revised scope, while no customers had been eliminated from the plan, updated information showed that the project would serve 140 fewer than originally estimated. Id. The Commission would have to review and approve further changes to the project. Id.

6. On August 18, 2000, another petition to reopen was filed. This time, WVAWC, Salt Rock and Cabell County proposed to further revise the project funding and to amend the O&M agreement. Petition p. 1.

7. The project cost had decreased to $17,442,000 from the estimated $22,076,000. Id. pp. 1-2.

8. The project no longer includes 18 customers, with an estimated cost of $287,800, because the Town of Milton has extended its lines to the Mill Creek/Lower Creek area of the project. Id.

9. Under the second revised plan, the following funding was proposed:

$3,000,000	WVIJDC loan, 40-year term, 0.0% interest
8,995,000	WDA loan, 40-year term, estimated 5.99% interest, from the proceeds of the WDA bonds
1,250,000	one HUD Small Cities Block Grant
100,000	Cabell County grant
4,097,000	WVAWC investment
$17,442,000	

10. The terms of the WDA loan were estimated. Final terms would be known on September 12, 2000. Id. pp. 3-4.

11. A pre-closing is scheduled for September 19, 2000, so the Commission was asked to give the second petition to reopen expedited consideration. Id. p. 4.

12. The first amendment of the O&M agreement extends the term to coincide with Salt Rock's debt service repayment obligations and ensures that WVAWC's use fee obligation will be equal to the debt service obligation on all the project's bonds and notes. Id.

13. On August 30, 2000, Commission Staff recommended that the case be reopened and that the Commission approve 1) the revised funding, conditioned upon the final WDA figures being filed with the Commission as soon as they are available, 2) the change

Public Service Commission
of West Virginia
Charleston

in the project scope, and 3) the first amendment to the O&M agreement, pursuant to W. Va. Code § 24-2-12. Initial & Final Joint Staff Memorandum p. 2.

14. On September 12, 2000, WVAWC advised that the WDA loan to Salt Rock will be in the amount of $9,300,000 at 5.76% interest. Ltr. p. 2. This is a $305,000 increase in the principal amount and a decrease of 23 basis points in the net interest cost, from the estimates. Id. The additional principal will be used for construction contingency. Id.

CONCLUSIONS OF LAW

1. This case should be reopened to consider the second funding revision, the change in scope and the O&M amendment.

2. The second revised funding is reasonable and should be approved.

3. The change in scope, with Mill Creek/Lower Creek customers being served by Milton instead of by this project, is reasonable and should be approved.

4. The first amendment to the O&M contract is reasonable and should be approved, pursuant to W. Va. Code § 24-2-12.

5. The request for expedited treatment is reasonable and should be granted.

ORDER

IT IS THEREFORE ORDERED that this case is reopened.

IT IS FURTHER ORDERED that the request for expedited treatment is granted.

IT IS FURTHER ORDERED that the following revised funding is approved:

$3,000,000	WVIJDC loan, 40-year term, 0.0% interest
9,300,000	WDA loan, 40-year term, estimated 5.76% interest
1,250,000	one HUD Small Cities Block Grant
100,000	Cabell County grant
4,097,000	WVAWC investment
$17,747,000	

IT IS FURTHER ORDERED that the second revised project cost, $17,747,000, down from the estimated $22,076,000, is approved.

Public Service Commission
of West Virginia
Charleston

IT IS FURTHER ORDERED that the change in project scope is approved. The 18 customers, with an estimated cost of $287,890, in the Mill Creek/Lower Creek area may be eliminated from the project because Milton has extended its lines to this area.

IT IS FURTHER ORDERED that the first amendment of the O&M agreement is approved. The term is extended to coincide with Salt Rock's debt service repayment obligations and WVAWC's use fee obligation is adjusted to be equal to the debt service obligation on all the project's bonds and notes.

IT IS FURTHER ORDERED that if there are further changes to the project's cost, scope or funding, the proposed changes shall be filed for the Commission's review.

IT IS FURTHER ORDERED that this proceeding 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 upon all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
CLW/jaf
980774cb.wpd

Public Service Commission
of West Virginia
Charleston

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

March 20, 2000

Mr. Rick Crow
Salt Rock Public Service District
Box 31 Water Plant Road
Salt Rock, WV 25559

Re: Binding Commitment Letter
Water System Extension Project
95W-131,97W-328, 98W-440

Dear Mr. Crow:

The West Virginia Infrastructure and Jobs Development Council (Council) provides this binding offer of a loan of approximately $2,000,000 (Loan) to the Salt Rock Public Service District (the "District") for the Cabell County Water 2000 proposed water system extension to serve approximately 1200 new customers (Project). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The loan agreement will be between the District and the West Virginia Water Development Authority (Authority), who is the administrator of the Infrastructure Fund, acting on behalf of the Council.

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

a. Advertise for construction bids no later than April 15, 2000.
b. Close the Project funding no later than August 15, 2000

The Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule.

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

PAGE:07 TO:STEPTOE & JOHNSON 304-558-4609 M:WV INFRASTRUCTURE CO

6A

documents requested by the Council.

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

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

Sincerely,

James D. Williams

JDW/km
Attachments
cc: Bernie Yonkosky, WDA
John Stump, Steptoe & Johnson
Samme Gee, Jackson & Kelly
Region 2 Planning & Development Council
Dan Bickerton, WVAWC
Walt Ivey, BPH
Debbie Legg, WVDO

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Council.

Salt Rock Public Service District

By:_____

Its: _____

Date:_____

SEP-18 00 11:14 FROM:WV INFRASTRUCTURE CO 304-558-4609 TO:STEPTOE & JOHNSON PAGE:08

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Salt Rock Public Service District
Water Project 2000
95W-131, 97W-328, 98W-440
March 20, 2000

SCHEDULE A

A. Approximate Amount: $2,000,000 Loan

B. Loan: $2,000,000

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

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

C. Other Funding Sources:

1.	Water Development Authority:	$9,916,800
2.	Small Cities Block Grant:	$1,125,000

SEP-18 00 11:14 FROM:WV INFRASTRUCTURE CO 304-558-4609 TO:STEPTOE & JOHNSON PAGE:09

SALT ROCK VALLEY PUBLIC SERVICE DISTRICT
Water Project 2000
95W-131, 97W-328, 98W-440

	ACTION	RESPONSIBLE PARTY	START DATE	COMPLETION DATE
1	Prepare and Submit Plans &Specs to BPH/DEP	WVAWC	Complete	Complete
2	Prepare and Submit Permit Applications	WVAWC		March 22, 2000
3	Re-Open Certificate Case with PSC	Attorney	May 15, 2000	May 15, 2000
4	P&S Review and Approval Process	BPH	Complete	Complete
5	80% Rights-of-Way, Easements, and Land Acquisition	Attorney		April 3, 2000
6	Authority to Advertise	IJDC	April 4, 2000	April 4, 2000
7	Advertise for Bids	WVAWC/County	April 4, 2000	May 4, 2000
8	Review and Approve PSC Certificate	PSC	May 15, 2000	August 31, 2000
9	Bid Opening	WVAWC/County	May 4, 2000	May 4, 2000
10	Loan Closing	IJDC/WDA/PSD/Bond Counsel	August 3, 2000	August 3, 2000
11	Construction	Contractor	September, 2000	June, 2001

West Virginia Infrastructure & Jobs Development Council

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

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

Katy Mallory, PE
Executive Secretary

KMallory@citynet.net

May 5, 2000

Mr. Rick Crow
Salt Rock Public Service District
Box 31 Water Plant Road
Salt Rock, WV 25559

Re: Binding Commitment Letter
Water System Extension Project
95W-131,97W-328, 98W-440

Dear Mr. Crow:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Salt Rock Public Service District's (the "District") request for revision to the Council's binding commitment letter of March 20, 2000 to the District for financing its Cabell County Water 2000 project. At its May 3, 2000 meeting, the Council voted to revise the binding commitment to increase the Infrastructure Fund loan to $3,000,000, add $50,000 from the District, increase the contribution from West Virginia American Water Company to $3,584,000 and decrease the Water Development Authority loan to $8,485,000. All other conditions of that March 20, 2000 binding commitment remain in effect. A revised Schedule A is attached.

If the District has any questions regarding this commitment, please contact Katy Mallory at (304) 558-4607.

Sincerely,

James D. Williams

JDW/km
Attachments
cc: Bernie Yonkosky, WDA
John Stump, Steptoe & Johnson
Samme Gee, Jackson & Kelly
Region 2 Planning & Development Council
Dan Bickerton, WVAWC
Walt Ivey, BPH
Debbie Legg, WVDO

Received
MAY 12 2000
WV Infrastructure & Jobs Devel Council

WV INFRASTRUCTURE CO 304-558-4609 TO:STEPTOE & JOHNSON PAGE:04

6B

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Council.

Salt Rock Public Service District

By: Robert I Burns

Its: Chairman

Date: May 10, 2000

SEP-18 00 11:13 FROM:WV INFRASTRUCTURE CO 304-558-4609 TO:STEPTOE & JOHNSON PAGE:05

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Salt Rock Public Service District
Water Project 2000
95W-131, 97W-328, 98W-440
May 3, 2000

SCHEDULE A - Revised

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

B. Loan: $3,000,000

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

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

C. Other Funding Sources:

1.	Water Development Authority:	$8,485,000
2.	Small Cities Block Grant:	$1,175,000
3.	Salt Rock Public Service District	$ 50,000
4.	West Virginia American Water Company	$3,584,000

D. Total Project Cost $16,294,000

E. Proposed User Rates:

$31.22/4500 gallon water usage

SEP-18 00 11:13 FROM:WV INFRASTRUCTURE CO 304-558-4609 TO:STEPTOE & JOHNSON PAGE:06

West Virginia Infrastructure & Jobs Development Council

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

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

September 7, 2000

Mr. Rick Crow
Salt Rock Public Service District
Box 31 Water Plant Road
Salt Rock, WV 25559

Re: Binding Commitment Letter - Revision
Water System Extension Project
95W-131,97W-328, 98W-440

Dear Mr. Crow:

Please find enclosed a revised Schedule A for the above referenced project. All other conditions of the West Virginia Infrastructure and Jobs Development Council's (the "Council") March 20, 2000 and May 5, 2000 binding commitment letters remain in effect.

If the District has any questions regarding this commitment, please contact Katy Mallory at (304) 558-4607.

Sincerely,

James D. Williams

JDW/km
Attachments
cc: Bernie Yonkosky, WDA
John Stump, Steptoe & Johnson
Samme Gee, Jackson & Kelly
Region 2 Planning & Development Council
Dan Bickerton, WVAWC
Walt Ivey, BPH
Debbie Legg, WVDO

1:WV INFRASTRUCTURE CO 304-558-4609 TO:STEPTOE & JOHNSON PAGE:02

6C

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Salt Rock Public Service District
Water Project 2000
95W-131, 97W-328, 98W-440
September 7, 2000

SCHEDULE A - Revised

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

B. Loan: $3,000,000

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

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

C. Other Funding Sources:

1.	Water Development Authority:	$8,995,000
2.	Small Cities Block Grant:	$1,250,000
3.	Salt Rock Public Service District	$100,000
4.	West Virginia American Water Company	$4,097,,000

D. Total Project Cost $17,442,000

PAGE:03 TO:STEPTOE & JOHNSON 304-353-4609

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 2nd day of March, 2000, the Authority received the Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of $9,300,000, numbered AR-1 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $3,000,000, numbered BR-1 (the "Series 2000 B Bonds"), both issued as a single, fully registered Bond, and both dated September 21, 2000.

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 A Bonds, of the purchase price of $8,755,000 (which includes capitalized interest of $587,109 deposited directly with the West Virginia Municipal Bond Commission). The purchase price of $8,755,000 for the Series 2000 B Bonds was calculated by subtracting the WDA Costs of Issuance ($309,892.65) and Original Issue Discount ($235,107.35) from the par amount of the Series 2000 B Bonds ($9,300,000).

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 B Bonds, of $40,400 being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced by the Authority and the West Virginia

Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Chairman

09/15/00
121970/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

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

(1) Bond No. AR-1, constituting the entire original issue of Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), in the principal amount of $9,300,000 (the "Series 2000 A Bonds"), and Bond No. BR-1, constituting the entire original issue of Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the principal amount of $3,000,000 (the "Series 2000 B Bonds"), each dated September 21, 2000 (collectively, the "Bonds"), executed by the Chairman and Secretary of Salt Rock Water Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on September 19, 2000, and a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2000 A Bonds, dated September 21, 2000, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and a loan agreement for the Series 2000 B Bonds, dated September 21, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"); and

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

You are hereby requested and authorized to deliver the Series 2000 A Bonds to the Authority upon payment to the Issuer of the sum of $8,755,000, representing the agreed purchase price of the Series 2000 A Bonds. You are also hereby requested and authorized to deliver the Series 2000 B Bonds to the Authority upon payment to the Issuer of the sum of $40,400, representing a portion of the principal amount of the Series 2000 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Robert T Burns

Chairman

09/15/00
121970/99001

CH633454.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $9,300,000

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of NINE MILLION THREE HUNDRED THOUSAND DOLLARS ($9,300,000), in annual installments on June 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on December 1 and June 1 of each year, commencing December 1, 2000, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on December 1 and June 1 of each year, commencing December 1, 2000, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated September 21, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17,2000; (iii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 19, 2000, and a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B

Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated September 21, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: September 21, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

FINAL

Salt Rock Water Public District Service (West Virginia)

WDA Loan of $9,300,000
Administrative Fee of 1.75% of Annual Debt Service
(Annual Use Fee not to exceed $606,608)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2000	-	-	145,223.62	-	145,223.62
6/01/2001	-	-	258,814.38	7,070.67	265,885.05
12/01/2001	-	-	258,814.38	-	258,814.38
6/01/2002	75,000.00	4.500%	258,814.38	10,371.01	344,185.39
12/01/2002	-	-	257,126.88	-	257,126.88
6/01/2003	80,000.00	4.600%	257,126.88	10,399.45	347,526.33
12/01/2003	-	-	255,286.88	-	255,286.88
6/01/2004	85,000.00	4.650%	255,286.88	10,422.55	350,709.43
12/01/2004	-	-	253,310.63	-	253,310.63
6/01/2005	85,000.00	4.700%	253,310.63	10,353.38	348,664.01
12/01/2005	-	-	251,313.13	-	251,313.13
6/01/2006	90,000.00	4.750%	251,313.13	10,370.96	351,684.09
12/01/2006	-	-	249,175.63	-	249,175.63
6/01/2007	95,000.00	4.800%	249,175.63	10,383.65	354,559.28
12/01/2007	-	-	246,895.63	-	246,895.63
6/01/2008	100,000.00	4.900%	246,895.63	10,391.35	357,286.98
12/01/2008	-	-	244,445.63	-	244,445.63
6/01/2009	105,000.00	5.000%	244,445.63	10,393.10	359,838.73
12/01/2009	-	-	241,820.63	-	241,820.63
6/01/2010	110,000.00	5.000%	241,820.63	10,388.73	362,209.36
12/01/2010	-	-	239,070.63	-	239,070.63
6/01/2011	115,000.00	5.000%	239,070.63	10,379.98	364,450.61
12/01/2011	-	-	236,195.63	-	236,195.63
6/01/2012	120,000.00	5.125%	236,195.63	10,366.85	366,562.48
12/01/2012	-	-	233,120.63	-	233,120.63
6/01/2013	125,000.00	5.250%	233,120.63	10,346.73	368,467.36
12/01/2013	-	-	229,839.38	-	229,839.38
6/01/2014	135,000.00	5.375%	229,839.38	10,406.88	375,246.26
12/01/2014	-	-	226,211.25	-	226,211.25
6/01/2015	140,000.00	5.875%	226,211.25	10,367.40	376,578.65
12/01/2015	-	-	222,098.75	-	222,098.75
6/01/2016	150,000.00	5.875%	222,098.75	10,398.46	382,497.21
12/01/2016	-	-	217,692.50	-	217,692.50
6/01/2017	160,000.00	5.875%	217,692.50	10,419.24	388,111.74
12/01/2017	-	-	212,992.50	-	212,992.50
6/01/2018	165,000.00	5.875%	212,992.50	10,342.24	388,334.74
12/01/2018	-	-	208,145.63	-	208,145.63
6/01/2019	175,000.00	5.875%	208,145.63	10,347.60	393,493.23
12/01/2019	-	-	203,005.00	-	203,005.00
6/01/2020	185,000.00	5.875%	203,005.00	10,342.68	398,347.68
12/01/2020	-	-	197,570.63	-	197,570.63
6/01/2021	200,000.00	5.625%	197,570.63	10,414.98	407,985.61
12/01/2021	-	-	191,945.63	-	191,945.63
6/01/2022	210,000.00	5.625%	191,945.63	10,393.10	412,338.73

FINAL

Salt Rock Water Public District Service (West Virginia)

WDA Loan of $9,300,000
Administrative Fee of 1.75% of Annual Debt Service
(Annual Use Fee not to exceed $606,608)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2022	-	-	186,039.38	-	186,039.38
6/01/2023	220,000.00	5.625%	186,039.38	10,361.38	416,400.76
12/01/2023	-	-	179,851.88	-	179,851.88
6/01/2024	235,000.00	5.625%	179,851.88	10,407.32	425,259.20
12/01/2024	-	-	173,242.50	-	173,242.50
6/01/2025	245,000.00	5.625%	173,242.50	10,350.99	428,593.49
12/01/2025	-	-	166,351.88	-	166,351.88
6/01/2026	260,000.00	5.625%	166,351.88	10,372.32	436,724.20
12/01/2026	-	-	159,039.38	-	159,039.38
6/01/2027	275,000.00	5.625%	159,039.38	10,378.88	444,418.26
12/01/2027	-	-	151,305.00	-	151,305.00
6/01/2028	290,000.00	5.625%	151,305.00	10,370.68	451,675.68
12/01/2028	-	-	143,148.75	-	143,148.75
6/01/2029	305,000.00	5.625%	143,148.75	10,347.71	458,496.46
12/01/2029	-	-	134,570.63	-	134,570.63
6/01/2030	325,000.00	5.625%	134,570.63	10,397.48	469,968.11
12/01/2030	-	-	125,430.00	-	125,430.00
6/01/2031	345,000.00	5.650%	125,430.00	10,427.55	480,857.55
12/01/2031	-	-	115,683.75	-	115,683.75
6/01/2032	360,000.00	5.650%	115,683.75	10,348.94	486,032.69
12/01/2032	-	-	105,513.75	-	105,513.75
6/01/2033	385,000.00	5.650%	105,513.75	10,430.49	500,944.24
12/01/2033	-	-	94,637.50	-	94,637.50
6/01/2034	405,000.00	5.650%	94,637.50	10,399.82	510,037.32
12/01/2034	-	-	83,196.25	-	83,196.25
6/01/2035	425,000.00	5.650%	83,196.25	10,349.37	518,545.62
12/01/2035	-	-	71,190.00	-	71,190.00
6/01/2036	450,000.00	5.650%	71,190.00	10,366.65	531,556.65
12/01/2036	-	-	58,477.50	-	58,477.50
6/01/2037	475,000.00	5.650%	58,477.50	10,359.22	543,836.72
12/01/2037	-	-	45,058.75	-	45,058.75
6/01/2038	505,000.00	5.650%	45,058.75	10,414.56	560,473.31
12/01/2038	-	-	30,792.50	-	30,792.50
6/01/2039	530,000.00	5.650%	30,792.50	10,352.74	571,145.24
12/01/2039	-	-	15,820.00	-	15,820.00
6/01/2040	560,000.00	5.650%	15,820.00	10,353.70	586,173.70
Total	9,300,000.00	-	14,234,891.96	411,860.79 *	23,946,752.75

