

**WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

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

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**WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

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

**BOND ORDINANCE**

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**WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**BOND ORDINANCE**

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE OF NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

**BE IT ORDAINED AND ENACTED BY THE BOARD OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY:**

**ARTICLE I**

**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01.      Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 7, Article 12, Chapter 8, Article 16 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. The Webster County Economic Development Authority (the "Issuer") is a public agency and public corporation of the State of West Virginia in Webster County of said State. The Issuer is a constituted authority which meets the following requirements: (i) the issuance of bonds must be authorized by specific state statute; (ii) the bond issuance must have a public purpose (which includes promotion of trade, industry, economic development); (iii) the governing body of the authority must be controlled by the political subdivision (i.e. The County

Commission of Webster County); (iv) the authority must have the power to acquire, lease, and sell property and issue bonds in furtherance of its purposes; (v) earnings cannot inure to the benefit of private persons; and (vi) upon dissolution, title to all bond-financed property must revert to the political subdivision.

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, at an estimated cost of not more than \$1,500,000, consisting of construction and installation of water mains, fire hydrants and three pressure reducing stations along State Routes 15 and 20 from the end of the Miller Mountain Project to Diana Elementary School to serve approximately 162 potential users, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), through West Virginia-American Water Company's distribution system, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than \$1,500,000 (the "Series 2011 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2011 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project, amounts which may be deposited in the Series 2011 A Bonds Reserve Account (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 Series 2011 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2011 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, in form satisfactory to the Issuer and the Authority, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are no outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement dated October 12, 2007, as supplemented and amended by First Amendment to Agreement (collectively, 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, the principal of and interest, if any, on the Series 2011 A Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Company will obtain, and pay the fees associated with, a Letter of Credit (as hereinafter defined) to fund the Series 2011 A Bonds Reserve Account 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 does not obtain a Letter of Credit, the Issuer shall obtain a Letter of Credit or fund the Series 2011 A Bonds Reserve Account in the amounts required herein.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2011 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of approvals from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2011 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the

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

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

"Act" means, collectively, Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Agreement" means initially, the Agreement, dated October 12, 2007 as amended by First Amendment to Agreement by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2011 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the President of the Issuer, or any other officer of the Issuer specifically designated by resolution of 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," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

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

"Bonds" means, collectively, the Series 2011 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2011 A Bonds for all or a portion of the proceeds of the Series 2011 A Bonds from the Authority and the Council.

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

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

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

"Consulting Engineers" means Terradon Corporation, 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 successor thereto.

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

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

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

"Governing Body" means the board of the Issuer or any other governing body of the Issuer that succeeds to the functions of the board as presently 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.

"Grant" means any Grant received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of,

capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues anticipated to be received by the Issuer will be 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 the Webster County Economic Development Authority, a public agency and public corporation of the State of West Virginia in Webster County of said State, 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 Series 2011 A Bonds Reserve Account for the benefit of the Commission, and any subsequent replacement or renewal letter of credit.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2011 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2011 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

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

applicable to prior accounting periods. The initial Operating Expenses shall be limited to the items set forth in the Agreement.

"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 monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2011 A Bonds in the Supplemental Resolution.

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 5.03A(5) hereof.

"Reserve Account" means the Reserve Account established by Section 5.01 hereof.

"Reserve Requirement" means the amount required to be on deposit in the Reserve Account for the Series 2011 A Bonds.

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

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

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

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

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account created by Section 5.02 hereof.

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

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

"Sinking Funds" means the Sinking Funds established for the Series 2011 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2011 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2011 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund, if created.

"System" means the complete public waterworks facilities of the Issuer and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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

Additional terms and phrases are defined in this Ordinance 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 President or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting President or Acting Secretary.

## ARTICLE II

### **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**

Section 2.01.      Authorization of Acquisition and Construction of the Project.  
There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$1,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council.

The cost of the Project is estimated not to exceed \$3,241,500, of which approximately \$1,500,000 will be obtained from proceeds of the Series 2011 A Bonds, approximately \$162,500 will be obtained from proceeds of a contribution from the Company, \$50,000 will be obtained as a grant from the County Commission of Webster County and approximately \$1,500,000 will be obtained from proceeds of an Appalachian Regional Commission Grant.

## ARTICLE III

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

Section 3.01.      Authorization of Bonds. For the purposes of capitalizing interest on the Series 2011 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2011 A Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2011 A (West Virginia Infrastructure Fund)", in the principal amount of not more than \$1,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 A Bonds remaining after capitalizing interest on the Series 2011 A Bonds, if any, shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02.      Terms of Bonds. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of

public or private debts under the laws of the United States of America. Interest on the Series 2011 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2011 A Bonds, all as provided in the Supplemental Resolution. The Series 2011 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2011 A Bonds shall be executed in the name of the Issuer by the President, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2011 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2011 A Bonds shall be conclusive evidence that such Series 2011 A Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2011 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2011 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2011 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2011 A Bonds remain outstanding, the Bond Registrar for the Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2011 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2011 A Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate (where applicable) and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon. The Issuer has no taxing power.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 2011 A Bonds shall be secured by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2011 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2011 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 A Bonds to the original purchasers upon receipt of the documents set forth below:

- (1) If other than the Authority, a list of the names in which the Series 2011 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 A Bonds to the original purchasers;
- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreement;
- (5) A copy of the Agreement;
- (6) A copy of the Letter of Credit; and
- (7) The unqualified approving opinion of bond counsel on the Series 2011 A Bonds.

Section 3.10.      Form of Bonds. The text of the Series 2011 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
WATER REVENUE BOND, SERIES 2011 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR- 1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That this \_\_\_\_ day of \_\_\_\_, 2011 the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY, a public agency and public corporation of the State of West Virginia in Webster County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_ to and including \_\_\_\_\_ 1, 20\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

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

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 additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 7, Article 12, Chapter 8,

Article 16 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2011, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY GROSS REVENUES OF THE SYSTEM.

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, and from unexpended proceeds of the Bonds and the Letter of Credit (as defined in the Bond Legislation) in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account"). 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and the Letter of Credit (as defined in the Bond Legislation) in the Series 2011 A Reserve Account. 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. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2011 A Bonds Reserve Account in the amount required under the Loan Agreement and the Bond Legislation. 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY has caused this Bond to be signed by its President, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the day and year first written above.

[SEAL]

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President

ATTEST:

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Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_, 2011.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2011 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the President is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

#### ARTICLE IV

[RESERVED]

#### ARTICLE V

### **FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF**

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

- (1) Revenue Fund; and
- (2) Series 2011 A Bonds Construction Trust Fund.

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

- (1) Series 2011 A Bonds Sinking Fund; and
- (2) Series 2011 A Bonds Reserve Account (to be funded with the Letter of Credit).

Section 5.03. System Revenues; Flow of Funds.

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

(1) The Issuer shall first, each month, pay from the Revenue Fund all current 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 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2011 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

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

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

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2011 A Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish a Renewal and Replacement Fund with the Depository Bank for the Series 2011 A Bonds, in the amounts required under the Loan

Agreement, unless such requirement is waived by the Council and the Authority.

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

All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2011 A Bonds Reserve Account which result in a reduction in the balance of such account to below the Series 2011 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made as set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirements thereof.

The Issuer shall not be required to make any further payments into the Series 2011 A Bonds Sinking Fund or the Series 2011 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account 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 either the Authority or the Council at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

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

B. The Issuer shall on the first day of each month (if such day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2011 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

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

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

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

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

## ARTICLE VI

### **BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

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

A. From the proceeds of the Series 2011 A Bonds, there shall be deposited with the Commission in the Series 2011 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest, if any, on the Series 2011 A Bonds for the period commencing on the date of issuance of the Series 2011 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2011 A Bonds, or with the Letter of Credit to be obtained by the Company or the Issuer, there shall be deposited with the Commission in the Series 2011 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2011 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2011 A Bonds.

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

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for costs of the Project shall be made monthly.

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

- (i) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (ii) 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;
- (iii) Each of such costs has been otherwise properly incurred; and
- (iv) Payment for each of the items proposed is then due and owing.

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

The Issuer shall expend all proceeds of the Series 2011 A Bonds within 3 years of the date of issuance of the Council's 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 2011 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2011 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2011 A Bonds or the interest thereon, if any, is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2011 A Bonds shall ever have the right to compel the exercise of the

taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2011 A Bonds shall be secured 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 on, if any, the Series 2011 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The 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 Recommended Decision of the Public Service Commission of West Virginia entered March 7, 2008 which became a Final Order on March 17, 2008 and Commission Order dated June 5, 2008 in Case No. 07-2334-W-PC-CN.