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

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

09/15/00
121970/99001

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

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $9,300,000 Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable June 1 and December 1 of each year, commencing December 1, 2000, at the rates per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, and with principal installments payable on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, all as set forth in the Schedule Y, attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the

purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000 (the "Prior Notes"); (iii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; and (iv) paying certain costs of issuance of the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $596,028 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/15/00
121970/99001

CH633594.2

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 Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A, numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: September 21, 2000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SALT ROCK WATER PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $3,000,000

KNOW ALL MEN BY THESE PRESENTS: That SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Cabell, Lincoln and Wayne Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE MILLION DOLLARS ($3,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated September 21, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 19,

2000, and a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,300,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, SALT ROCK WATER PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated September 21, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$40,400	09/21/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

EXHIBIT B

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	19,231.00	-	19,231.00
3/01/2002	19,231.00	-	19,231.00
6/01/2002	19,231.00	-	19,231.00
9/01/2002	19,231.00	-	19,231.00
12/01/2002	19,231.00	-	19,231.00
3/01/2003	19,231.00	-	19,231.00
6/01/2003	19,231.00	-	19,231.00
9/01/2003	19,231.00	-	19,231.00
12/01/2003	19,231.00	-	19,231.00
3/01/2004	19,231.00	-	19,231.00
6/01/2004	19,231.00	-	19,231.00
9/01/2004	19,231.00	-	19,231.00
12/01/2004	19,231.00	-	19,231.00
3/01/2005	19,231.00	-	19,231.00
6/01/2005	19,231.00	-	19,231.00
9/01/2005	19,231.00	-	19,231.00
12/01/2005	19,231.00	-	19,231.00
3/01/2006	19,231.00	-	19,231.00
6/01/2006	19,231.00	-	19,231.00
9/01/2006	19,231.00	-	19,231.00
12/01/2006	19,231.00	-	19,231.00
3/01/2007	19,231.00	-	19,231.00
6/01/2007	19,231.00	-	19,231.00
9/01/2007	19,231.00	-	19,231.00
12/01/2007	19,231.00	-	19,231.00
3/01/2008	19,231.00	-	19,231.00
6/01/2008	19,231.00	-	19,231.00
9/01/2008	19,231.00	-	19,231.00
12/01/2008	19,231.00	-	19,231.00
3/01/2009	19,231.00	-	19,231.00
6/01/2009	19,231.00	-	19,231.00
9/01/2009	19,231.00	-	19,231.00
12/01/2009	19,231.00	-	19,231.00
3/01/2010	19,231.00	-	19,231.00
6/01/2010	19,231.00	-	19,231.00
9/01/2010	19,231.00	-	19,231.00
12/01/2010	19,231.00	-	19,231.00
3/01/2011	19,231.00	-	19,231.00
6/01/2011	19,231.00	-	19,231.00
9/01/2011	19,231.00	-	19,231.00
12/01/2011	19,231.00	-	19,231.00
3/01/2012	19,231.00	-	19,231.00

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2012	19,231.00	-	19,231.00
9/01/2012	19,231.00	-	19,231.00
12/01/2012	19,231.00	-	19,231.00
3/01/2013	19,231.00	-	19,231.00
6/01/2013	19,231.00	-	19,231.00
9/01/2013	19,231.00	-	19,231.00
12/01/2013	19,231.00	-	19,231.00
3/01/2014	19,231.00	-	19,231.00
6/01/2014	19,231.00	-	19,231.00
9/01/2014	19,231.00	-	19,231.00
12/01/2014	19,231.00	-	19,231.00
3/01/2015	19,231.00	-	19,231.00
6/01/2015	19,231.00	-	19,231.00
9/01/2015	19,231.00	-	19,231.00
12/01/2015	19,231.00	-	19,231.00
3/01/2016	19,231.00	-	19,231.00
6/01/2016	19,231.00	-	19,231.00
9/01/2016	19,231.00	-	19,231.00
12/01/2016	19,231.00	-	19,231.00
3/01/2017	19,231.00	-	19,231.00
6/01/2017	19,231.00	-	19,231.00
9/01/2017	19,231.00	-	19,231.00
12/01/2017	19,231.00	-	19,231.00
3/01/2018	19,231.00	-	19,231.00
6/01/2018	19,231.00	-	19,231.00
9/01/2018	19,231.00	-	19,231.00
12/01/2018	19,231.00	-	19,231.00
3/01/2019	19,231.00	-	19,231.00
6/01/2019	19,231.00	-	19,231.00
9/01/2019	19,231.00	-	19,231.00
12/01/2019	19,231.00	-	19,231.00
3/01/2020	19,231.00	-	19,231.00
6/01/2020	19,231.00	-	19,231.00
9/01/2020	19,231.00	-	19,231.00
12/01/2020	19,231.00	-	19,231.00
3/01/2021	19,231.00	-	19,231.00
6/01/2021	19,231.00	-	19,231.00
9/01/2021	19,231.00	-	19,231.00
12/01/2021	19,231.00	-	19,231.00
3/01/2022	19,231.00	-	19,231.00
6/01/2022	19,231.00	-	19,231.00
9/01/2022	19,231.00	-	19,231.00
12/01/2022	19,231.00	-	19,231.00
3/01/2023	19,231.00	-	19,231.00
6/01/2023	19,231.00	-	19,231.00
9/01/2023	19,231.00	-	19,231.00

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2023	19,231.00	-	19,231.00
3/01/2024	19,231.00	-	19,231.00
6/01/2024	19,231.00	-	19,231.00
9/01/2024	19,231.00	-	19,231.00
12/01/2024	19,231.00	-	19,231.00
3/01/2025	19,231.00	-	19,231.00
6/01/2025	19,231.00	-	19,231.00
9/01/2025	19,231.00	-	19,231.00
12/01/2025	19,231.00	-	19,231.00
3/01/2026	19,231.00	-	19,231.00
6/01/2026	19,231.00	-	19,231.00
9/01/2026	19,231.00	-	19,231.00
12/01/2026	19,231.00	-	19,231.00
3/01/2027	19,231.00	-	19,231.00
6/01/2027	19,231.00	-	19,231.00
9/01/2027	19,231.00	-	19,231.00
12/01/2027	19,231.00	-	19,231.00
3/01/2028	19,231.00	-	19,231.00
6/01/2028	19,231.00	-	19,231.00
9/01/2028	19,231.00	-	19,231.00
12/01/2028	19,231.00	-	19,231.00
3/01/2029	19,231.00	-	19,231.00
6/01/2029	19,231.00	-	19,231.00
9/01/2029	19,231.00	-	19,231.00
12/01/2029	19,231.00	-	19,231.00
3/01/2030	19,231.00	-	19,231.00
6/01/2030	19,231.00	-	19,231.00
9/01/2030	19,231.00	-	19,231.00
12/01/2030	19,231.00	-	19,231.00
3/01/2031	19,231.00	-	19,231.00
6/01/2031	19,231.00	-	19,231.00
9/01/2031	19,231.00	-	19,231.00
12/01/2031	19,230.00	-	19,230.00
3/01/2032	19,230.00	-	19,230.00
6/01/2032	19,230.00	-	19,230.00
9/01/2032	19,230.00	-	19,230.00
12/01/2032	19,230.00	-	19,230.00
3/01/2033	19,230.00	-	19,230.00
6/01/2033	19,230.00	-	19,230.00
9/01/2033	19,230.00	-	19,230.00
12/01/2033	19,230.00	-	19,230.00
3/01/2034	19,230.00	-	19,230.00
6/01/2034	19,230.00	-	19,230.00
9/01/2034	19,230.00	-	19,230.00
12/01/2034	19,230.00	-	19,230.00
3/01/2035	19,230.00	-	19,230.00

Salt Rock Public Service District (West Virginia)

Loan of $3,000,000
40 Years, 0% Interest Rate
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2035	19,230.00	-	19,230.00
9/01/2035	19,230.00	-	19,230.00
12/01/2035	19,230.00	-	19,230.00
3/01/2036	19,230.00	-	19,230.00
6/01/2036	19,230.00	-	19,230.00
9/01/2036	19,230.00	-	19,230.00
12/01/2036	19,230.00	-	19,230.00
3/01/2037	19,230.00	-	19,230.00
6/01/2037	19,230.00	-	19,230.00
9/01/2037	19,230.00	-	19,230.00
12/01/2037	19,230.00	-	19,230.00
3/01/2038	19,230.00	-	19,230.00
6/01/2038	19,230.00	-	19,230.00
9/01/2038	19,230.00	-	19,230.00
12/01/2038	19,230.00	-	19,230.00
3/01/2039	19,230.00	-	19,230.00
6/01/2039	19,230.00	-	19,230.00
9/01/2039	19,230.00	-	19,230.00
12/01/2039	19,230.00	-	19,230.00
3/01/2040	19,230.00	-	19,230.00
6/01/2040	19,230.00	-	19,230.00
9/01/2040	19,230.00	-	19,230.00
Total	3,000,000.00	-	3,000,000.00

YIELD STATISTICS

Bond Year Dollars	$61,707.79
Average Life	20.569 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.24E-10
Bond Yield for Arbitrage Purposes	1.24E-10
All Inclusive Cost (AIC)	1.24E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.569 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

09/15/00
121970/99001

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) 263-8991
FACSIMILE (304) 262-3541

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

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

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

WRITER'S DIRECT DIAL NUMBER

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2000 B
(West Virginia Infrastructure Fund)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $3,000,000 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, and ending September 1, 2040, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $153,848 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

We have examined the executed and authenticated Bond numbered 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

09/15/00
121970/99001

CH633602.2

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the ...

1 Debtor(s) (Last Name First) and address(es)	2 Secured Party(ies) and address(es)	For ... and Filing Offic...
Salt Rock Water Public Service District Route 1, Box 31 Water Plant Road Salt Rock, WV 25545	West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	0547 ... attachment 00 SEP 28 PM 4:18 WV SEC. OF STATE FILED

4 This financing statement covers the following types (or items) of property:

See Schedule I attached hereto and made a part hereof

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

Salt Rock Water Public Service District

By Robert T Burns
Chairman Signature(s) of Debtor(s)

West Virginia Water Development Authority

By Daniel B Yoakoski
Director Signature(s) of Secured Party(ies)

2 FILING OFFICER COPY - NUMERICAL

SCHEDULE I
TO FINANCING STATEMENT

All Net Revenues from the System; the System; all funds in the Revenue Fund, the Series 2000 A Bonds Construction Trust Fund, the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Construction Trust Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

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

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

"Revenue Fund" means the Revenue Fund created by the Bond Resolution as described below.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 of the Bond Resolution as described below.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established by Section 5.02 of the Bond Resolution as described below.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bond Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 of the Bond Resolution as described below.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established by Section 5.02. of the Bond Resolution as described below.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

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

Other terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Resolution authorizing the Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Series 2000 B (West Virginia Infrastructure Fund), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

09/19/00
121970/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

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

(1) A FINANCING STATEMENT between Salt Rock Water Public Service District, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 4:18 P .m. as Financing Statement No. 547862 .

[SEAL]

Ken Hechler

Secretary of State of the State of West Virginia

09/06/00
121970/99001

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
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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
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(304) 233-0000
FACSIMILE (304) 233-0014

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FACSIMILE (304) 422-6462

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FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $9,300,000 Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable June 1 and December 1 of each year, commencing December 1, 2000, at the rates per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, and with principal installments payable on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, all as set forth in the Schedule Y, attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the

purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000 (the "Prior Notes"); (iii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; and (iv) paying certain costs of issuance of the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $596,028 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/15/00
121970/99001

CH633594.2

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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SEVENTH FLOOR

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FACSIMILE (304) 353-8180

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(304) 624-8000
FACSIMILE (304) 624-8183

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(304) 598-8000
FACSIMILE (304) 598-8116

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MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

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14TH AND CHAPLINE STREETS
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FACSIMILE (304) 233-0014

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FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
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WRITER'S DIRECT DIAL NUMBER

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds, Series 2000 B
(West Virginia Infrastructure Fund)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Salt Rock Water Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $3,000,000 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, and ending September 1, 2040, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $153,848 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

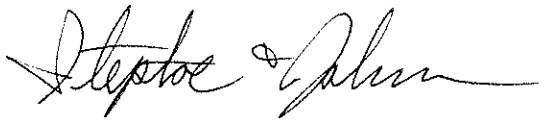
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest, if any, on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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

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

We have examined the executed and authenticated Bond numbered 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

09/15/00
121970/99001

CH633602.2

Hankins & Taylor
COUNSELORS AT LAW
629 SEVENTH STREET
Huntington, West Virginia 25701

JOHN H. HANKINS
J. SEATON TAYLOR

(304) 697-4800
FAX (304) 697-4803

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

Salt Rock Water Public Service District
Salt Rock, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Salt Rock Water Public Service District, a public service district in Cabell, Lincoln and Wayne Counties, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 2000 A Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a loan agreement for the Series 2000 B Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on September 19, 2000, the Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), the Agreement dated May 27, 1998, by and between the Issuer and West Virginia-American Water Company, including all amendments (collectively, the "Agreement"), the Letters of

Credit dated September 21, 2000, in the respective stated amounts of $596,028 and $153,848, from One Valley Bank, National Association, Charleston, West Virginia (collectively, the "Letter of Credit"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commissions of Cabell, Lincoln and Wayne Counties relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

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

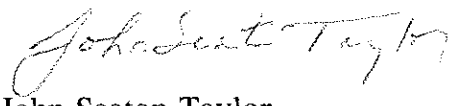
6. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the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

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

8 To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Agreement, the Letter of Credit, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the refunding of the Prior Notes, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,



John Seaton Taylor

JST:jc

Hankins & Taylor
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September 13, 2000

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

West Virginia Infrastructure and Jobs
Development Council
980 One Valley Square
Charleston, West Virginia 25301

RE: Cabell County/Salt Rock Water PSD
Regional Water Project 2000 Water Extension

Ladies and Gentlemen:

I represent the Salt Rock Water Public Service District (the "District") with regard to a proposed project to construct water lines throughout eastern Cabell County. I provide this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Water Development Authority and the West Virginia Infrastructure and Jobs Development Council for the Project. Please be advised of the following:

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

2. That I have confirmed with the Project Engineer that the District or West Virginia American Water Company (the "Company") has obtained all necessary permits for the construction of the Project.

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

the consulting engineer for the Project.

4. That Terradon Corporation has established a list of all easements necessary for the construction of the project based upon the tax maps and tax records on file with the Cabell County Sheriff's Office and provided said list to me.

5. That all of the aforesaid easements and/or rights of way agreements have been duly recorded in the Offices of the Clerks of the County Commissions of Cabell County, Lincoln County and Wayne County, West Virginia.

6. I have examined the records on file in the aforesaid Clerks' Office and in my opinion the District has acquired legal title to all of the interests necessary to construct, operate and maintain the Project to be constructed.

If you have any questions regarding any of this information contained in this final title opinion, please contact me at the above address.

Very truly yours,

John Seaton Taylor

JST:jc

Hankins & Taylor
COUNSELORS AT LAW
629 SEVENTH STREET
Huntington, West Virginia 25701

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J. SEATON TAYLOR

(304) 697-4800
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September 13, 2000

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

West Virginia Infrastructure and Jobs
Development Council
980 One Valley Square
Charleston, West Virginia 25301

RE: Cabell County/Salt Rock Water PSD
Regional Water Project 2000 Water Extension

Ladies and Gentlemen:

I represent the Salt Rock Water Public Service District (the "District") with regard to a proposed project to construct water lines throughout eastern Cabell County. I provide this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Water Development Authority and the West Virginia Infrastructure and Jobs Development Council for the Project. Please be advised of the following:

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

2. That I have confirmed with the Project Engineer that the District or West Virginia American Water Company (the "Company") has obtained all necessary permits for the construction of the Project.

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

the consulting engineer for the Project.

4. That Terradon Corporation has established a list of all easements necessary for the construction of the project based upon the tax maps and tax records on file with the Cabell County Sheriff's Office and provided said list to me.

5. That all of the aforesaid easements and/or rights of way agreements have been duly recorded in the Offices of the Clerks of the County Commissions of Cabell County, Lincoln County and Wayne County, West Virginia.

6. I have examined the records on file in the aforesaid Clerks' Office and in my opinion the District has acquired legal title to all of the interests necessary to construct, operate and maintain the Project to be constructed.

If you have any questions regarding any of this information contained in this final title opinion, please contact me at the above address.

Very truly yours,

John Seaton Taylor

John Seaton Taylor

JST:jc

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TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
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2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

September 21, 2000

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

New Haven Public Service District
Lansing, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Re: Salt Rock Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with (1) an Agreement dated Ma y 27, 1998, by and between Salt Rock Water Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of, interest, if any, on and administrative fee, if any, for the above-captioned Bonds (the "Bonds"), and (2) the issuance by One Valley Bank, National Association, Charleston, West Virginia (the "Bank"), of its Letters of Credit dated September 21, 2000 (collectively, the "Letter of Credit"), in the respective amounts of $596,028 and $153,848, for funding the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account, respectively. The Bonds are being issued by the Issuer under Chapter 16, Article 13A, Chapter 22C, Article 1 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended

(collectively, the "Act"), and pursuant to a Bond Resolution duly adopted by the Issuer on September 19, 2000, as supplemented by the Supplemental Resolution duly adopted by the Issuer on September 19, 2000 (collectively, the "Bond Resolution"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying from the proceeds of the Series 2000 A Bonds the entire outstanding principal of, interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000; (iii) paying interest on the Series 2000 A Bonds during the construction of the Project and for not more than 6 months thereafter; and (iv) paying certain costs of issuance for the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement for the Series 2000 A Bonds, dated September 21, 2000, and a loan agreement for the Series 2000 B Bonds, dated September 21, 2000 (collectively, the "Loan Agreement"). The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by a Letter of Credit that may be drawn upon by the West Virginia Municipal Bond Commission, as Paying Agent for the Bonds, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest, if any, on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

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

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

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

5. To our knowledge, the Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on January 11, 1999, October 14, 1999 and September 15, 2000, in

Case No. 98-0774-W-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates and approving the financing for the Project. The time for appeal of the first two Commission Orders has expired prior to the date hereof. The time for appeal of the last Commission Order has not expired prior to the date hereof. The parties to such order have stated, however, that they will not appeal such order and such order is not subject to appeal by any entity which is not a party thereto.

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

Very truly yours,

Jackson & Kelly PLLC

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Salt Rock Water Public Service District in Cabell, Lincoln and Wayne Counties, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Series 2000 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of

the Issuer duly adopted September 19, 2000, and a Supplemental Resolution of the Issuer duly adopted September 19, 2000 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS AND AGREEMENT: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

Following the refunding of the Prior Notes on the date hereof, there are no outstanding obligations of the Issuer which are secured by revenues or assets of the System.

The Agreement is in full force and effect and the Company is making the required payments thereunder.