So long as the Series 2011 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2011 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. The Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof. Additionally, so long as the Series 2011 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds of any such sale, lease, mortgage or other disposition of the System shall, with respect to the Series 2011 A Bonds, immediately be remitted to the Commission for deposit in the Series 2011 A Bonds Sinking Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2011 A Bonds. Any balance remaining after payment of all the Series 2011 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the

Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenue of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, in writing, 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 derived from any such sale shall be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created, then in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale shall be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created, then in the Renewal and Replacement Fund. Payment of such proceeds into the Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of all Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2011 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all

funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2011 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 A Bonds, except with the prior written consent of the Authority and the Council under the conditions and in the manner provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Bonds issued pursuant hereto, 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 from an Independent Certified Public Accountant, 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 the 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 Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

In the event the Agreement is no longer in place, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be

financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 A Bonds.

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

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

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

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

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

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 2011 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2011 A Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 A Bonds and shall submit the report to the Authority and the Council, or any other original purchaser of the Series 2011 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2011 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall

be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Section 4.1(b)(ii) and Section 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 hereof.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, 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 shall 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.

In the event the Agreement is no longer in effect, the Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfill compliance with this covenant.

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

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

System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that so long as the Series 2011 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Revenue Fund or the Renewal and Replacement Fund, if created. 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 Council, 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 Council, 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, to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(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 having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the West Virginia Public Service Commission and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2011 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. 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 and shall by Supplemental Resolution approve such additional terms and conditions set forth in the Loan Agreement. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the Council, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Authority.

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

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2011 A Bonds.

Section 7.20. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of

changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Change Orders and Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2011 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2011 A Bonds held in "contingency" as set forth in the Schedule B attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2011 A Bonds made available due to bid or construction or project underruns.

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

**ARTICLE VIII**

**INVESTMENT OF FUNDS; USE OF PROCEEDS**

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall

not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 A Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2011 A Bonds as a condition to issuance of the Series 2011 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2011 A Bonds as may be necessary in order to maintain the status of the Series 2011 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2011 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2011 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

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

## **ARTICLE IX**

### **DEFAULT AND REMEDIES**

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 A Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2011 A Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 A Bonds set forth in this Bond Legislation, any Supplemental Resolution or in the Series 2011 A Bonds, and such default shall have continued for a period of 30 days after the

Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2011 A Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond

Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

## **ARTICLE X**

### **PAYMENT OF BONDS**

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 2011 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2011 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

## **ARTICLE XI**

### **MISCELLANEOUS**

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2011 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 A Bonds, no

material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2011 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2011 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2011 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2011 A Bonds.

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

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

ISSUER:

Webster County Economic Development Authority  
139 Baker Street  
Webster Springs, West Virginia 26288  
Attention: Executive Director

COMPANY:

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

AUTHORITY:

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

COUNCIL:

West Virginia Infrastructure Council  
180 Association Drive  
Charleston, West Virginia 25311-1571  
Attention: Executive Director

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 ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; 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 Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the President, the Secretary and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

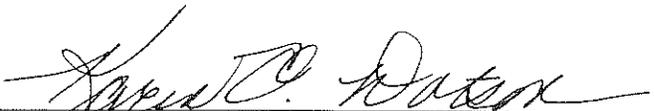
Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Webster Echo* a newspaper published and of general circulation in Webster County, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2011 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.09.      Effective Date.      This Ordinance shall take effect immediately following the public hearing hereon and the final reading hereof.

Passed on First Reading:            -            January 4, 2011

Passed on Second Reading:        -            January 11, 2011

Passed on Final Reading  
Following Public  
Hearing:                                -            March 15, 2011

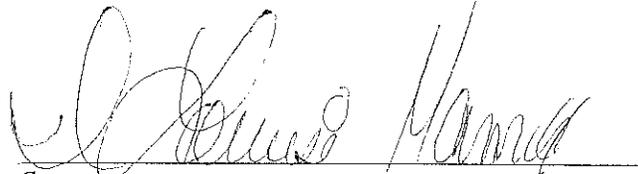
  
\_\_\_\_\_  
President

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Board of the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY on the 15th day of March, 2011.

Dated: April 11, 2011.

[SEAL]

  
Secretary

03.28.11  
94780.00004

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the board (the "Governing Body") of the Webster County Economic Development Authority (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective March 15, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE OF NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE 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 meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount of not more than \$1,500,000 (the "Series 2011 A Bonds" or the "Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, 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"), all in accordance with Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale 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 Loan Agreement and the Letter of Credit have been presented to the Issuer at this meeting;

WHEREAS, the Letter of Credit has been obtained by the Company to fund the Series 2011 A Bonds Reserve Account;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$890,000. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2051, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including March 1, 2051, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a

redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the 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 Bond Ordinance.