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

Bond Resolution

Supplemental Resolution

Water Development Authority Loan Agreement

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Agreement between Issuer and Company

Letter of Credit and Related Documents

Evidence of Small Cities Block Grant

Evidence of Cabell County Commission Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Salt Rock Water Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Cabell County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Robert L. Burns	January 1, 1999	December 31, 2004
William A. Miller	January 1, 1996	December 31, 2002

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2000 are as follows:

Chairman	-	Robert L. Burns
Secretary/Treasurer	-	William A. Miller

The duly appointed and acting counsel to Issuer is Hankins & Taylor, of Huntington, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with and has met the requirements of the Loan Agreement.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on January 11, 1999, in Case No. 98-0774-W-PSD-CN, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Orders has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on January 11, 1999, October 14, 1999 and September 15, 2000, in Case No. 98-0774-W-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the first two Commission Orders has expired prior to the date hereof without any appeal. The time for appeal of the last Commission Order has not expired prior to the date hereof. The Issuer hereby states that it will not appeal such Commission Order. The other parties to such order have also stated that they will not appeal such Commission Order and such order is not subject to appeal by any entity which is not a party thereto.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Series 2000 A Bonds, being $8,755,000. On the date hereof, the Issuer also received $40,400 from the Authority and the Council, being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING: The Issuer has published any required notice with respect to, among other things, the amount of the Bonds, the interest rate and terms of the Bonds, the acquisition and construction of the Project, the anticipated user rates and charges, and the date of filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

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

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. LETTERS OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account.

19. GRANTS: As of the date hereof, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,250,000, the grant from The County Commission of Cabell County in the amount of $100,000 and the contribution from the Company in the amount of $4,097,000 are committed for the Project.

WITNESS our signatures and the official seal of SALT ROCK WATER PUBLIC SERVICE DISTRICT on this 21st day of September, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Robert L Burns	Chairman
Will A Miller	Secretary
John Seaton Taylor	Counsel to Issuer

09/17/00
121970/99001

CH633721.2

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

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

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES in connection with the authorization, execution and delivery of an Agreement, dated May 27, 1998, by and between Salt Rock Water Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, its $9,300,000 aggregate principal amount of Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and its $3,000,000 aggregate principal amount of Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority"), pursuant to a Bond Resolution of the Issuer adopted September 19, 2000, as supplemented by a Supplemental Resolution of the Issuer adopted September 19, 2000 (collectively, the "Bond Resolution"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Resolution, as follows:

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

2. DUE INCORPORATION AND GOOD STANDING: The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

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

Certified copy of Certificate of Good Standing.

Agreement between Issuer and Company.

Letters of Credit and Related Documents.

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

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, and is in full force and effect as of the date hereof. The Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Agreement by the Company and the compliance with the provisions thereof will not

conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the Agreement by the Company or in connection with the Project, the Agreement or the transactions contemplated thereby, except those already obtained.

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

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

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

9. LETTERS OF CREDIT: The Company has obtained and will maintain one or more Letters of Credit, including all extensions thereof, or renewal or replacement Letters of Credit, to fund the respective reserve accounts for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Authority and the Council. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letters of Credit, which payments shall be in addition to any other payments to be made by the Company under the Agreement with respect to the Bonds or otherwise to the Issuer.

10. PUBLIC SERVICE COMMISSION ORDERS: The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the refunding of the Prior Notes, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Commission Orders of the Public Service Commission of West Virginia entered on January 11, 1999, October 14, 1999 and September 15, 2000, in Case No. 98-0774-W-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates and approving the financing for the Project. The time for appeal of the first two Commission Orders has expired prior to the date hereof without any appeal. The time for appeal of the last Commission Order has not expired prior to the date hereof. The Company hereby states that it will not appeal such Commission Order. The other parties to such order have also stated that they will not appeal such Commission Order and such order is not subject to appeal by any entity which is not a party thereto.

IN WITNESS WHEREOF, I have hereunto set my hand on this 21st day of September, 2000.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller
Vice President

ATTEST:

Stephen W. Chambers
Secretary

09/18/00
121960/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, James A. Nagy, P.E., Registered Professional Engineer, West Virginia License No. 8887, of West Virginia-American Water Company, Charleston, West Virginia, hereby certify as follows:

1. My company is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Salt Rock Water Public Service District (the "Issuer") to be constructed primarily in Cabell, Lincoln and Wayne Counties, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on September 19, 2000, as supplemented by the Supplemental Resolution adopted by the Issuer on September 19, 2000, the Loan Agreement for the Series 2000 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated September 21, 2000, and the Loan Agreement for the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated September 21, 2000 (collectively, the "Loan Agreement").

2. The Series 2000 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying in full the entire outstanding principal of and all interest accrued on the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B; (iii) paying interest on the Series 2000 A Bonds during the construction of the Project and for not more than 6 months thereafter; and (iv) paying costs of issuance and related costs.

3. The Series 2000 B Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

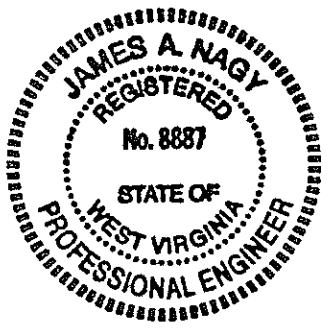
4. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by the Company and approved by the Authority, the

Council and the West Virginia Bureau for Public Health (the "BPH"), and any change orders approved by the Issuer, the Council, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Company has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Ralph W. Layton, CPA, of even date herewith, the use fees to be received by the Issuer from the Company under the Agreement dated May 27, 1998, as amended, will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 21st day of September, 2000.

WEST VIRGINIA-AMERICAN WATER COMPANY

(SEAL)



James A. Nagy, P.E.
West Virginia License No. 8887

09/12/00
121970/99001

Cabell County Water Supply Project
Schedule B (Estimate Only)
Total Cost of Project, Source of Funds and Cost of Financing

	TOTAL	LJDC	WDA	SCBG	WVAWC	Cabell Comm.
A. COST OF PROJECT						
1. Construction Costs	$13,455,300	$2,934,600	$7,500,450	$1,216,000	$1,705,250	$100,000
Contract 1	1,223,500		1,223,500			
Contract 2	625,000		625,000			
Contract 3	2,182,900	300,000	1,372,650		460,250	50,000
Contract 4	1,461,900	731,700	330,200	350,000		50,000
Contract 5	1,181,500	378,500	528,000	275,000		
Contract 6	1,322,500	397,500	610,000	315,000		
Contract 7	647,000		372,000	275,000		
Contract 8	1,103,000		943,000		160,000	
Contract 9	383,000		383,000			
Contract 10	2,240,000	1,126,900	1,113,100			
Salt Rock Interconnections	565,000				565,000	
Booster Station for Contract 2	40,000				40,000	
Booster Station for Contract 7	40,000				40,000	
Booster Stations (6) for Contract 8	240,000				240,000	
PRV Stations (4) for Contract 10	200,000				200,000	
2. Technical Services	$1,932,308	0	0	0	1,932,308	0
a. Design	555,200	0	0	0	555,200	0
b. Bidding/Construction Admin	293,346	0	0	0	293,346	0
c. Resident Project Representative	750,000	0	0	0	750,000	0
d. WVAWC Administration/Labor	333,762	0	0	0	333,762	0
3. Legal and Fiscal	$90,741	400	0	0	90,341	0
a. Attorney Fees (easements, PSC, etc)	70,341	0	0	0	70,341	0
Seaton Taylor - Easements	10,000	0	0	0	10,000	0
Other	10,000	0	0	0	10,000	0
b. Accountant/Audit	400	400	0	0	0	0
4. Administration	$60,000	25,000	0	35,000	0	0
a. Region 2	60,000	25,000	0	35,000	0	0
b. One Valley Bank	0		0			
5. Sites and Other Lands	$76,000	0	0	0	75,000	0
a. Land Acquisition Costs/Easements	45,000	0	0	0	45,000	0
Fee Acquisistions	0	0	0	0	0	0
Easements	45,000	0	0	0	45,000	0
b. Appraisals or Other related Costs	0	0	0	0	0	0
c. Permits	30,000	0	0	0	30,000	0
DOH Inpsection Fees	0	0	0	0	0	0
DOH Bond	0	0	0	0	0	0
Railroad Easements	15,000				15,000	
Health Department/NPDES	15,000	0	0	0	15,000	0
6. Other Costs	$1,445,528	40,000	1,151,427	0	254,101	0
a. Interim Financing Costs	19,318	0	19,318	0	0	0
b. Arch Survey / Environmental	20,000	0	0	0	20,000	0
c. Legal Ads	0	0	0	0	0	0
d. Cost of Financing (see detail below)	1,406,210	40,000	1,132,109	0	234,101	0
7.	$0	0	0	0	0	0
8. Contingency	$688,123	0	648,123	0	40,000	0
9. Total of Lines 1 through 8	$17,747,000	$3,000,000	$9,300,000	* $1,250,000	$4,097,000	$100,000
B. SOURCES OF FUNDS						
1. Source of Funds						
a. WVAWC	$4,097,000	0	0	0	4,097,000	0
b. Cabell Co Comm Grant	$100,000	0	0	0	0	100,000
c. SCBG Grants	$1,250,000	0	0	1,250,000	0	0
d. WDA	$9,300,000	0	9,300,000	0	0	0
e. LJDC Loan	$3,000,000	3,000,000	0	0	0	0
Total Source of Funds	$17,747,000	$3,000,000	$9,300,000	$1,250,000	$4,097,000	$100,000
C. COST OF FINANCING						
1. Funded Reserve Account/Letter	$0	0	0	0	0	0
2. Other Costs	$1,406,210	40,000	1,132,109	0	234,101	0
a. Bond Counsel/Other Local Costs	$40,000	40,000	0	0	0	0
b. Capitalized Interest	$821,210	0	587,109	0	234,101	0
c. Issuance Costs	$545,000	0	545,000	0	0	0
3. Total Cost of Financing	$1,406,210	$40,000	$1,132,109	$0	$234,101	$0
(shown on line 6d above)						

Robert L Burns
Salt Rock Water Public Service District

Date: 9-19-2000

James A. Nagy
Engineer

Date: 9-18-2000

*See Attached

Cabell County Water Supply Project

Schedule B

ATTACHMENT

The commitment letter is for $1,175,000. The District anticipates receiving the additional $75,000; however, if such funds are not received, then the District will utilize contingency funds to cover the related costs.

Ralph W. Laton
Certified Public Accountant

Post Office Box 340 ~ Hurricane, West Virginia 25526 ~ 304/562-0137

September 21, 2000

Salt Rock Water Public Service District
Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority)
and Series 2000 B (West Virginia Infrastructure Fund)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Salt Rock Water Public Service District
Salt Rock, West Virginia

Ladies and Gentlemen:

Based upon the use fees to be made by West Virginia-American Water Company (the "Company") to Salt Rock Water Public Service District (the "Issuer"), under that certain Agreement dated as of May 27, 1998, as amended September 21, 2000, by and between the Company and the District, as approved in the Final Orders of the Public Service Commission of West Virginia entered on January 11, 1999, and September 15, 2000, in Case No. 98-0774-WPSD-CN, it is my opinion that such payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100 % of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), to be issued in the respective original aggregate principal amounts of $9,300,000 and $3,000,000 to the West Virginia Water Development Authority on the date hereof, there being no other bonds, notes or other obligations of the Issuer currently outstanding.

Very truly yours,

Ralph W. Laton, CPA

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Salt Rock Water Public Service District in Cabell, Wayne and Lincoln Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $9,300,000 Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), and $3,000,000 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, both dated September 21, 2000 (collectively, the "Bonds" or individually the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on September 19, 2000 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 21, 2000, the date on which the Bonds are being physically delivered in exchange for $8,755,000, the purchase price of the Series 2000 A Bonds and $40,400, being a portion of the principal amount of the Series 2000 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued

by the West Virginia Water Development Authority (the "Authority") and the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2000 A Bonds were sold on September 21, 2000, to the Authority, pursuant to a loan agreement dated September 21, 2000, by and between the Issuer and the Authority, for an aggregate purchase price of $8,755,000.

6. The Series 2000 B Bonds were sold on September 21, 2000, to the Authority, pursuant to a loan agreement dated September 21, 2000, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $3,000,000 (100% of par), at which time, the Issuer received $40,400 from the Authority and the Council, being the first advance of the principal amount of the Series 2000 B Bonds. No accrued interest has been or will be paid on the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the entire outstanding principal of, and interest on and all fees for the Issuer's Waterworks Facilities Bond Anticipation Notes, Series 2000 B, dated August 17, 2000 (the "Prior Notes"); (iii) paying capitalized interest on the Series 2000 A Bonds during construction of the Project and for not more than 6 months thereafter; and (iii) paying certain costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter (in any event, not more than 6 months from September 20, 2000), enter into agreements which require the Issuer to expend in excess of 5% of the aggregate principal amount of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before August 1, 20___. The acquisition and construction of the Project is expected to be completed by June 1, 20___.

9. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $13,650,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2000 A Bonds	$ 9,300,000.00
Proceeds of the Series 2000 B Bonds	$ 3,000,000.00
Cabell County Commission Grant	$ 100,000.00
Small Cities Block Grant	$ 1,250,000.00
Total Sources	$13,650,000.00

USES

Costs of Acquisition and Construction of the Project	$ 10,359,828.24
Capitalized Interest on Series 2000 A Bonds	$ 587,109.00
Fund Series 2000 A Bonds Reserve Account	-0-
Fund Series 2000 B Bonds Reserve Account	-0-
Payoff of Prior Notes	1,882,892.76
Costs of Issuance	$ 820,170.00
Total Uses	$ 13,650,000.00

The total costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the grants described above.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2000 Bonds:

(1) Revenue Fund;

(2) Series 2000 A Bonds Construction Trust Fund;

(3) Series 2000 B Bonds Construction Trust Fund;

(4) Series 2000 A Bonds Sinking Fund;

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

(6) Series 2000 B Bonds Sinking Fund; and

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

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of $587,109 will be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) The balance of the proceeds of the Series 2000 A Bonds will be deposited in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 A Bonds and related costs. On the date hereof, Series 2000 A Bonds proceeds in the amount of $1,882,892.76 shall be paid to the holder of the Prior Notes as payment in full of the outstanding principal of and interest thereon.

(4) The balance of the proceeds of the Series 2000 B Bonds will be deposited in the Series 2000 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 B Bonds and related costs.

12. Moneys held in the Series 2000 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Moneys held in the Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund and Series 2000 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 10 months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2000 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 A Bonds Reserve Account, if any, all of the proceeds of the Series 2000 A Bonds will be expended on the Project within 12 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2000 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 B Bonds Reserve Account, if any, all of the proceeds of the Series 2000 B Bonds will be expended on the Project within 12 months from the date of issuance thereof.

18. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

19. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

20. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

21. 95% or more of the net proceeds of the Series 2000 A Bonds will be used to provide facilities for the furnishing of water. The Project is a facility for the furnishing of water within the meaning of Section 142(e) of the Code, as:

(i) the water distributed by the Project is or will be made available to members of the general public (including electric utility, industrial, agricultural or commercial users); and

(ii) either the Project is operated by a governmental unit or the rates for the furnishing or sale of the water have been established or approved by a State or political subdivision thereof, by an agency or instrumentality of the United States, or by a public service or public utility commission or other similar body of any State or political subdivision thereof.

22. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

24. The Issuer shall use the Bond proceeds solely for the costs of the Project.

25. The Bonds are not federally guaranteed.

26. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

27. The Issuer has either (a) funded the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; (b) created the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year; or (c) purchased letter(s) of credit in amounts sufficient to satisfy the purchasers of the Bonds to fund the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account. Moneys in the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account, if any, and the Series 2000 A Bonds Sinking Fund and Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

28. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

29. All proceeds of the Series 2000 A Bonds shall be used for payment of the costs of the Project within 3 years of September 20, 2000.

30. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

31. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

32. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 21st day of September, 2000.

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

Robert J. Burns
Chairman

09/19/00
121970/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF LETTER OF CREDIT BANK

The undersigned Senior Vice President of ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Bank"), hereby certifies in connection with the issuance by the Bank of its Letter of Credit, No. 00-050, dated September 21, 2000, in the amount of $596,028 (the "Series 2000 A Letter of Credit"), for the account of the Salt Rock Water Public Service District (the "Issuer"), and its Letter of Credit, No. 00-049, dated September 21, 2000, in the amount of $153,848 (the "Series 2000 B Letter of Credit" and, collectively with the Series 2000 A Letter of Credit, the "Letters of Credit"), for the account of the Issuer, for and on behalf of the Bank, as follows:

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

2. The Letters of Credit have been duly authorized, executed and delivered by the Bank.

3. The Series 2000 A Letter of Credit is provided to fund the Series 2000 A Bonds Reserve Account and secures the payment of up to $596,028, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), dated September 21, 2000, in the principal amount of ~~$8,995,000~~ $9,300,000 JMB. The Series 2000 A Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated August 31, 2000, and a Note and Security Agreement, September 21, 2000.

4. The Series 2000 B Letter of Credit is provided to fund the Series 2000 B Bonds Reserve Account and secures the payment of up to $153,848, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated September 21, 2000, in the principal amount of $3,000,000. The Series 2000 B Letter of Credit has been delivered by the Bank pursuant to

an Application and Agreement for Standby Letter of Credit dated August 31, 2000 and a Note and Security Agreement, September 21, 2000.

IN WITNESS WHEREOF, ONE VALLEY BANK, NATIONAL ASSOCIATION, has caused this Certificate to be executed by a duly authorized officer, this 21st day of September, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
J. Mark Bias, Senior Vice President

09/12/00
123970/99001

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON WEDNESDAY, THE 21st DAY OF JUNE, 2000, A.D.

MEMBERS: EVELYN RICHARDS, PRESIDENT, and J. R. BLANKENSHIP and L. D. EGNOR, COMMISSIONERS OF THE COUNTY

ORDER PROPOSING THE ENLARGEMENT OF THE WATER SERVICE TERRITORY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE TRANSFER OF THE WATER SERVICE AUTHORITY OF CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK WATER PUBLIC SERVICE DISTRICT, AND THE DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT; DESCRIBING THE PROPOSED SERVICE TERRITORY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; SCHEDULING A HEARING ON THE PROPOSED ENLARGEMENT, TRANSFER AND DISSOLUTION AND PROVIDING FOR THE PUBLICATION, POSTING AND NOTIFICATION TO THE PUBLIC SERVICE COMMISSION THEREOF.

WHEREAS, Salt Rock Water Public Service District ("Salt Rock") is a public service district originally established as "Salt Rock Public Service District" by an Order of the County Commission of Cabell County, West Virginia (the "County Commission") dated December 30, 1974 (the "1974 Order"), as a public service district with both water and sewer authority which was subsequently divided into Salt Rock Water Public Service District and "Salt Rock Sewer Public Service District" by Order of the County Commission dated August 16, 1984 (the "1984 Order");

WHEREAS, the boundaries of the original Salt Rock Public Service District and, after August 16, 1984, the boundaries of Salt Rock Water Public Service District and Salt Rock Sewer Public Service District, have been modified on several occasions by duly entered Orders of the County Commission to include additional territory within Cabell County (collectively, and together with the 1974 and 1984 Orders, the "Prior Orders");

WHEREAS, Salt Rock currently provides water service within and outside Cabell County, West Virginia;

WHEREAS, Salt Rock, the County Commission and West Virginia-American Water Company (the "Company") have received approval from the Public Service Commission

("PSC") in PSC Case No. 98-0774-W-PWD-CN to acquire and construct certain new water service facilities within and outside Cabell County under a public-private partnership project known as "Project 2000," pursuant to which Salt Rock is to serve as the public partner responsible for the construction of the public portion of the new water facilities;

WHEREAS, the Company has purchased all the water service assets of Culloden Public Service District ("Culloden"), an existing public service district in Cabell County currently authorized to provide both water and sewer service;

WHEREAS, although Culloden currently has water service authority, it does not provide water service to any customers, and in light of the Company's acquisition of its water service assets, it is not expected that Culloden will provide water service in the future;

WHEREAS, Cabell Public Service District ("Cabell") is a defunct public service district that has only one square foot of territory within the existing water service territory of Salt Rock;

WHEREAS, certain additional facilities to be constructed by Salt Rock in connection with Project 2000 are expected to extend into Lincoln County, West Virginia ("Lincoln County"), and Wayne County, West Virginia ("Wayne County"), requiring the County Commission of Lincoln County and the County Commission of Wayne County to consent to the enlargement of Salt Rock's water service territory to include certain areas within those respective counties;

WHEREAS, as evidenced by the resolutions attached hereto as Exhibits A and B, respectively, the County Commission of Lincoln County and the County Commission of Wayne County have consented to the inclusion of certain areas within those respective counties in the enlargement of Salt Rock;

WHEREAS, the County Commission of Wayne County has requested that the County Commission execute a Memorandum of Understanding substantially in the form attached hereto as Exhibit C (the "Memorandum of Understanding") under which the Couty Commission, at the request of the County Commission of Wayne County, undertake a proceeding to reduce the geographic territory of Salt Rock to exclude the area falling within Wayne County if construction of water service facilities in that area has not commenced by December 31, 2001, and the County Commission is amenable to that request;

WHEREAS, in order to facilitate Salt Rock's acquisition and construction of the public portion of the water service facilities in Cabell County under Project 2000 and to promote Salt Rock's further extension of water service facilities in the future, it is necessary and desirable (i) to enlarge Salt Rock's water service territory to include (A) all areas of the county except the area falling within the corporate boundaries of the Town of Milton, West Virginia, the City of Barboursville, West Virginia, and the City of Huntington, West Virginia;

and (B) new water service territory within Lincoln County and Wayne County (collectively, the "Proposed Enlargement"); and (ii) in connection with the Proposed Enlargement, (A) to transfer the water service territory of Culloden to Salt Rock (the "Proposed Transfer of Authority") and (B) to dissolve Cabell and incorporate its territory within the water service territory of Salt Rock (the "Proposed Dissolution," and together with the Proposed Enlargement and the Proposed Transfer of Authority, the "Proposed Changes");

WHEREAS, the Proposed Enlargement, as to the description of the territory within Cabell County, is intended to supersede and replace the various legal descriptions of Salt Rock's territory in the Prior Orders;

NOW, THEREFORE, it is ORDERED by The County Commission of Cabell County, West Virginia as follows:

1. The County Commission hereby finds and determines that the Proposed Changes will be conducive to the preservation of public health, comfort and convenience of the citizens of Cabell County.

2. The County Commission hereby approves the form of the Memorandum of Understanding attached hereto as Exhibit C and authorizes the President of the County Commission to execute the Memorandum of Understanding and to deliver it to Salt Rock, the County Commission of Wayne County and the Company.

3. The County Commission, on its own motion and subject to PSC approval, proposes the enlargement of the water service territory of Salt Rock to include the area described in the following three tracts:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point

having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

When the Proposed Enlargement becomes effective after approval of the PSC, the description of service territory in this Section 3 is intended to supersede and replace the various legal descriptions of Salt Rock's territory in the Prior Orders.

4. The County Commission further proposes the Proposed Transfer of Authority and the Proposed Dissolution, with both to occur on the effective date of the Proposed Enlargement as determined in a subsequent order of the County Commission.

5. At 10:00 a.m. on Friday, July 14, 2000 at the hearing room of the County Commission in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West Virginia, the County Commission will hold a public hearing on the Proposed Changes, which hearing date is not more than forty days nor fewer than twenty days from the date of this Order. All persons residing in or owning or having any interest in property in the territory encompassed by the Proposed Enlargement shall have an opportunity to be heard for and against the Proposed Changes.

6. The Clerk of the County Commission of Cabell County (the "Clerk") is directed to cause notice of the hearing in substantially the form attached as Exhibit D hereto (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be published as a Class I legal advertisement in compliance with W. Va. Code § 59-3-1, et seq., as amended, in The Herald-Dispatch and The Cabell Record. The publication date for each such publication shall be at least ten days prior to the date set for the hearing.

7. The Clerk is further directed to cause notice of the hearing in substantially the form attached as Exhibit D (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be posted in at least five conspicuous public places within the new territory to be encompassed by the Proposed Enlargement. The posting shall occur at least ten days prior to the date set for the hearing.

8. The Clerk is further directed to provide the Executive Secretary of the PSC with a certified copy of this Order at least ten days before the hearing and to indicate in the accompanying letter the time and place of the hearing.

9. The Clerk is further directed (i) to provide the clerks of the county commissions of Lincoln County and Wayne County with a copy of this Order; (ii) to notify said clerks of the hearing; and (iii) to request that said clerks cause notice of the time, place and location of the hearing to be published as a Class I legal advertisement in substantially the form attached as Exhibit D hereto, with the publication area being each city, incorporated town or municipal corporation in each county in which a portion of the Proposed Enlargement extends, and with each publication to occur at least ten days prior to the hearing.

10. This Order shall become effective immediately upon entry.

By Order of the County Commission of Cabell County, West Virginia this 21st day of June, 2000.

THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

Attest:

Clerk

EXHIBIT A

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY ON THURSDAY, THE 15th DAY OF JUNE, 2000

MEMBERS: CHARLES MCCANN, PRESIDENT
BUSTER STOWERS AND DOUG WALDRON,
COMMISSIONERS OF THE COUNTY

RESOLUTION CONSENTING TO ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT INTO A PORTION OF LINCOLN COUNTY IN ORDER TO EXTEND WATER SERVICE TO UNSERVED LINCOLN COUNTY RESIDENTS.

WHEREAS, The County Commission of Lincoln County, West Virginia (the "Lincoln County Commission") has been informed that the County Commission of Cabell County, West Virginia (the "Cabell County Commission") intends to propose that the service boundaries of Salt Rock Water Public Service District ("Salt Rock") be enlarged; and

WHEREAS, part of the proposed enlargement would extend into the northwestern corner of Lincoln County, an area currently without public water service and which is not within the service territory of any other public service district in Lincoln County;

WHEREAS, Salt Rock has indicated that approximately fourteen customers in the Upper Bear Creek area could receive water service in this area if the proposed enlargement into Lincoln County occurs;

WHEREAS, the Lincoln County Commission finds and determines that it is in the best interests of the citizens of the northwestern corner of Lincoln County that Salt Rock be permitted to provide water service in that area;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. The Lincoln County Commission hereby consents to the proposed enlargement of Salt Rock into the northwestern corner of Lincoln County and directs the Clerk of the Lincoln County Commission to offer any assistance to the Cabell County Commission that is necessary to effect this enlargement, including but not limited to the publication of a legal advertisement in Lincoln County.

2. This Resolution shall take effect immediately upon adoption.

WITNESS the signatures on behalf of and the seal of The County Commission of Lincoln County, West Virginia, on the 15th day of June, 2000.

THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA

By: _____
Charles McCann, President

By: _____
Buster Stowers, Commissioner

By: _____
Doug Waldron, Commissioner

ATTEST:

By: _____
Clerk of the County Commission
of Lincoln County, West Virginia

Proposed Lincoln County Tract of
Salt Rock Water Public Service District

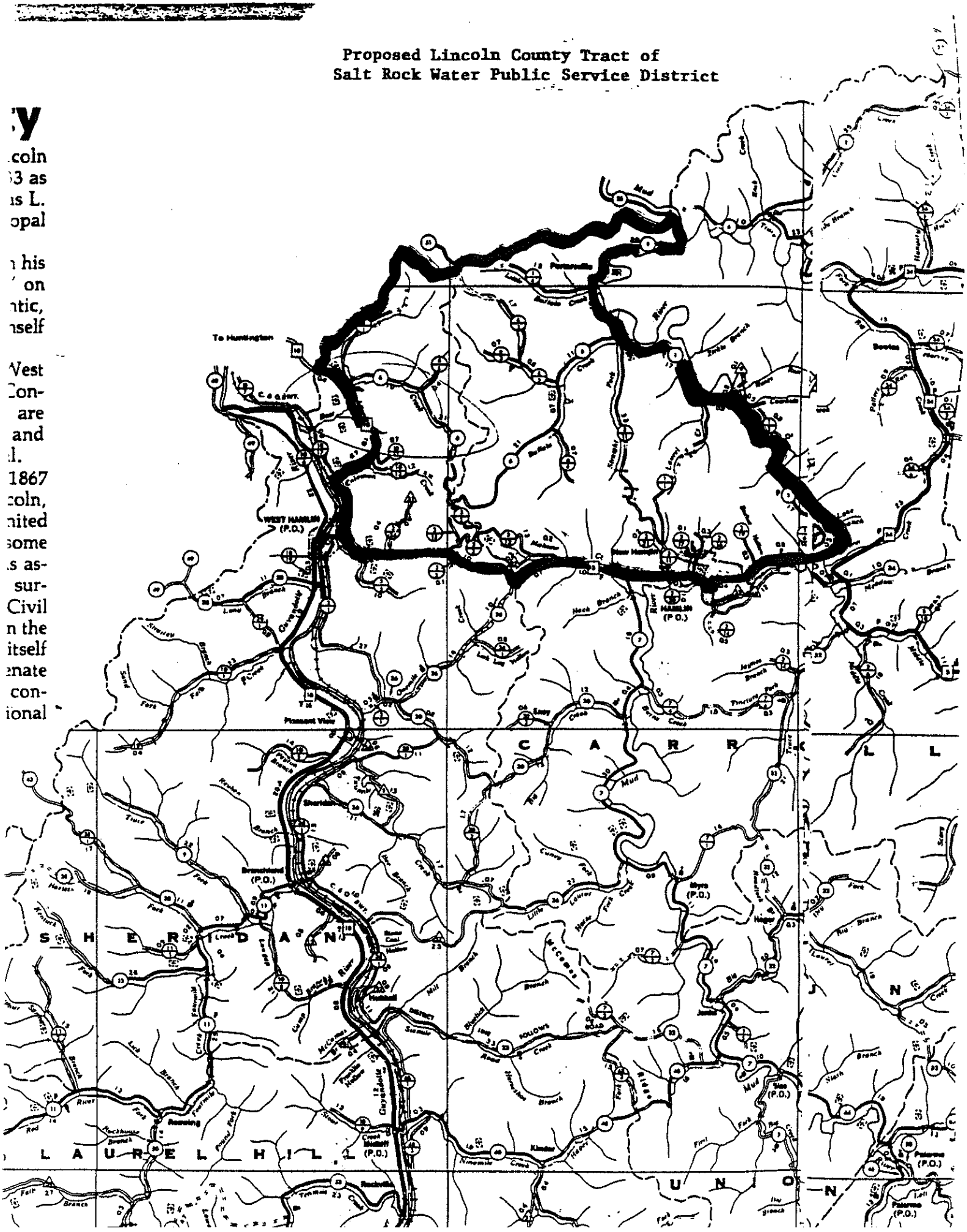


EXHIBIT B

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF WAYNE COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY ON MONDAY, THE 19th DAY OF JUNE, 2000

MEMBERS: JAMES BOOTON, RICHARD WELLMAN AND CHARLES SAMMONS, COMMISSIONERS OF THE COUNTY

RESOLUTION CONSENTING TO ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT INTO A PORTION OF WAYNE COUNTY IN ORDER TO EXTEND WATER SERVICE TO UNSERVED WAYNE COUNTY RESIDENTS.

WHEREAS, The County Commission of Wayne County, West Virginia (the "Wayne County Commission") has been informed that the County Commission of Cabell County, West Virginia (the "Cabell County Commission") intends to propose that the service boundaries of Salt Rock Water Public Service District ("Salt Rock") be enlarged; and

WHEREAS, as shown on Exhibit A, part of the proposed enlargement would extend into the northeastern corner of Wayne County, an area currently without public water service and which is not within the service territory of any other public service district in Wayne County;

WHEREAS, Salt Rock has indicated that approximately sixty customers could receive water service in this area if the proposed enlargement into Wayne County occurs;

WHEREAS, the Wayne County Commission finds and determines that it is in the best interests of the citizens of the northeastern corner of Wayne County identified on Exhibit A hereto that Salt Rock be permitted to provide water service in that area;

WHEREAS, the Wayne County Commission wishes to ensure that these customers will be served within a reasonable time, and has determined that if construction has not been commenced before December 31, 2001, it wishes to retain the option to request that the Cabell County Commission reduce the geographic boundaries of Salt Rock to exclude the northwestern corner of Wayne County in order to permit another water service provider to extend service into these customers.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF WAYNE COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. The Wayne County Commission hereby consents to the proposed enlargement of Salt Rock into the northeastern corner of Wayne County identified on Exhibit A hereto and directs the Clerk of the Wayne County Commission to offer any assistance to the

Cabell County Commission that is necessary to effect this enlargement, including but not limited to the publication of a legal advertisement in Wayne County.

2. The Wayne County Commission hereby approves the Memorandum of Understanding dated June 21, 2000 by and among the Cabell County Commission, Salt Rock and the Company, substantially in the form presented in this meeting, and authorizes the President of the Wayne County Commission to execute the Memorandum of Understanding and deliver it to the other parties thereto.

3. This Resolution shall take effect on the Cabell County Commission's execution of the Memorandum of Understanding, currently expected to be on June 21, 2000.

WITNESS the signatures on behalf of and the seal of The County Commission of Wayne County, West Virginia, on the 19th day of June, 2000.

THE COUNTY COMMISSION OF WAYNE COUNTY, WEST VIRGINIA

By: James H. Booton
President

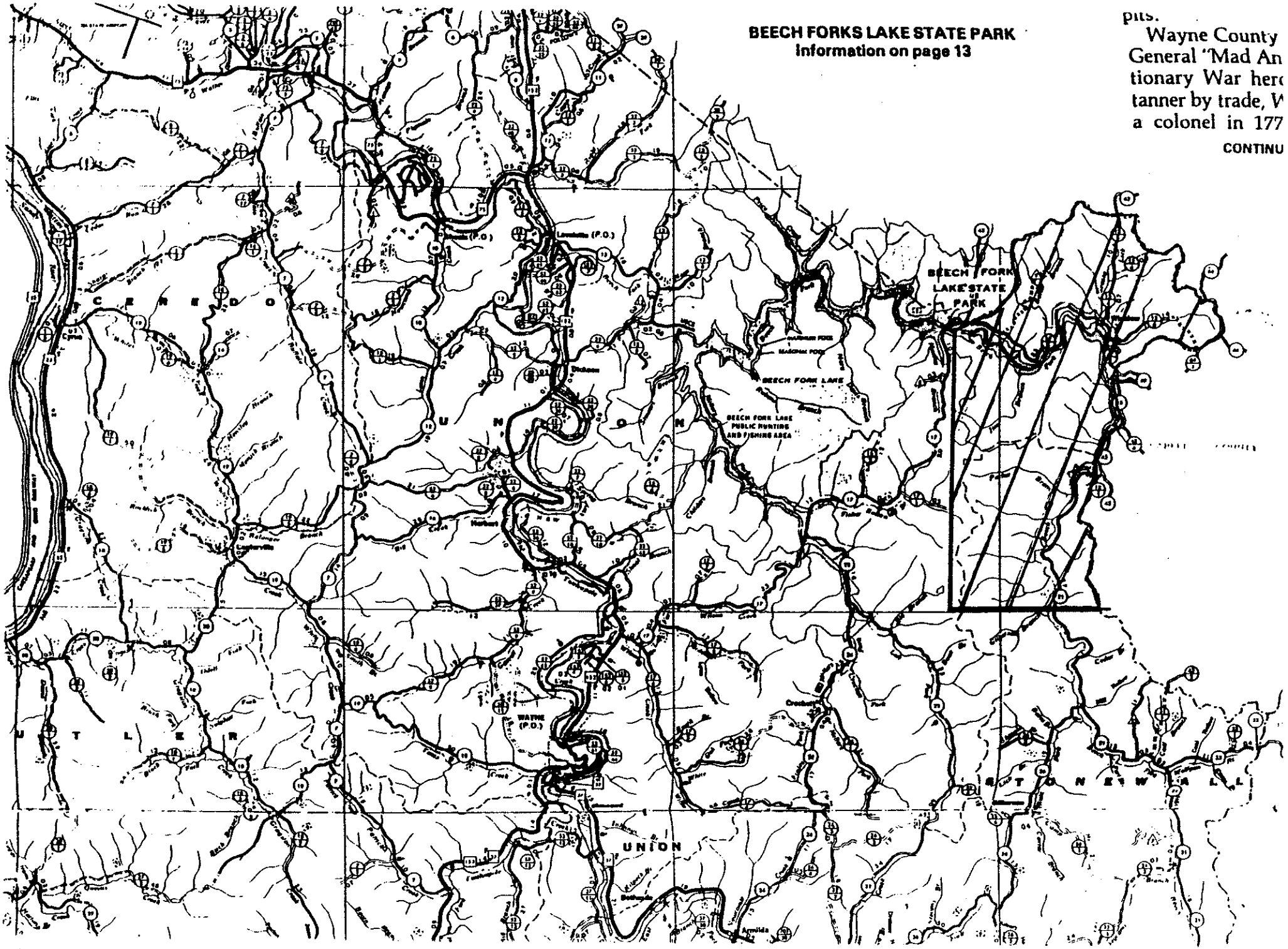
By: Charles E. Sammons
Commissioner

By: _____
Commissioner

ATTEST:

By: Robert E. Pasley
Clerk of the County Commission
of Wayne County, West Virginia

EXHIBIT A



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CONTINU

Exhibit C

Form of Memorandum of Understanding

This Memorandum of Understanding dated as of June 21, 2000 is by and among The County Commission of Wayne County, West Virginia (the "Wayne County Commission"); The County Commission of Cabell County, West Virginia (the "Cabell County Commission"); Salt Rock Water Public Service District ("Salt Rock"); and West Virginia-American Water Company (the "Company").

1. The Cabell County Commission, Salt Rock and the Company have worked to develop and arrange the funding for the Cabell County Regional Water Project (the "Project"), including a portion of the Project intended to serve approximately sixty customers in the northeastern corner of Wayne County (the "Wayne County Segment").

2. In order to permit the Wayne County Segment to be included in the Project, the Company has requested that the Wayne County Commission consent to the inclusion of certain territory in the northeastern corner of Wayne County (the "Wayne County Territory") in the Cabell County Commission's planned enlargement of Salt Rock.

3. The Company and Salt Rock have indicated that they expect and intend to commence construction on the Wayne County Segment in late 2000 if interest rates stabilize and adequate contingency funds for the construction of the Wayne County Segment are available. If these factors do not permit the construction of the Wayne County Segment in late 2000, the Company, Salt Rock and the Cabell County Commission intend to apply for a Small Cities Block Grant to fund the Wayne County Segment and to begin construction of the Wayne County Segment by the end of 2001.

4. The Wayne County Commission has indicated that it expects construction of the Wayne County Segment to begin no later than December 31, 2001. If the Company and Salt Rock are unable to commence construction on the Wayne County Segment by that date, the Wayne County Commission wishes to have the option to provide another public utility with the opportunity to serve the Wayne County Territory.

5. The parties understand and agree that if the Company and Salt Rock have not commenced construction on the Wayne County Segments by December 31, 2001, the Cabell County Commission will, at the election and request of the Wayne County Commission, undertake the statutory process set forth in W. Va. Code §16-13A-2 to reduce Salt Rock's geographic boundaries by removing the Wayne County Territory from the geographic boundaries of Salt Rock. Salt Rock and the Company agree to assist the Cabell County Commission and the Wayne County Commission in this process if necessary.

6. This Memorandum of Understanding may be executed in two or more counterparts.

WITNESS the following signatures, all as of the date written above.

THE COUNTY COMMISSION OF WAYNE COUNTY

_____

Its President

THE COUNTY COMMISSION OF CABELL COUNTY

_____

Its President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

_____

Its Chairman

WEST VIRGINIA-AMERICAN WATER COMPANY

_____

Its Authorized Officer

Exhibit D

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington,

West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

\s\ Ben Bagby
Clerk of the County Commission of
Cabell County, West Virginia

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding dated as of June 21, 2000 is by and among The County Commission of Wayne County, West Virginia (the "Wayne County Commission"); The County Commission of Cabell County, West Virginia (the "Cabell County Commission"); Salt Rock Water Public Service District ("Salt Rock"); and West Virginia-American Water Company (the "Company").

1. The Cabell County Commission, Salt Rock and the Company have worked to develop and arrange the funding for the Cabell County Regional Water Project (the "Project"), including a portion of the Project intended to serve approximately sixty customers in the northeastern corner of Wayne County (the "Wayne County Segment").

2. In order to permit the Wayne County Segment to be included in the Project, the Company has requested that the Wayne County Commission consent to the inclusion of certain territory in the northeastern corner of Wayne County (the "Wayne County Territory") in the Cabell County Commission's planned enlargement of Salt Rock.

3. The Company and Salt Rock have indicated that they expect and intend to commence construction on the Wayne County Segment in late 2000 if interest rates stabilize and adequate contingency funds for the construction of the Wayne County Segment are available. If these factors do not permit the construction of the Wayne County Segment in late 2000, the Company, Salt Rock and the Cabell County Commission intend to apply for a Small Cities Block Grant to fund the Wayne County Segment and to begin construction of the Wayne County Segment by the end of 2001.

4. The Wayne County Commission has indicated that it expects construction of the Wayne County Segment to begin no later than December 31, 2001. If the Company and Salt Rock are unable to commence construction on the Wayne County Segment by that date, the Wayne County Commission wishes to have the option to provide another public utility with the opportunity to serve the Wayne County Territory.

5. The parties understand and agree that if the Company and Salt Rock have not commenced construction on the Wayne County Segments by December 31, 2001, the Cabell County Commission will, at the election and request of the Wayne County Commission, undertake the statutory process set forth in W. Va. Code §16-13A-2 to reduce Salt Rock's geographic boundaries by removing the Wayne County Territory from the geographic boundaries of Salt Rock. Salt Rock and the Company agree to assist the Cabell County Commission and the Wayne County Commission in this process if necessary.

6. This Memorandum of Understanding may be executed in two or more

counterparts.

WITNESS the following signatures, all as of the date written above.

THE COUNTY COMMISSION OF WAYNE COUNTY

James H. Booton

Its President

THE COUNTY COMMISSION OF CABELL COUNTY

Evelyn E. Richards

Its President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Robert F. Burns

Its Chairman

WEST VIRGINIA-AMERICAN WATER COMPANY

Richard A. Hall

Its Authorized Officer

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington,

West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

\s\ Ben Bagby
Clerk of the County Commission of
Cabell County, West Virginia

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON FRIDAY, THE 14TH DAY OF JULY, 2000, A.D.

MEMBERS: EVELYN RICHARDS, PRESIDENT, and J. R. BLANKENSHIP and L. D. EGNOR, COMMISSIONERS OF THE COUNTY

ORDER ENLARGING SALT ROCK WATER PUBLIC SERVICE DISTRICT, TRANSFERRING THE WATER SERVICE AUTHORITY OF CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK WATER PUBLIC SERVICE DISTRICT, DISSOLVING CABELL PUBLIC SERVICE DISTRICT; DESCRIBING THE SERVICE TERRITORY OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, AND REQUIRING NOTIFICATION TO THE CLERKS OF THE COUNTY COMMISSIONS OF WAYNE COUNTY AND LINCOLN COUNTY AND TO THE EXECUTIVE SECRETARY OF THE PUBLIC SERVICE COMMISSION.

WHEREAS, the County Commission of Cabell County, West Virginia (the "County Commission"), by an Order entered on June 21, 2000 (the "Proposal Order"), upon its own motion and subject to the approval of the Public Service Commission of West Virginia (the "PSC"), (i) proposed to enlarge the territory of Salt Rock Water Public Service District ("Salt Rock") to include (A) all areas of the county except the area falling within the corporate boundaries of the Town of Milton, West Virginia, the City of Barboursville, West Virginia, and the City of Huntington, West Virginia; and (B) new water service territory within Lincoln County, West Virginia and Wayne County, West Virginia (collectively the "Proposed Enlargement"); and (ii) in connection with the enlargement, (A) proposed to transfer the water service territory of the Culloden Public Service District to Salt Rock (the "Proposed Transfer of Authority") and (B) proposed to dissolve the Cabell Public Service District and incorporate its territory within the water service territory of Salt Rock (the "Proposed Dissolution," and together with the Proposed Enlargement and the Proposed Transfer of Authority, the "Proposed Changes");

WHEREAS, among other things, the Proposal Order set a hearing on the Proposed Changes (the "Hearing") to be held on July 14, 2000; ordered that a copy of the Proposal Order be filed with the Clerk of the County Commission; ordered that the Clerk of the County Commission of Wayne County ("Wayne County Commission") and the Clerk of the County Commission of Lincoln County ("Lincoln County Commission") be notified of the date, time, location, and purpose of the Hearing; required notice of the Hearing to be published in Cabell County, Lincoln County and Wayne County by Class I legal publication and to be posted in five separate locations; and required the Clerk of the County Commission to file a copy of the Proposal Order with the Executive Secretary of the PSC (the "Executive

Secretary");

WHEREAS, as evidenced by the resolutions attached to the Proposal Order, the Wayne County Commission and the Lincoln County Commission have consented to the inclusion of certain areas within those counties in Salt Rock's water service territory;

WHEREAS, notice of the Hearing was published as a Class I legal advertisement in The Herald-Dispatch, The Cabell Record, The Wayne County News, and The Lincoln Journal as required by the Proposal Order and by West Virginia Code § 16-13A-2; and the required postings of notice of the Hearing were made;

WHEREAS, at the Hearing held on July 14, 2000, all interested parties were afforded an opportunity to be heard for and against the Proposed Changes;

WHEREAS, the County Commission, having determined that the Proposed Changes will be conducive to the preservation of the public health, comfort and convenience of the citizens of Cabell County, now desires to enter an Order, subject to the approval of the PSC, making the Proposed Changes.

NOW, THEREFORE, it is ORDERED by the County Commission of Cabell County, West Virginia as follows:

1. The County Commission hereby orders that the Proposed Changes be made and that they be effective on the date the PSC issues a final order approving them (the "Effective Date"). On and after the Effective Date, the service area of Salt Rock shall be particularly defined as follows:

Tract 1 – Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 – Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection

of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that **excepted and excluded** from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 – Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

THENCE, in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18' 26" and a longitude of W 82° 20' 44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

2. The Clerk of the County Commission shall cause a copy of this Order to be filed with the Clerk of the Wayne County Commission and the Clerk of the Lincoln County Commission.

3. The Clerk of the County Commission shall cause a copy of this Order to be filed with the Executive Secretary not less than ten (10) days following the entry hereof.

4. This Order shall become effective immediately upon entry.

By Order of the County Commission of Cabell County, West Virginia, this 14th day of July, 2000.

THE COUNTY COMMISSION OF CABELL COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

AFFIDAVIT OF PUBLICATION

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

I, **Linda Waddell** being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number **LH-888869** was duly published in

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the **28** day of **06**, **2000** and ending with the issue of the **28** day of **06**, **2000** and was posted at the **East door of the Cabell County Courthouse on 28** day of **06**, **2000**: that said legal advertisement was published on the following dates:

6-28-2000;

that the cost of publishing said annexed advertisement as aforesaid was **$142.46**; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Linda Waddell

Taken, subscribed and sworn to before me in my said county this **28** day of **06**, **2000**.

My commission expires 11-14-2009

OFFICIAL SEAL
NOTARY PUBLIC
OF WEST VIRGINIA
ADKINS
RIVIEW DR.
HANG, WV 25177
My Commission Expires November 10, 2009

Notary Public
Cabell County
West Virginia

Revised 7-99

AFFIDAVIT OF PUBLICATION

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

I, **Linda Waddell** being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation to execute this affidavit of publication for and on behalf of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number **LH-888869** was duly published in

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the **28** day of **06**, **2000** and ending with the issue of the **28** day of **06**, **2000** and was posted at the **East door of the Cabell County Courthouse on 28** day of **06**, **2000**: that said legal advertisement was published on the following dates:

June 23 2000;

that the cost of publishing said annexed advertisement as aforesaid was **$142.46**; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Linda Waddell

Taken, subscribed and sworn to before me in my said county this **07** day of **07**, **2000**.

My commission expires 11-18-2009

OFFICIAL SEAL
NOTARY PUBLIC
...VEST VIRGINIA
...ADKINS
...VIEW DR.
...S, WV 25177
My Commission Expires November 18, 2009

Notary Public
Cabell County
West Virginia

Revised 7-99

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1-Cabell County

All areas of Cabell County, except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14,2000.

Tract 2-Lincoln County

BEGINNING at a point having a latitude of N 38° 20'50" and a longitude of W 82° 04'54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE, leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16'54" and a longitude of W 82° 04'54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE, leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17'12" and a longitude of W 82° 11'33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19'03" and a longitude of W 82° 11'55", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that excepted and excluded from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia, as of July 14,2000.

Tract 3-Wayne County

BEGINNING at a point having a latitude of N 38° 17'49" and a longitude of W 82° 18'14", said point being the intersections of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15'00" and a longitude of W 82° 18'28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20'44".

THENCE in a northerly direction to a point in the Wayne-Cabell County Line having a latitude of N 38° 18'26" and a longitude of W 82° 20'44".

THENCE with the meanders of the Wayne-Cabell County Line in an easterly direction to the point of beginning.

The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14,2000 in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

Ben Bosby
Clerk of the County Commission of Cabell County, West Virginia

LH-888869 6-28-00

CABELL RECORD
2085 ROUTE 60
P O BOX 467
CULLODEN WV 25510-0467
Telephone 304/743-1222

7243

JAK001

JACKSON & KELLY
ATTORNEYS AT LAW
P O BOX 553
CHARLESTON, WV 25322-0553

JACKSON & KELLY
ATTORNEYS AT LAW
P O BOX 553
CHARLESTON, WV 25322-0553

06/29/00

NET 30 DAYS

HEARING;SALT ROCKPSD 06/29/00				H		None
1	1	LEGAL	6-29-00 1 WK @		65.29	65.29

NonTaxable Subtotal	65.29
Taxable Subtotal	0.00
Tax	0.00
Total	65.29

LEGAL NOTICE

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

On June 21, 2000, the County Commission of Cabell County (the "County Commission") proposed the enlargement of Salt Rock Water Public Service District ("Salt Rock"), the transfer of the existing water service authority of Culloden Public Service District to Salt Rock, and the dissolution of the inactive Cabell Public Service District (collectively, the "Proposed Changes").

The proposed enlargement of Salt Rock would include the following three tracts:

Tract 1 - Cabell County

All areas of Cabell County except those areas that are included within the existing corporate boundaries of the Town of Milton, the City of Barboursville and the City of Huntington as of July 14, 2000.

Tract 2 - Lincoln County

BEGINNING at a point having a latitude of N 38° 20' 50" and a longitude of W 82° 06' 54", said point being the intersection of County Route 1 and the Cabell-Lincoln County Line, and said point also being a point in the northwestern boundary of Hamlin Public Service District.

THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia Route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

THENCE leaving the intersection of County Route 1 and the southwestern boundary of Hamlin Public Service District and following West Virginia Route 3 in a westerly direction to a point having a latitude of N 38° 17' 12" and a longitude of W 82° 11' 33", said point being the intersection of West Virginia Route 3 and West Virginia Route 10.

THENCE following West Virginia Route 10 in a northerly direction to a point having a latitude of N 38° 19' 03" and a longitude of W 82° 11' 53", said point being the intersection of West Virginia Route 10 and the Cabell-Lincoln County Line.

THENCE following the meanderings of the Cabell-Lincoln County Line in a northwesterly direction to the point of beginning.

PROVIDED, that excepted and excluded from the above-described tract shall be all areas that fall within the existing corporate boundaries of the Town of Hamlin, West Virginia, and the Town of West Hamlin, West Virginia as of July 14, 2000.

Tract 3 - Wayne County

BEGINNING at a point having a latitude of N 38° 17' 49" and a longitude of W 82° 18' 14", said point being the intersection of County Routes 17/8, 49, 43 and the Wayne-Cabell County Line.

THENCE leaving said intersection and with the Wayne-Cabell County Line in a southerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 18' 28".

THENCE in a westerly direction to a point having a latitude of N 38° 15' 00" and a longitude of W 82° 20' 44".

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/s/ Ron Bagby
Clerk of the County Commission of
Cabell County, West Virginia
11 6-29 cr

AFFIDAVIT OF PUBLICATION

Cost of Publication $ [illegible]

State of West Virginia, County of Cabell, to wit:

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE CABELL RECORD, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Culloden, Cabell County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Hearing - Salt Rock PSD

was duly published in said newspaper once a week for 1 (successive) week(s), commencing with the issue of the 29th day of June 2000, and ending with issue of the _____ day of July 20_____, (and was posted, if required, at the _____ on the _____ day of _____, 20_____).

/s/ Phyllis Robinson
Phyllis Robinson, Publisher
The Cabell Record

Taken, subscribed and sworn to before me in my said county this 5th day of July, 2000.

My commission expires [illegible]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TRUDY I. BLACK
324 SUMMERS ADDITION
HILTON, WV 25541
My Commission Expires MARCH 8, 2005

/s/ Trudy I. Black
Notary Public of Cabell County, West Virginia

Affidavit of Legal
Publication and Posting
STATE OF WEST VIRGINIA
COUNTY OF WAYNE, TO-WIT:

I, *Thomas J. George*
publisher of the **WAYNE COUNTY NEWS**, a newspaper published in the **COUNTY OF WAYNE, STATE OF WEST VIRGINIA**, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

June 28, 2000

commencing on the 28th

day of June 2000

Given under my hand this 4th day

of July 2000

Thomas J. George

Sworn to and subscribed before me this

4th day of July,

2000, at Wayne, Wayne County, West

Virginia.

Sadie Marie Porter
NOTARY PUBLIC

of, in and for **WAYNE COUNTY, WEST VIRGINIA.**

MY COMMISSION EXPIRES: Mar. 27, 2010

Amount Due for Publishing Annexed Notice:

$ 60.13

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SADIE MARIE PORTER
P.O. Box 155
Wayne, WV 25570
My commission expires March 27, 2010

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

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THENCE leaving the Cabell-Lincoln County Line and following County Route 1 and the western boundary of Hamlin Public Service District in a southern direction to a point having a latitude of N 38° 16' 54" and a longitude of W 82° 04' 54", said point being the intersection of County Route 1 and West Virginia route 3 and said point also being a point in the southwestern boundary of Hamlin Public Service District.

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The County Commission will hold a public hearing on the proposed enlargement, transfer of authority and dissolution at 10:00 a.m. on Friday, July 14, 2000, in the County Commission hearing room in the Cabell County Courthouse, 750 Fifth Avenue, Huntington, West virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the enlargement of Salt Rock shall have an opportunity to be heard for and against the Proposed Changes.

\s\Ben Bagby
Clerk of the
County Commission
of Cabell County,
West Virginia
6-28 1tc

THE LINCOLN JOURNAL INC.

Publishers Of: The Lincoln Journal / The Weekly News Sentinel / The Lincoln Times

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, to wit:

I, THOMAS A. ROBINSON, Publisher, being duly sworn upon my oath do depose and say that I am proprietor of the entitle:

THE LINCOLN JOURNAL AND THE WEEKLY NEWS SENTINEL

two separate newspapers, both being a **weekly** newspaper; that such papers have been published for more than one year prior to publication of the annexed notice described below; that such newspapers are regularly published weekly, for at least fifty weeks during the calendar year, the Municipality of Hamlin, Lincoln County, West Virginia; that such newspapers are newspapers of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspapers average in length of four or more pages, exclusive of any cover, per issue; that such newspapers are circulated to the general public at a definite price or consideration; that such newspapers are newspapers to which the general public resorts for posting of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Notice of Hearing on the Proposed Enlargement of Salt Rock Water PSD

was duly published in said newspaper once a week for 1 weeks (Class 1),

commencing with the issue of the 28 day of June 2000, and ending with the

issue of the 28 day of June 2000, (and was posted at the _____

_____ on the day of _____, 2000); that said annexed

notice was published on the following dates: _____

and that the cost of publishing the annexed notice as aforesaid was $ 157.08

Publishers Signature: _____

Taken, subscribed and sworn before me in my said

county this 28 day of June 2000.

My commission expires Oct 4 2005

Patty A Johnson

Notary Public of Lincoln County, West Virginia

Notary Public
P.O. Box 308
Hamlin, WV 25523
My commission expires October 4, 2005

Legal Advertisement

NOTICE OF HEARING ON THE PROPOSED ENLARGEMENT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT, THE PROPOSED TRANSFER OF WATER SERVICE AUTHORITY FROM CULLODEN PUBLIC SERVICE DISTRICT TO SALT ROCK PUBLIC SERVICE DISTRICT, AND THE PROPOSED DISSOLUTION OF CABELL PUBLIC SERVICE DISTRICT

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/s/ Ben Bagby
Clerk of the County Commission of Cabell County, West Virginia

1/6-29

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

http://www.jacksonkelly.com

(304) 340-1251
E-Mail:ccallas@jacksonkelly.com

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N W
WASHINGTON, D.C 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

July 17, 2000

Via Hand Delivery

Expedited Consideration Requested

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

Re: Enlargement of Salt Rock Water Public Service District
PSC Case No. _____
Cabell County Commission and Salt Rock Water Public Service District

Dear Ms. Squire:

We write to inform the Commission of the entry of an order enlarging Salt Rock Water Public Service District ("Salt Rock") and to request that the Commission schedule a hearing on the enlargement at the earliest possible date.

This notice is filed pursuant to WVCSR § 150-17-6.2 and is a follow-up to our letter of June 21, 2000. The June 21 letter advised the Commission of the entry of an order (the "Proposal Order") by the County Commission of Cabell County, West Virginia (the "Cabell County Commission") proposing the enlargement of the water service territory of Salt Rock (including small areas in Lincoln and Wayne Counties), the transfer of the water authority of Culloden Public Service District to Salt Rock and the dissolution of Cabell Public Service District (collectively, the "Proposed Changes"). The June 21 letter also advised the Commission of the relationship between the Proposed Changes and the financing of the Cabell

County Regional Water Project and the parties' related request for expedited approval of the Proposed Changes.

The Proposal Order also provided for the publication and posting of notice of a public hearing on the Proposed Changes. The required legal advertisements were published in four separate newspapers on June 28 or June 29, 2000, and posting of the notice of hearing was made in five conspicuous places in the affected areas not fewer than ten days prior to the public hearing.

On July 14, 2000, the Cabell County Commission held a public hearing on the Proposed Changes, at which no comments for or against the Proposed Changes were offered. Immediately after the public hearing, the Cabell County Commission entered a second order (the "Enlargement Order") that approved the Proposed Changes subject to the approval of the Commission. A copy of the Enlargement Order is enclosed with this letter, as are the original affidavits of publication of the legal advertisements.

As indicated in the June 21 letter, the Proposed Changes are being made in connection with the Cabell County Regional Water Project approved by the Commission in PSC Case No. 98-0774-W-PWD-CN. The West Virginia Water Development Authority will issue public-market bonds on behalf of both Salt Rock and New Haven Public Service District (for the Fayette County Regional Water Project) in mid-September 2000, approximately one month later than the mid-August 2000 closing we predicted in the June 21 letter. Still, there will be only two months between this filing and the mid-September closing.

West Virginia Code § 16-13A-2 and WVCSR § 150-17-6 require that the Commission hold a public hearing on the Proposed Changes. The Cabell County Commission, Salt Rock and West Virginia-American Water Company submit the Proposed Changes for Commission approval and respectfully request that the Commission grant expedited consideration of this proceeding.

Please file this letter and attachments and distribute the twelve additional copies to the appropriate parties at the Commission. As always, we appreciate your assistance in this matter.

Sincerely,

CHRISTOPHER L. CALLAS

CLC/rs
Enclosures

cc: Richard E. Hitt (w/enc.)
William T. Watson (w/enc.)
John S. Taylor (w/enc.)
Vincent A. Collins (w/enc.)
John C. Stump (w/enc.)
Mark Bugher (w/enc.)
Charles R. Crow (w/enc.)
Chris E. Jarrett (w/enc.)
Michael A. Miller (w/enc.)
Ed Oxley (w/enc.)
Daniel P. Bickerton (w/enc.)
Kendall Mitzner (w/enc.)
Thomas Bailey (w/enc.)
Stephen N. Chambers, Esq. (w/enc.)
James Nagy (w/enc.)
Michael A. Albert (w/enc.)
Samme L. Gee (w/enc.)
Jill McIntyre (w/enc.)

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MEMBER OF LEX MUNDI
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

Direct Dial No. (304) 340-1251
e-mail: ccallas@jacksonkelly.com

August 14, 2000

William T. Watson, Esq.
P. O. Box 1371
Huntington, WV 25715

RE: Modification of Service Territory Description – Salt Rock Water PSD

Dear Bill:

Enclosed is a copy of a Procedural Order from the Public Service Commission setting three hearings on the proposed enlargement of Salt Rock Water Public Service District. As the order indicates, all three hearings will be held on September 5, 2000. The hearing in Cabell County will be held in the Commission Courtroom of the Cabell County Courthouse at 1:30 p.m. on that date.

The Procedural Order also requires the publication notice of these hearings. Once I have determined from the Commission exactly how many newspapers this notice should be published in, I will arrange for the publication.

I will be on vacation on September 5, 2000. Tom McJunkin of this office has kindly agreed to cover these hearings. You will recall that Tom attended one or two other hearings before the County Commission on the enlargement.

The expedited schedule set forth in the Procedural Order evidences the Commission's commitment to the issuance of a final Order on this matter before the September 19 pre-closing. Please call me with any questions or comments you may have.

Sincerely,

CHRISTOPHER L. CALLAS

CLC/pfw
Enclosures
cc: Charles R. Crow (w/enc.)
Mark Bugher (w/enc.)
Vincent A. Collins, Esq. (w/enc.)
John C. Stump, Esq. (w/enc.)
John S. Taylor (w/enc.)
Michael A. Miller (w/enc.)
Daniel P. Bickerton (w/enc.)
Kendall K. Mitzner (w/enc.)
James Nagy (w/enc.)
Rebecca K. McClure (w/enc.)
Samme L. Gee (w/enc.)
Thomas N. McJunkin (w/enc.)
Michael A. Albert (w/enc.)

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Phone: (304) 341-0301
FAX: (304) 341-0325

August 11, 2000

RECEIVED
AUG 14 2000
Christopher L. Callas
JACKSON & KELLY

Christopher L. Callas, Esq.
Jackson & Kelly, PLLC
PO Box 553
Charleston, WV 25322

RE: CASE NO. 00-1092-PWD-PC
CABELL COUNTY COMMISSION

Dear Mr. Callas:

Enclosed is copy of a Procedural Order issued today, which, among other things, **sets** this matter for hearing on September 5, 2000, at **10:30** a.m., in the Lavalette Woman's Club, Smith Street, Lavalette, West Virginia, at **1:30** p.m., in the Cabell County Courthouse, County Commission Courtroom, 750 5th Avenue, Huntington, West Virginia, and at **3:30** p.m., in the Hamlin-Lincoln County Public Library, Meeting Room, Lynn Avenue, Hamlin, West Virginia, before the Commission.

We invite you to visit our Internet web site address at www.psc.state.wv.us.

Sincerely,

Sandra Squire
Executive Secretary

SS/cg
Enclosures

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 August, 2000.

CASE NO. 00-1092-PWD-PC

CABELL COUNTY COMMISSION
Petition for consent and approval of the enlargement of the water service territory of Salt Rock Water PSD (including small areas of Lincoln and Wayne Counties), the transfer of the water authority of Culloden PSD to Salt Rock Water PSD and the dissolution of Cabell Public Service District.

PROCEDURAL ORDER

On July 17, 2000, the Cabell County Commission (County Commission) filed a petition with the Public Service Commission requesting approval of a County Commission Order of July 14, 2000, enlarging the Salt Rock Water Public Service District, transferring the water service authority of the Culloden Public Service District to Salt Rock Water Public Service District, dissolving the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District.

The letter from the Cabell County Commission additionally noted the urgency of certain financing considerations and requested expedited consideration of this proceeding.

W.V. Code §16-13A-2 provides the procedures and requirements necessary for the creation, enlargement, reduction, merger, dissolution, or consolidation of public service districts. Specifically, W.V. Code §16-13A-2(f) states in part:

> the public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interest of the public to do so.

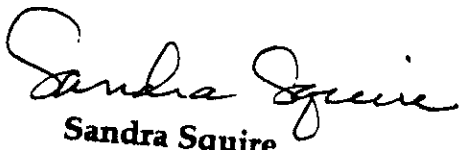
As this matter affects three counties, the Commission shall hold a hearing in each.

Due to the expedited nature of this proceeding, this order is being issued prior to receipt of the Staff recommendation in this case. In addition to filing its recommendation,

IT IS FURTHER ORDERED that the Executive Secretary of the Commission shall serve a copy of this order upon all parties to this proceeding by United States Certified Mail, return receipt requested, and upon Commission Staff by hand delivery.

JJW:seg
001092c.wpd

A True Copy, Teste:



Sandra Squire
Executive Secretary

APPENDIX A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 00-1092-PWD-PC

CABELL COUNTY COMMISSION
Petition for consent and approval of the enlargement of the water service territory of Salt Rock Water PSD (including small areas of Lincoln and Wayne Counties), the transfer of the water authority of Culloden PSD to Salt Rock Water PSD and the dissolution of Cabell Public Service District.

NOTICE OF HEARING

On July 17, 2000, the Cabell County Commission (County Commission) filed a petition with the Public Service Commission requesting approval of a County Commission Order of July 14, 2000, enlarging the Salt Rock Water Public Service District (District), transferring the water service authority of the Culloden Public Service District to Salt Rock Water Public Service District, dissolving the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District, in accordance with the provisions of W. Va. Code §16-13A-2.

A hearing shall be held on Tuesday, September 5, 2000, at the Lavalette Woman's Club, Smith Street, Lavalette, West Virginia, West Virginia, to commence at 10:30 a.m.

A hearing shall be held on Tuesday, September 5, 2000, in the Cabell County Courthouse, County Commission Courtroom, 750 5th Avenue, Huntington, West Virginia, to commence at 1:30 p.m.

A hearing shall be held on Tuesday, September 5, 2000, in Hamlin-Lincoln County Public Library, Meeting Room, Lynn Avenue, Hamlin, West Virginia, to commence at 3:30 p.m.

Anyone wishing to protest the petition of the Cabell County Commission must appear in person at the hearing or submit written protest prior to the hearing. Written protests must be filed with:

JACKSON & KELLY PLLC
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

http://www.jacksonkelly.com

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N W
WASHINGTON, D C 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

Direct Dial No. (304) 340-1251
e-mail: ccallas@jacksonkelly.com

August 14, 2000

William T. Watson, Esq.
P. O. Box 1371
Huntington, WV 25715

RE: Modification of Service Territory Description – Salt Rock Water PSD

Dear Bill:

Enclosed is a copy of a Procedural Order from the Public Service Commission setting three hearings on the proposed enlargement of Salt Rock Water Public Service District. As the order indicates, all three hearings will be held on September 5, 2000. The hearing in Cabell County will be held in the Commission Courtroom of the Cabell County Courthouse at 1:30 p.m. on that date.

The Procedural Order also requires the publication notice of these hearings. Once I have determined from the Commission exactly how many newspapers this notice should be published in, I will arrange for the publication.

I will be on vacation on September 5, 2000. Tom McJunkin of this office has kindly agreed to cover these hearings. You will recall that Tom attended one or two other hearings before the County Commission on the enlargement.

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 8th day of September, 2000.

CASE NO. 00-1092-PWD-PC

CABELL COUNTY COMMISSION
Petition for consent and approval of the enlargement of the water service territory of Salt Rock Water PSD (including small areas of Lincoln and Wayne Counties), the transfer of the water authority of Culloden PSD to Salt Rock Water PSD and the dissolution of Cabell Public Service District.

COMMISSION ORDER

On July 17, 2000, the Cabell County Commission filed a Petition with the Public Service Commission requesting approval of a County Commission Order of July 14, 2000, enlarging the Salt Rock Water Public Service District, transferring the water service authority of the Culloden Public Service District to Salt Rock Water Public Service District, dissolving the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District. The Petition from the Cabell County Commission additionally noted the urgency of certain financing considerations and requested expedited consideration of this proceeding.

On August 11, 2000, the Commission set this matter for three hearings all to be held on September 5, 2000, at the following times and places: Lavalette Woman's Club, Lavalette, 10:30 a.m.; Cabell County Courthouse, Huntington, at 1:30 p.m.; and the Hamlin-Lincoln County Public Library, Hamlin, at 3:30 p.m.

On August 14, 2000, Commission Staff filed its "Initial and Final Joint Staff Memorandum." Commission Staff's memorandum indicated that the County Commission had met the statutory requirements of W.Va. Code §16-13A-2 regarding public meetings and publication, including the need for notification in Lincoln and Wayne Counties. Staff recommended this matter be set for hearing as required by statute.

the Cabell Public Service District, and describing the service territory of Salt Rock Water Public Service District.

2. On August 11, 2000, the Commission set this matter for three hearings, all to be held on September 5, 2000.

3. On August 14, 2000, Commission Staff filed its "Initial and Final Joint Staff Memorandum" which stated that the County Commission had met the statutory requirements of W.Va. Code §16-13A-2 regarding public meetings and publication, including the need for notification in Lincoln and Wayne Counties.

4. On August 16, 2000, counsel for the County Commission filed a letter concurring with the findings and recommendations made in the Staff memorandum.

5. The Commission held the three hearings required by W.Va. Code §16-13A-2 on September 5, 2000. At the hearings, Commission Staff recommended the Commission approve the County Commission order of July 14, 2000.

CONCLUSIONS OF LAW

1. W.Va. Code §16-13A-2 provides the procedures and requirements necessary for the creation, enlargement, reduction, merger, dissolution, or consolidation of public service districts.

2. The Commission finds that the action taken by the County Commission in its order of July 14, 2000, meets the pubic convenience and necessity; is economically feasible; is supported by adequate facilities; does not interfere with, or encroach upon, other facilities in the area; and compares favorably to other possible alternatives.

3. It is reasonable for the Commission to grant the Petition of the Cabell County Commission and approve the July 14, 2000, Order of the County Commission.

ORDER

IT IS THEREFORE ORDERED that the July 14, 2000, Cabell County Commission order is hereby approved.

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

JAN - 2 1996
04

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Court House thereof, on the 2nd day of January, 1996, the following order was made and entered:

IN THE MATTER OF THE APPOINTMENT OF WILLIAM A. MILLER AS COMMISSIONER TO THE SALT ROCK PUBLIC SERVICE DISTRICT

The following resolution was offered by:

Gary L. Bunn, President:

RESOLVED: That the County Commission of Cabell County do and it hereby does appoint William A. Miller to serve as Commissioner of the Salt Rock Public Service District for a term beginning January 1, 1996 and ending December 31, 2002.

FURTHER RESOLVED: That the Clerk of the County Commission of Cabell County, West Virginia is hereby directed to send a Certified Copy of this Order to Mr. Miller, 24 Olde Farm Road, Ona, West Virginia 25545, and to the Salt Rock Public Service District Office, Hinchman Bend Road, Salt Rock, West Virginia 25559.

The adoption of the foregoing resolution having been moved by:

Phyllis E. Given, Commissioner, and duly seconded by:

Evelyn E. Richards, Commissioner, the vote thereon was as follows:

Gary L. Bunn	, President	aye
Phyllis E. Given	, Commissioner	aye
Evelyn E. Richards	, Commissioner	aye

Whereupon, , President, declared said resolution duly adopted and it is therefore **ADJUDGED** and **ORDERED** that said resolution be, and the same is, hereby adopted.

Gary L. Bunn
, President

Phyllis Given
, Commissioner

Evelyn E. Richards
, Commissioner

BOOK 0139 PAGE 349

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF LINCOLN COUNTY, WEST VIRGINIA, HELD AT THE COURTHOUSE THEREOF, ON THE 17TH DAY OF DECEMBER 1998 THE FOLLOWING ORDER WAS MADE AND ENTERED:

SUBJECT: **ROBERT BURNS - SALT ROCK PUBLIC SERVICE DISTRICT**

THE FOLLOWING MOTION WAS OFFERED BY **CHARLES MCCANN,** COMMISSIONER:

TO APPROVE THE RE-APPOINTMENT OF ROBERT BURNS AS BOARD OF DIRECTOR FOR THE SALT ROCK PUBLIC SERVICE DISTRICT AS REPRESENTATIVE FOR LINCOLN COUNTY. TERM BEING 1-1-99 - 12-31-2004.

THE ADOPTION OF THE FOREGOING MOTION HAVING BEEN MOVED

BY **CHARLES MCCANN,** COMMISSIONER, AND DULY SECONDED

BY **BUSTER STOWERS,** COMMISSIONER, THE VOTE THEREON WAS AS FOLLOWS:

CHARLES S. MCCANN	PRESIDENT	AYE
BUSTER STOWERS	COMMISSIONER	AYE
DOUG WALDRON	COMMISSIONER	AYE

WHEREUPON, CHARLES S. MCCANN, PRESIDENT DECLARED SAID MOTION DULY ADOPTED, AND IT IS THEREFORE ADJUDGED AND ORDERED THAT SAID MOTION BE, AND THE SAME IS HEREBY ADOPTED.

CHARLES S. MCCANN, PRESIDENT
LINCOLN COUNTY COMMISSION

BUSTER STOWERS, COMMISSIONER
LINCOLN COUNTY COMMISSION

DOUG WALDRON, COMMISSIONER
LINCOLN COUNTY COMMISSION

CERTIFIED TO BE A TRUE COPY

TESTE: Donald C. Whitten
CLERK, LINCOLN COUNTY COMMISSION

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, TO WIT:

I, Robert L. Burns, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Board of Directors for Salt Rock Public Service Dist for Lincoln County, West Virginia to the best of my skill and judgment, So Help Me God.

Robert L Burns
Affiant

Taken, subscribed and sworn to before the undersigned authority this the 5th day of September, 2000.

My commission expires 9-27-2005.

Geraldine Peyton
Notary Public or Clerk

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GERALDINE PEYTON
P. O. BOX 497
HAMLIN, WV 25523
My Commission Expires Sept. 27, 2005

Lincoln County Clerk's Office 9-5-00. This instrument was this day presented to me in my office, and thereupon, together with the Certificate of Acknowledgment, admitted to record. Teste: Donald C. Whitten, Clerk By: Geraldine Peyton, Deputy

OATH OF APPOINTED OFFICERS

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, TO-WIT:

I, William A. Miller, who was on the 2nd day of January, 1996, duly appointed by the Cabell County Commission, of Cabell County, West Virginia and approved by said Commission of Cabell County, West Virginia, to the office of Salt Rock Public Service District Commissioner, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my said office of Salt Rock Public Service District Commissioner, to the best of my skill and judgement, so help me God.

Given under my hand this the 12th day of January , 1996.

Will A Miller
(Seal)

Taken, sworn to and subscribed before me, the undersigned authority, in and for Cabell County, West Virginia, by Ben A. Bagby, County Clerk, this the 12th day of January, 1996.

Karen S. Thomas
Cabell County Clerk

RULES OF PROCEDURE

SALT ROCK WATER PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SALT ROCK WATER PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 31 Water Plant Road, Cabell County, Salt Rock, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Salt Rock Water Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Cabell County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 3 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

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

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

ARTICLE V

OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual

election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

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

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

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

Adopted this 19th day of September, 2000.

PUBLIC NOTICE

Notice is hereby given pursuant to the requirements of West Virginia Code §16-13A-25 of the filing by Salt Rock Water Public Service District, the County Commission of Cabell County, and the West Virginia-American Water Company, of a joint application with the Public Service Commission for Consent to Sale of Portion of Water Utility Assets, for Approval of Related Agreements, and for Certificate of Convenience and Necessity.

As part of the public/private partnership which is the subject of the Joint Application, the parties are contemplating the construction of public water supply project which is referred to as "Project 2000". The total estimated cost of the Project 2000 Construction is approximately $21.5 million and, depending on the availability of funding and the interest rates applicable thereto, Project 2000 will involve the construction of the following facilities in the following order of priority:

PROJECT 2000 CONSTRUCTION

The District Priority	Project	No. Users	Cost
1	North Cabell Ridge Phase II	205	$2,450,000
2	North Cabell Ridge Phase III	170	1,972,000
2	North Cabell Ridge Phase IV	165	2,130,000
2	North Cabell Ridge Phase V	90	1,481,000
2	Rt. 60 Area	221	852,225
3	Long Branch/Butler Branch	53	474,000
4	Bowen Creek	46	779,000
5	Racoon Creek	91	1,075,000
6	Little Fudges Creek (Toms Creek-Cow Creek)	34	437,000
7	Fudges Creek to Susana Chapel	27	154,469
8	Pleasant View	29	345,015
9	Prices Creek	19	186,640
10	Mill Creek/Lower Creek	18	248,000
	Cavil Creek (McComas Road to Fudges Creek)	40	610,000
12	Tyler Creek at Balls Gap Mildred Perry	4	60,750
13	Hinchman Bend-Donald Gue	4	18,288
14	Upper Heath Creek	15	190,813
15	Toler Water Line-Trace Creek	25	295,413
16	Henry White Rd. (Blue Sulphur)	5	48,125
17	Blue Sulphur Rd.-Lycans Branch	1	26,288
18	Upper Bear Creek	14	187,438
19	Childers Hollow Road-Johnson	5	66,500
20	Little Two Mile-Clyde Smith	4	232,456
21	Long Branch-Henry France Road	12	156,250
22	Hickory Ridge-Margaret Adkins	5	166,956
23	Albright	3	40,800
24	Hillview Road	25	70,000
24	Clark Graham Road/Mt. Union/ Fourpole Road	25	143,000
24	Cedar Crest Drive	28	158,000
24	Guyan River Road/Johnson Hts.	78	340,300
24	Glenwood St./Mill Creek Road	81	561,400
24	Charley's Creek/Hudson/Wolf Pen	50	595,000
24	Interconnections with SRWPSD		500,000
24	Rt. 60 Trunk Line		4,400,000
	Totals	1,592	$21,452,124

Under the alternative funding scenarios available to the District, it is not anticipated that the annual rate of interest will exceed 6%. In addition to the funding which the District will obtain from lending sources, West Virginia-American Water Company will provide $4.544 million through a traditional blend of debt and equity. In addition, the Company will pay a use fee ("Use Fee") of approximately $497,000 annually to the District. This Use Fee will provide the District funds to service loans received by the District for the publicly-funding portion of Project 2000, or such other funding as may be available. The Use Fee will be paid by Company to the District for the use of the Project 2000 Construction to be constructed and owned by The District.

Upon the completion of Project 2000, the customers of the District will pay monthly bills based on the schedule of the District's rates and charges, which rates and charges are generally intended to be the same as the rates of Company.

SALT ROCK WATER PUBLIC SERVICE DISTRICT

LH-1068 7-2, 9, 98

AFFIDAVIT OF PUBLICATION

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

I, Dianna Webb being first duly sworn, depose and say that I a
Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, We
Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, in the morning seven days ea
week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Da
Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporati
to execute this affidavit of publication for and on behalf of such corporation and the newspaper mention
herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof a
bearing number LH-1068 was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 2nd day
July, 19 98, and ending with the issue of the 9th day of July, 19 98, ar
was posted at the east door of the Cabell County
Courthouse on the 2nd day of July, 19 98: that said leg
advertisement was published on the following dates
July 2, 9, 1998
; that the cost
publishing said annexed advertisement as aforesaid was $280.40; that such newspaper in which su
legal advertisement was published has been and is now published regularly, at least as frequently as once
week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been
published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediate
preceding the date on which the legal advertisement set forth herein was delivered to such newspaper f
publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, Chapter 5
the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell ar
Wayne Counties, West Virginia, an
;
at such newspaper is circulated to the general public at a definite price or consideration, that su
newspaper on each date published consists of not less that four pages without a cover; and that it is
newspaper to which the general public resorts for passing events of a political, religious, commercial ar
social nature, and for current happenings, announcements, miscellaneous reading matters, advertisemen
and other notices.

Dianna Webb

Taken, subscribed and sworn to before me in my said county this 6th day of Aug. 1
98.

My commission expires 1-24-2000

Ruth A Adkins

OFFICIAL SEAL
Notary Public, State of West Virginia
RUTH A ADKINS
Rt. 1 Box 70-A
West Hamlin, WV 25571
My Commission Expires January 24, 2000

Notary Publ
Cabell Coun
West Virgini

10M Form A-135 (86

SALT ROCK WATER PUBLIC SERVICE DISTRICT
MINUTES FROM THE MEETING HELD
January 11, 2000

Commissioners in attendance: Robert L. Burns, William A. Miller, Baxter D. Cabell

Others: John Stump, Dan Bickerton, Seaton Taylor, Rick Crow, Gary Rutherford, Patty Lee, David Burns

Mr. Burns called the meeting to order at 6:00 PM.

William Miller moved, seconded by Baxter Cabell to approve the minutes from the meeting held December 14, 1999. All in favor.

On motion of Chairman Robert L. Burns, seconded by member Baxter D. Cabell, and after due discussion, it was the unanimous decision of the Public Service District Board of Salt Rock Water Public Service District to adapt the following resolution: ISSUANCE OF WATERWORKS REVENUE BONDS - RESOLUTION (copy attached).

William Miller moved, seconded by Baxter Cabell to retain the Salt Rock Water Public Service Board of Directors officers as follows: Robert L. Burns - Chairman, William A. Miller - Treasurer, Baxter D. Cabell - Secretary. Also, the regular meeting will continue to be held on the second Tuesday of each month at 6:00 PM. All in favor.

Project 2000 - Dan Bickerton discussed the status of Project 2000 with the Board of Directors. The Infrastructure Council has approved the funding changes that were requested. Small Cities Block Grant guidelines may be changing, which could have a negative impact on future applications. Also, there was discussion concerning the annual commitment of the Cabell County Commission to Project 2000.

West Virginia Rural Water Association - After discussion, Robert Burns moved, seconded by William Miller continue membership in the West Virginia Rural Water Association. All in favor.

Robert Burns moved, seconded by William Miller to adjourn the meeting at 6:50 PM..

Robert L. Burns, Chairman

William A. Miller, Treasurer

Baxter D. Cabell, Secretary

REGULAR MEETING OF THE PUBLIC SERVICE BOARD OF
SALT ROCK WATER PUBLIC SERVICE DISTRICT

Held January 11, 2000

The Public Service Board of Salt Rock Water Public Service District met in regular session this 11th day of January, 2000, at 6:00 p.m., at the District office in Salt Rock, West Virginia.

PRESENT:	Robert L. Burns	-	Chairman and Member
	William A. Miller	-	Member
	Baxter D. Cabell	-	Member

ABSENT:

The following is an excerpt from the minutes of said meeting:

On motion of Chairman Robert L. Burns, seconded by member Baxter D. Cabell, and after due discussion, it was the unanimous decision of the Public Service Board of Salt Rock Water Public Service District to adopt the following resolution:

RE: ISSUANCE OF WATERWORKS REVENUE BONDS

RESOLUTION

WHEREAS, Salt Rock Water Public Service District, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), proposes to acquire, construct and equip certain new public waterworks facilities, together with all necessary appurtenances and related facilities (the "Project"), to be located in Cabell County, West Virginia, which facilities will be owned by the Issuer and leased to or managed, operated and administered by West Virginia-American Water Company, a West Virginia corporation, or its nominee or nominees, which may be a corporation, partnership or limited partnership (collectively referred to herein as the "Company"), in order to provide water service to a substantial portion of the unserved or underserved areas of Cabell County;

WHEREAS, the estimated cost of the Project is not to exceed $22,000,000, such cost to be financed in part by the issuance of Waterworks Revenue Bonds (the "Bonds") in an amount not to exceed $14,000,000, in one or more issues or series, of Salt Rock Water Public Service District and purchased by the West Virginia Water Development Authority (the "WDA"), under and pursuant to

Chapter 6, Article 13A, and Chapter 22C, Article 1, of the West Virginia Code of 1931, as amended (herein collectively called the "Act");

WHEREAS, the District has found and determined that the Project will benefit the public health, right of gainful employment, general welfare and economy of the County and is necessary and appropriate in the public interest of the District and the citizens and residents of the County located within the District and such financing is for a public purpose of the District;

WHEREAS, it is intended that this Resolution shall constitute a "bond resolution or some other official action" toward the issuance of such bonds under the Regulations prescribed by the United States Treasury Department in connection with Section 103 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the District reasonably expects that it will reimburse itself from proceeds of such Bonds for a portion of the costs of planning, design, acquisition, construction and equipping of the Project expended prior to the date of delivery of the Bonds, including, but not limited to, the repayment of amounts which may be disbursed from the District's General Fund to fund certain costs of the Project;

WHEREAS, said Bonds shall be payable solely from revenues of the Project, funds received from The County Commission of Cabell County (the "County Commission") or other revenues to be derived from the sale or leasing or other disposition of the Project or borrowing on account thereof, under and pursuant to a loan agreement, management agreement or other agreement to be entered into between the Issuer and the Company; and

WHEREAS, it is now necessary to provide for the preparation of one or more Resolutions and other documents with respect to the issuance and sale of said Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Public Service Board of Salt Rock Water Public Service District as follows:

1. It is hereby found and determined, subject to a public hearing to be held prior to issuance of the Bonds, that the Bonds should be issued, that the financing of the Project for the District is a public purpose of the District and is in the public interest.

2. There are hereby authorized to be issued and the District hereby determines to issue, pursuant to the Act, its Waterworks Revenue Bonds, in an aggregate principal amount not to exceed $14,000,000, and to expend the proceeds to finance the costs of the Project, including all costs incurred by or for the District in connection with the issuance of the Bonds, such Bonds to be secured by and payable from the revenues of the Project, funds received from the County Commission or revenues to be

derived by the District under the terms of one or more loan agreements, management agreements or other agreements to be entered into between the District and the Company.

3. The Bonds shall bear such dates, mature at such time or times, bear interest at such rate or rates and contain such other terms and provisions as shall be determined by subsequent action of the District.

4. The Project shall be owned by the District and managed, operated and administered by the Company or leased to the Company pursuant to one or more loan agreements, management agreements or other agreements between the Company and the District, the terms of any such agreements to be mutually agreed upon by the Company and the District.

5. This Resolution is an affirmative official action of the District toward the issuance of the Bonds as contemplated herein in accordance with the purposes of the laws of West Virginia and the United States Treasury Regulations under the Code.

6. The District reasonably expects that it will reimburse itself for certain capital expenditures in an amount not to exceed $14,000,000, made not more than 60 days prior to the date of adoption of this resolution, in connection with the planning, design, acquisition, construction and equipping of the Project, to be undertaken or incurred prior to the execution and delivery of the Bonds, from the proceeds of the Bonds, which are reasonably expected to be executed and delivered within 18 months from the later of (i) the expenditure for payment of said costs or (ii) the placing of the Project in service.

7. The source of payment for such capital expenditures will be the District's General Fund, and upon issuance of the Bonds, proceeds thereof not to exceed the amount of such capital expenditures will be applied to repayment of such General Fund.

8. The maximum principal amount of Bonds to be issued for the Project (including costs of issuance of the Bonds and related costs) is $14,000,000.

9. This Resolution is intended to constitute a "declaration of official intent" pursuant to Section 1.150-2 of the Treasury Regulations promulgated under Section 103 of the Code (the "Reimbursement Regulations").

10. The law firm of Steptoe & Johnson, Clarksburg, West Virginia, is hereby appointed bond counsel in connection with the issuance and sale of such Bonds, and said firm is hereby authorized and directed to act in such capacity in the preparation of the Resolution, and other documents necessary for the authorization, issuance and sale of said Bonds.

11. No member of the District shall have any financial interest, directly or indirectly, in the leasing, sale or other disposition of the Project.

12. The Chairman of the District is authorized and directed to apply to the West Virginia Development Office for such private activity "cap allocation" as may be necessary in connection with the issuance of the Bonds.

13. This Resolution shall become effective immediately.

14. The Chairman of the District is authorized to certify copies of this Resolution as required and the Secretary of the District is authorized to affix the official seal of the District to such certification and to attest the same.

Adopted this 11th day of January, 2000.

Robert J Burns
Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Salt Rock Water Public Service District, at a regular meeting of the District held at 6:00 p.m. on January 11, 2000, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Resolution has not been amended, modified or revoked as of the date hereof.

Dated this 11th day of January, 2000.

[SEAL]

Secretary

01/11/00
121970/99001

CL576664.1

SALT ROCK WATER PUBLIC SERVICE DISTRICT
MINUTES FROM THE MEETING HELD
August 8, 2000

Commissioners in attendance: Robert L. Burns, William A. Miller

Others: Dan Bickerton, Gary Rutherford, Jim Nagy, Rick Crow, Kathy Elliott, Dave Burns, Seaton Taylor, Steve Bragg

Mr. Burns called the meeting to order at 6:00 PM. Mr. Burns ask everyone observe a minute of silent prayer in remembrance of former Commissioner Baxter Cabell.

William Miller moved, seconded by Robert Burns to approve the minutes from the meeting held July 5, 2000.

Robert Burns moved, seconded by William Miller to elect William Miller as Secretary/Treasurer.

Project 2000

Jim Nagy reviewed the contracts that are currently being built with the Board.

William Miller moved, seconded by Robert Burns to approve the following payments to the contractors:

Contract 1 Stonegate Construction Co.	Periodic Estimate #2	$140,759.10
Contract 2 Holley Brothers Construction	Periodic Estimate #2	54,607.91
Contract 8 Holley Brothers Construction	Periodic Estimate #2	125,642.79
Contract 9 Holley Brothers Construction	Periodic Estimate #3	112,991.95

Rick Crow discussed the requests for service that are just beyond the end on the Project 2000 line extensions.

William Miller moved, seconded by Robert Burns to approve and sign the Agreement for Administrative Services between the District and Region II Planning & Development Council for the administration of the West Virginia Infrastructure & Jobs Development Council funding.

William Miller moved, second by Robert Burns to approve the attached Operating Budget.

Steve Bragg discussed his proposed extension with the Board. Allen Parsley is running an analysis on the pump station. There was much discussion concerning this matter.

SALT ROCK WATER PUBLC SERVICE DISTRICT
Cabell County, West Virginia
Operating Budget

	Fiscal Year Ended 6/30/01
REVENUES	
WV-American Water Company	
Section VIID Expenses	$ 8,000
Section VI Use Fee	$ 681,600
Total Revenue	$ 689,600
EXPENSES (see note)	
Miscellaneous Expenses	$ 8,000
Accountant	
Legal	
Insurance	
PSC Fees	
Supplies	
Debt Service	$ 681,600
Total Expenses	$ 689,600
NET INCOME	$ -

Approved: Robert F Burns 8-8-00

Chairman Date

Note:
Under agreement, WV-American is responsible for operation and maintenace of the PSD.

AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement, entered into this 8th day of August, 2000, (contingent upon approval) by and between the Salt Rock Water Public Service District hereinafter called "Client", and the Region II Planning and Development Council, hereinafter called "Council",

WITNESSETH that, for and in consideration of the mutual agreements and covenants herein contained, the parties hereby agree as follows:

1. Inasmuch as the Client has received approval of funding from the West Virginia Infrastructure & Jobs Development Council for the purpose of the construction of waterline extensions to serve the Cabell County Water 2000 Project area (as defined in the WVIJDC Pre-application dated 8-98) herein after called the "Project", the Client does hereby request that the Council undertake the direct administration of the said grant, following as closely as possible the program schedule outlined in the approved application, and that the Council execute the specific procedures required to implement the Project, including but not limited to assistance with: selection of additional professional services, construction administration, grant/loan closings, labor standards compliance, inspection and program closeout.
2. The Council hereby agrees to provide necessary services to the Client required to perform efficiently all the functions related to administration of the Project and pursuant to all

prescribed conditions related to Federal and State requirements.

3. The Council did commence performance of its services under this agreement effective July 1, 2000 and will diligently pursue such services in an expeditious, efficient, and professional manner for such period of time as agreed upon by both parties for the successful completion of the Project and all appurtenant documentation, unless this agreement is mutually terminated by the parties hereto in accordance with the terms and provisions contained herein.

4. The Council is being engaged as an independent professional and will perform all of its services required by the agreement in accordance with the ethical precepts adopted by its profession. The Council will abide by all applicable Federal, State and local laws, including all regulations, policies and rules promulgated by the various governmental agencies that may be involved with the Project.

5. In acknowledgment of the services to be provided by the Council as specified herein, the Client hereby agrees that the Council shall be compensated for its services for the administrative costs incurred, including but not limited to: all administrative costs, direct or indirect, attributable to the administration and management of the "Project". All such costs shall be properly documented and invoiced according to accepted standards, shall be incurred over the life of the project, and shall be paid from WVIJDC funds as they become available, on a cost reimbursement basis, not to exceed the

total sum of $25,000 for administration fees for duration of the "Project". The Region II staff will continue their services until the project receives final project audit approval.

6. This agreement shall be effective as of July 1, 2000 and shall continue in effect. This agreement may be otherwise terminated under the following conditions:

   (A) The death, insanity, bankruptcy, receivership, insolvency, dissolution, or other inability of either party to perform their respective duties; or

   (B) Mutual consent of both parties hereto, subject to the terms and conditions to be mutually agreed upon by the parties for said termination; or

   (C) Withdrawal of project funds by the granting agency or other agency with such jurisdiction; or

   (D) Impossibility of completion of the project for any reason, including but not limited to economic feasibility.

   (E) The submission of written notification by either party shall be no less than thirty (30) days prior to such date of termination. Neither, Client nor Council, are subject to prejudice or damage for such action.

7. The Client hereby agrees to indemnify and hold harmless the Council from and against any claims, demands, suits, or causes of action in law or in equity for damages or injuries to persons or property occurring on or about the project premises as a result of any act of negligence or omission attributable to the Client. The Council hereby agrees to indemnify and

hold harmless the Client from and against any claims, demands, suits, or causes of action in law or in equity for damages or injuries to persons or property occurring on or about the project premises as a result of any act of negligence or omission attributable to the Council. Nothing contained herein shall prevent either party from pursuing appropriate remedies against any third party as a result of an activities of such third party, whether by act of negligence, willful conduct or omission.

8. This agreement, including any of the rights or duties created in it for or against either party, or any actions arising as a result of this agreement, are not transferable or assignable in whole or in part to any third party (ies) except upon the prior written consent of both parties. The parties hereto agree that the terms and conditions of this agreement are binding upon the heirs, legal representatives, successors and assigns of the parties, if any.

9. All notices given under this agreement shall be sent to the respective parties at the following addresses:

Council: Region II Planning and Development Council
1221 Sixth Avenue
P. O. Box 939
Huntington, WV 25712-0939

Client: Salt Rock Water Public Service District
Box 31, Water Plant Road
Ona, WV 25545

All notices must be in writing and sent to the respective party (ies) by the U. S. Postal Service, postage prepaid. All notices of change of address must be sent promptly to the

respective party by certified mail, return receipt requested.

10. In the event that any of the terms, conditions, covenants, agreements or stipulations of this agreement are determined to be unlawful or otherwise unenforceable, such items so determined shall be considered deleted from this agreement, as though such items never appeared in this agreement, and all other remaining terms, conditions, covenants, agreements or stipulations shall remain and constitute a valid and binding agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first herein written, as signified by the signatures affixed herein below and duly acknowledged.

Client:

Robert L. Burns, Chairman
Salt Rock Water PSD

Council:

James H. Booton, Chairman
Region II Planning & Development Council

EXHIBIT "A"

COUNCIL SERVICE

This exhibit shall remain attached and be considered an integral part of this Agreement for Administrative Services dated August 8, 2000 by and between the Salt Rock Water Public Service District (Client) and the Region II Planning and Development Council (Council).

In general, the Council will serve as the Client's Project Administrator for and accordingly will provide any and all administrative services required by the Project during the effective period of this Contract. The Council will assume the responsibility for project monitoring and reporting, developing and maintaining the record keeping system and bookkeeping and financial management. Records will be maintained in the offices of the Council.

The Council will work with the Client and the Project Engineer in preparing bid and contract documents, selecting the general contractor, and obtaining necessary permits. The Council will continue to work with the Client, the Engineer and the General Contractor throughout construction requesting payments on letter of credit, maintaining construction and labor files, and keeping financial records.

The Council will complete the documents for closing out the program, work with the auditor in auditing the project, and clearing and monitoring and/or audit findings. The Council shall

assume the responsibility of appointing a Labor Compliance Officer from their staff. In performing its services pursuant to this Contract, the Council will comply with all of the provisions of the following Acts, Regulations, Executive Orders, policies, procedures and rulings applicable to contracts funded in whole or in part by the West Virginia Infrastructure & Jobs Development Council.

1. Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701 as amended) and supplemented by the U.S. Department and Urban Development Regulations (243 CFR Par 135).
2. Requirements Flood Disaster Protection Act of 1973 (42 USC 4001 as amended).
3. Equal Employment Opportunities. Requirements of the Civil Rights Act of 1968 (18 US C245 as amended) - for Activities and Contracts not subject to Executive Order 11246 (as amended).
4. Requirements of the Clean Air Act (42 USC 1857, as amended), and the Federal Water Pollution Control Act (33 USC 1251, as amended).
5. Federal Labor Standards Requirements of the Davis-Bacon Act (40 USC 276a, as amended) as Supplemented by the Department of Labor Regulations (29 CFR, Pars 3.5 and 5a).
6. Requirements of Title VI of the Civil Rights Act of 1964 (42 USC 2000a, as amended) as Supplemented by HUD Regulations (24 CFR Part 1).
7. Uniform Administration Requirements for Grants-in-Aid to State and Local Governments, O.M.B. Circular No. A-102 Revised (Attachments A-D).

8. Requirements of Executive Order 11625 "National Program for Minority Business Enterprise".

9. The Copeland "Anti-Kickback" Act (18 USC.874) as supplemented by Department of Labor Regulations under 29 CFR Part 3.

This agreement constitutes the entire agreement between the parties and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved by both parties in the same manner as this agreement. The provisions of the Code and Laws of the State of West Virginia shall govern the interpretation and enforcement of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first herein written, as signified by the signatures affixed herein below and duly acknowledged.

Client:

Robert L. Burns, Chairman
Salt Rock Water Public Service District

Council:

James H. Booton, Chairman
Region II Planning and Development Council

Robert Burns moved, second by William Miller to hold a special meeting Thursday, August 17, 2000 at 4:00 PM.

William Miller moved, seconded by Robert Burns to adjourn the meeting at 6:40 PM.

Robert L. Burns, Chairman

William A. Miller, Secretary/Treasurer

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Salt Rock Water Public Service District hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Salt Rock Water Public Service District met in regular session, pursuant to notice duly posted, on the 19th day of September, 2000, in Salt Rock, West Virginia, at the hour of 5:00 p.m.

PRESENT:	Robert L. Burns	Chairman and Member
	William A. Miller	Secretary/Treasurer and Member
ABSENT:	None.	

Robert L. Burns, Chairman, presided, and William A. Miller acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented proposed amended Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

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

RESOLUTION AUTHORIZING THE PAYMENT IN FULL OF
THE OUTSTANDING PRINCIPAL OF AND INTEREST

ACCRUED ON THE WATERWORKS FACILITIES BOND ANTICIPATION NOTES, SERIES 2000 B, OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SALT ROCK WATER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF SALT ROCK WATER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN

AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNTS; APPROVING THE FIRST AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

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

Robert J Burns
Chairman

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Salt Rock Water Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 21st day of September, 2000.

Secretary

09/19/00
121970/99001

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: September 21, 2000

(See Reverse for Instructions)

ISSUE: Salt Rock Water Public Service District Water Revenue Bonds, Series 2000A (West Virginia Water Development Authority)

ADDRESS: Route 1, Box 31 Water Plant Road Salt Rock, West Virginia COUNTY: Cabell

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 21, 2000 CLOSING DATE: September 21, 2000

ISSUE AMOUNT: $9,300,000 RATE: V/R; Administrative Fee: 1.75%

1ST DEBT SERVICE DUE: 12/1/2000 1ST PRINCIPAL DUE: 06/01/2001

1ST DEBT SERVICE AMOUNT: $145,223.62 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: One Valley Bank, National Association
Contact Person: J. Mark Bias, SVP
Phone: (304) 348-7368

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mr. Charles R. Crow
Position: Manager
Phone: (304) 736-6315

OTHER: Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: (304) 558-3612

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

____ Accrued Interest: $____
X Capitalized Interest: $ 587,109.00
X Reserve Account: $ See below
____ Other: ____ $____

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

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

NOTES: Series 2000 A Bonds Reserve Account to be funded with a letter of credit from One Valley Bank at closing in the amount of $596,028.

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: September 21 2000

ISSUE: Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)

ADDRESS: Route 1, Box 31 Water Plant Road Salt Rock, West Virginia 25556 COUNTY: Cabell

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 21, 2000

CLOSING DATE: September 21, 2000

ISSUE AMOUNT: $3,000,000

RATE: 0%

1ST DEBT SERVICE DUE: December 1, 2001

1ST PRINCIPAL DUE: December 1, 2001

1ST DEBT SERVICE AMOUNT: $19,231.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1310

CLOSING BANK: One Valley Bank, National Association
Contact Person: J. Mark Bias, SVP
Phone: (304) 348-7368

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mr. Charles R. Crow
Position: Manager - Salt Rock Water PSD
Phone: (304) 736-6315

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Director
Phone: (304) 558-4607

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

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ See below
____ Other: ____ $____

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

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

NOTES: Series 2000 B Bonds Reserve Account to be funded with a letter of credit from One Valley Bank at closing in the amount of $153,848.

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

One Valley Bank, National Association, Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Salt Rock Water Public Service District (the "Issuer") adopted by the Issuer on September 19, 2000, and a Supplemental Resolution adopted by the Issuer on September 19, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated September 21, 2000, issued in the respective original aggregate principal amounts of $9,300,000 and $3,000,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 21st day of September, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

Assistant Vice President

09/19/00
121970/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated September 21, 2000, issued in the respective original aggregate principal amounts of $9,300,000 and $3,000,000 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 21st day of September, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Assistant Vice President

09/15/00
121970/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Salt Rock Water Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2000 A (West Virginia Water Development Authority), of the Issuer, dated September 21, 2000, in the principal amount of $9,300,000, numbered AR-1, were registered as to principal and interest, and the single, fully registered Water Revenue Bond, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated September 21, 2000, in the principal amount of $3,000,000, numbered BR-1, were registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 21st day of September, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L Morgan

Assistant Vice President

09/15/00
121970/99001

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 21st day of September, 2000, by and between SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $9,300,000 Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), and $3,000,000 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted September 19, 2000, and a Supplemental Resolution of the Issuer duly adopted September 19, 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: Salt Rock Water Public Service District
Route 1, Box 31
Water Plant Road
Salt Rock, WV 25559
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.

SALT ROCK WATER PUBLIC
SERVICE DISTRICT

Robert F Burns
Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlotte L Morgan
Assistant Vice President

09/07/00
121970/99001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

Invoice

ONEVALLEY BANK

SALT ROCK WATER PUBLIC SERVICE DISTRICT
ATTN: CHAIRMAN
ROUTE 1, BOX 31
WATER PLANT ROAD
SALT ROCK WV 25559

DATE SEPTEMBER 21, 2000

UNITS	ITEM DESCRIPTION	TOTAL
	SALT ROCK WATER PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2000 A (WDA) AND SERIES 2000 B (WV INFRASTRUCTURE FUND)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	$250.00

SEND REMITTANCE TO:
TRUST DEPARTMENT
ATTN: CHARLOTTE MORGAN

One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

SALT ROCK WATER PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority), of Salt Rock Public Service District in the principal amount of $9,300,000, numbered AR-1, dated September 21, 2000, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 21st day of September, 2000.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

This FIRST AMENDMENT TO AGREEMENT made as of September 21, 2000 ("First Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and SALT ROCK WATER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended ("SRWPSD").

WITNESSETH:

WHEREAS, Company and SRWPSD entered into an agreement dated as of May 27, 1998 (the "Agreement"), pursuant to which the Company undertake the operation and maintenance of certain water transmission and distribution facilities in connection with the Cabell County Regional Water Project (the "Project");

WHEREAS, under Article II of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article V(D) of the Agreement, the Company agreed to pay a "Use Fee" for the use of the Project 2000 Construction;

WHEREAS, the parties wish (i) to amend Article II of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as SRWPSD's debt service obligations on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article V(D) of the Agreement to make the Company's Use Fee

obligation in an amount equal to SRWPSD's outstanding debt service obligations on the Loans.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this First Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Article II of the Agreement is hereby amended to read in its entirety as follows:

"The term of the Agreement shall extend for forty years from the date of this First Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and SRWPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of SRWPSD currently outstanding or hereafter issued to finance all or a portion of SRWPSD's acquisition or construction of any water facilities that are part of the Project."

2. Article V(D) of the Agreement is hereby amended to read in its entirety as follows:

"In exchange for the benefits of having the Company's Huntington Treatment Plant connected to the Project 2000 Construction, Company will pay a Use Fee in monthly payments directly to the account of SRWPSD (or, at SRWPSD's election, to the West Virginia Municipal Bond Commission on behalf of SRWPSD) in an aggregate amount that

is sufficient to permit SRWPSD to meet its debt service obligations related to loans previously made or to be made to SRWPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified below for Loans to be made to SRWPSD are correct:

a. The West Virginia Water Development Authority ("WDA"), from proceeds of a WDA public offering of securities under WDA's Loan Program III, including but not limited to a loan in the approximate amount of $9,300,000 to SRWPSD expected to be made on or around September 21, 2000; and

b. The WDA, on behalf of the West Virginia Infrastructure and Jobs Development Council, including but not limited to a loan in the approximate amount of $3,000,000 to SRWPSD expected to be made on or around September 21, 2000.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly debt service payments shall continue only for so long as SRWPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

3. Except as amended and modified herein, the Agreement shall remain in full force and effect.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, West Virginia-American Water Company and Salt Rock Water Public Service District have caused this First Amendment to Agreement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By: Michael A. Miller
Michael A. Miller
Its Vice President

SALT ROCK WATER PUBLIC SERVICE DISTRICT

By: Robert L Burns
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 11th day of September, 2000, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires January 17, 2004.

Barbara B Meadows
Notary Public

[SEAL] OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA BARBARA B. MEADOWS WV WATER DEVELOPMENT AUTHORITY 180 ASSOCIATION DRIVE CHARLESTON, WV 25311 My Commission Expires Jan. 17, 2004

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 19th day of September, 2000, by Robert Burns, Chairman of Salt Rock Water Public Service District, a public corporation, on behalf of said corporation.

My commission expires April 20, 2008.

Pat E Lee
Notary Public

[SEAL] OFFICIAL SEAL NOTARY PUBLIC STATE OF WEST VIRGINIA PATRICIA E. LEE 5291 STATE RT. 10 SALT ROCK, WV 25559 My Commission Expires April 20, 2008

▼
One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

ONEVALLEY BANK

Our Letter of Credit No. 00-050

Issuance Date: September 21, 2000

Amount: Up to $596,028.00
(Five hundred ninety six thousand twenty eight dollars and no/100)

Expiration Date: September 21, 2003

Name & Address of Beneficiary:
The West Virginia Municipal Bond Commission on behalf of the Registered Owners of the Salt Rock Water Public Service District Water Revenue Bonds, Series 2000A (West Virginia Water Development Authority)
Suite 500, 8 Capitol Street
Charleston WV 25301

Name & Address of Account Party:
Salt Rock Water Public Service District
Box 31
Water Plant Rd
Salt Rock WV 25559

Name & Address of Applicant:
West Virginia-American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Beneficiary:

We hereby establish our irrevocable Letter of Credit (the **"Credit"**) in your favor for the account of the Account Party named above, at the request of the Applicant, for not to exceed the amount stated above (the **"Credit Amount"**), subject to the following terms and conditions:

1. The Credit Amount is available only upon our receipt of:

   (a) Your draft or drafts drawn at sight on One Valley Bank, National Association, bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.

   (b) Your signed statement reading: "Salt Rock Water Public Service District is in monetary default of those certain Salt Rock Water Public Service

District Water Revenue Bonds, Series 2000A (West Virginia Water Development Authority), dated September 21, 2000, in the original principal amount of $9,300,000 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #00-050 does not exceed the amount of such monetary default."

(c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.

2. This Credit may not be transferred or assigned.

3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.

4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond September 21, 2010, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond September 21, 2010.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at One Valley Square (Summers & Lee Sts.) in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Commercial Banking Division, One Valley Bank, National Association, Summers & Lee Sts., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

SPECIMEN

J. Mark Bias
Senior Vice President

One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

ONE VALLEY BANK

Our Letter of Credit No. 00-049

Issuance Date: September 21, 2000

Amount: Up to $153,848.00
(One hundred fifty three thousand eight hundred forty eight and no/100)

Expiration Date: September 21, 2003

Name & Address of Beneficiary:
The West Virginia Municipal Bond Commission on behalf of the Registered Owners of the Salt Rock Water Public Service District Water Revenue Bonds, Series 2000B (West Virginia Infrastructure Fund)
Suite 500, 8 Capitol Street
Charleston WV 25301

Name & Address of Account Party:
Salt Rock Water Public Service District
Box 31
Water Plant Rd
Salt Rock WV 25559

Name & Address of Applicant:
West Virginia-American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Beneficiary:

We hereby establish our irrevocable Letter of Credit (the **"Credit"**) in your favor for the account of the Account Party named above, at the request of the Applicant, for not to exceed the amount stated above (the **"Credit Amount"**), subject to the following terms and conditions:

1. The Credit Amount is available only upon our receipt of:

   (a) Your draft or drafts drawn at sight on One Valley Bank, National Association, bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.

   (b) Your signed statement reading: "Salt Rock Water Public Service District is in monetary default of those certain Salt Rock Water Public Service

District Water Revenue Bonds, Series 2000B (West Virginia Infrastructure Fund), dated September 21, 2000, in the original principal amount of $3,000,000 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #00-049 does not exceed the amount of such monetary default."

(c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.

2. This Credit may not be transferred or assigned.

3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.

4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond September 21, 2010, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond September 21, 2010.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at One Valley Square (Summers & Lee Sts.) in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Commercial Banking Division, One Valley Bank, National Association, Summers & Lee Sts., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

SPECIMEN

Mark Bias
Senior Vice President

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

November 8, 1999

The Honorable Evelyn E. Richards
President
Cabell County Commission
750 Fifth Avenue, Suite 300
Huntington, West Virginia 25701

Dear Commissioner Richards:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1999.

Your request has been approved in the amount of $1,175,000. These funds will enable you to extend water service to the North Cabell Ridge and Route 60 areas of Cabell County.

In order to effectively use the limited dollars available, I hereby commit $425,000 from our fiscal year 1999 allocation that will immediately be available to you. The remaining $750,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contracts in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for Cabell County.

Very sincerely,

Cecil H. Underwood

CHU:jrs

JUL 14 2000
424

At a Regular Session of the County Commission of Cabell County, West Virginia, held at the Courthouse thereof on the 14th day of July, 2000, the following order was made and entered:

IN THE MATTER OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE EXPENDITURE OF $50,000.00 PER YEAR FOR THE NEXT TWO YEARS FOR PROJECT 2000 WATER PROJECTS

The following resolution was offered by:

Evelyn E. Richards, President:

WHEREAS: The Cabell County Commission is committed in its effort to provide potable drinking water to the residents of Cabell County; and,

WHEREAS: heretofore, the Cabell County Commission had committed to contributing $50,000.00 per year for forty years but because of additional funds being made available from other funding sources that commitment is hereby rescinded. However, the Cabell County Commission realizes it is necessary to provide some supplemental funding for a period of two years in addition to the funding provided by these other funding sources.

NOW, THEREFORE, BE IT RESOLVED: that the County Commission of Cabell County does hereby commit $50,000.00 per year for the next two years (2000, 2001) toward the construction of the Project 2000 water projects throughout Cabell County.

The adoption of the foregoing resolution having been moved by: Earl "JR" Blankenship, Commissioner, and duly seconded by: Evelyn E. Richards, President, the vote thereon was as follows:

Evelyn E. Richards, President	AYE
Earl "JR" Blankenship, Commissioner	AYE
L. D. Egnor, Commissioner	Absent

Whereupon, Evelyn E. Richards, President, declared said resolution duly adopted, and it is therefore **ADJUDGED** and **ORDERED** that said resolution be and the same is hereby adopted as so stated above.

Evelyn E. Richards, President

Earl "JR" Blankenship, Commissioner

Absent
L. D. Egnor, Commissioner

EER:EB:LDE/csg

SALT ROCK WATER PUBLIC SERVICE DISTRICT

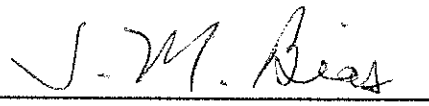
Water Revenue Bonds,
Series 2000 A (West Virginia Water Development Authority) and
Series 2000 B (West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT

The undersigned duly authorized representative of One Valley Bank, National Association, the owner of the Waterworks Facilities Bond Anticipation Notes, Series 2000 B (the "Prior Notes"), of Salt Rock Water Public Service District (the "Issuer"), dated August 17, 2000, in the original aggregate principal amount of $7,950,000, hereby certifies that it has received the sum of $1,882,892.76 from the Issuer and that such sum is sufficient to pay the entire outstanding principal amount of and all interest accrued on the Prior Notes to the date hereof and discharge the liens, pledges and encumbrances securing the Prior Notes.

Dated this 21st day of September, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION



Senior Vice President

09/18/00
121970.99001

PAYOFF FOR NOTE AND PARTS AUTHORITY CODE: 0

PAGE REQUEST: 001 PAGE NO: 001

ACCOUNT: 00005569515 INQUIRY: 232 SALT ROCK PSD/CABELL CO

SEARCH 1: 101 SEARCH 2: 09/21/00 SEARCH 3:

PROC DATE: 09/20/00

NOTE/PART	STATUS			REB/ACC	DLY ACC/GOOD THRU
00101C	A	CURRENT BAL	1,878,719.30		
		INTEREST	4,173.46	ACC	371.5689282
		LATE CHG	0.00		
		OTHER FEES	0.00		
		TOTAL PAYOFF	1,882,892.76		371.5689282
		ACTUAL ACCRUAL			4173.4577554

ORIGINALLY
8/17/2000
7,950,000

INTEREST PAID TO 09/07/00 TELLER ACTIVITY 0.00

LAST PAGE

55-05/6500
Salt Rock Water PSD
Tax ID

1010

SALT ROCK WATER PSD. 07-00
PROJECT 2000
WATER PLANT RD
RR1 BOX 31
SALT ROCK, WV 25559

69-35/519

DATE September 21, 2000

PAY TO THE ORDER OF One Valley Bank, National Association $ 1,882,892.76**

One million, eight hundred, eighty-two thousand, eight hundred, ninety-two and 76/100 DOLLARS

Security features included. Details on back.

ONEVALLEY BANK NA
Charleston, WV 25326

FOR Pay-off of Waterworks Facilities Bond Anticipation Notes, Series 2000B

Robert J. Burns MP
Will Ard

⑈001010⑈ ⑆051900353⑆ 513 917 1⑈

© HARLAND Style 2

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **September 21, 2000**

Re: **Closing Memo - Salt Rock Water Public Service District Water Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) and Series 2000 B (West Virginia Infrastructure Fund)**

1. DISBURSEMENTS TO SALT ROCK WATER PUBLIC SERVICE DISTRICT

A.

Payor:	West Virginia Water Development Authority
Source:	Series 2000 A Bonds Proceeds
Amount:	$8,167,891.00
Form:	Wire Transfer
Payee:	Salt Rock Water Public Service District
Bank:	One Valley Bank, National Association
Routing #:	051900353
Account #:	5139171
Contact:	Mark Bias (304) 348-7368
Account:	Salt Rock Water PSD Project 2000 Account

B.

Payor:	West Virginia Infrastructure Fund
Source	Series 2000 B Bonds Proceeds
Amount:	$40,400
Form:	Wire Transfer
Payee:	Salt Rock Water Public Service District
Bank:	One Valley Bank, National Association
Routing #:	051900353
Account #	5138874
Contact:	Mark Bias (304) 348-7308
Account:	IJDC Account Funds

2. **DISBURSEMENTS FOR THE BENEFIT OF SALT ROCK WATER PUBLIC SERVICE DISTRICT**

A.	Payor:	West Virginia Water Development Authority
	Source:	Series 2000 A Bonds Proceeds
	Amount:	$587,109
	Form:	Wire Transfer
	Payee:	West Virginia Municipal Bond Commission
	Bank:	One Valley Bank, National Association
	Routing #:	051900353
	Account #:	846-387-9
	Contact:	West Virginia State Treasurer for West Virginia Municipal Bond Commission
	Account:	Series 2000 A Bonds Sinking Fund (for capitalized interest)

3. **DISBURSEMENTS BY SALT ROCK WATER PUBLIC SERVICE DISTRICT FROM BOND PROCEEDS**

A.	Source:	Series 2000 A Bonds Proceeds
	Amount:	$1,882,892.76
	Form:	Check
	Payee:	One Valley Bank, National Association
	Memo:	Pay-off of Waterworks Facilities Bond Anticipation Notes, Series 2000 B