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

Section 4. The Issuer does hereby approve the Letter of Credit in the amount of \$22,968 and the issuance of the Letter of Credit to fund the Series 2011 A Bonds Reserve Account, and hereby agrees that the Authority may hereafter require that the Series 2011 A Bonds Reserve Account be funded in the amounts required under the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 5. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the President, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 7. The Issuer does hereby appoint and designate United Bank, Inc., West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2011 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2011 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2011 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2011 A Bonds Reserve Account. The Series 2011 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of \$45,936 obtained by the Company from JPMorgan Chase Bank.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 2011 A Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The President and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the

Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 11, 2011, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

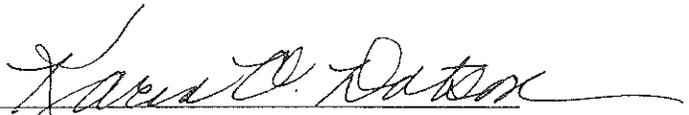
Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank, until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby appoints and designates the Executive Director as its agent for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2011 A Bonds.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 6th day of April, 2011.

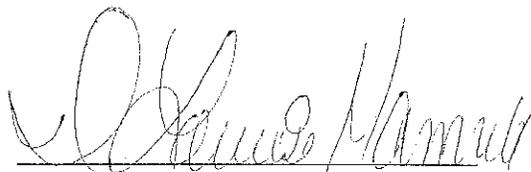
  
\_\_\_\_\_  
President

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Board of the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY on the 6th day of April, 2011.

Dated: April 11, 2011.

[SEAL]

  
Secretary

03.28.11  
947800.00004

IC-1  
(08/09)

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").

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
(2008W-1027)

(Governmental Agency)

WITNESSETH:

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and

the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

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

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

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

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

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin,

sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the

Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

(SEAL)

Attest:   
Its: Secretary

By:   
Its: President  
Date: April 11, 2011

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

Attest:   
Its: Authorized Officer

By:   
Its: Executive Director  
Date: April 11, 2011

{C2017283.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

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

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

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

<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_,

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) 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, <sup>2</sup>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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Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

We are bond counsel to \_\_\_\_\_ (the  
“Governmental Agency”), a \_\_\_\_\_.

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency \_\_\_\_\_  
 Name of Bond Issue(s) \_\_\_\_\_  
 Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater \_\_\_\_\_  
 Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

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

\_\_\_\_\_  
 Name of Person Completing Form

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $\$900/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	\$
Principal	\$
Total:	\$
Reserve Account:	\$

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Governmental Agency]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$890,000  
Purchase Price of Local Bonds \$890,000

The Local Bonds shall bear no interest. Commencing September 1, 2012, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency: none.

Number of New Customers to Be Served: 162  
Location: Diana area

**SCHEDULE Y  
DEBT SERVICE SCHEDULE**

<b>BOND DEBT SERVICE</b>			
\$890,000			
Webster County EDA			
IF			
0% Interest Rate			
40 Years from Closing Date			
	Dated		
	Date	4/11/11	
	Delivery		
	Date	4/11/11	
Period	Principal	Interest	Debt
Ending			Service
9/1/12	5,742		5,742
12/1/12	5,742		5,742
3/1/13	5,742		5,742
6/1/13	5,742		5,742
9/1/13	5,742		5,742
12/1/13	5,742		5,742
3/1/14	5,742		5,742
6/1/14	5,742		5,742
9/1/14	5,742		5,742
12/1/14	5,742		5,742
3/1/15	5,742		5,742
6/1/15	5,742		5,742
9/1/15	5,742		5,742
12/1/15	5,742		5,742
3/1/16	5,742		5,742
6/1/16	5,742		5,742
9/1/16	5,742		5,742
12/1/16	5,742		5,742
3/1/17	5,742		5,742
6/1/17	5,742		5,742
9/1/17	5,742		5,742
12/1/17	5,742		5,742
3/1/18	5,742		5,742
6/1/18	5,742		5,742
9/1/18	5,742		5,742
12/1/18	5,742		5,742
3/1/19	5,742		5,742
6/1/19	5,742		5,742
9/1/19	5,742		5,742
12/1/19	5,742		5,742
3/1/20	5,742		5,742
6/1/20	5,742		5,742
9/1/20	5,742		5,742
12/1/20	5,742		5,742
3/1/21	5,742		5,742
6/1/21	5,742		5,742
9/1/21	5,742		5,742
12/1/21	5,742		5,742
3/1/22	5,742		5,742
6/1/22	5,742		5,742
9/1/22	5,742		5,742
12/1/22	5,742		5,742
3/1/23	5,742		5,742

<b>BOND DEBT SERVICE</b>				
<b>\$890,000</b>				
<b>Webster County EDA</b>				
<b>IF</b>				
<b>0% Interest Rate</b>				
<b>40 Years from Closing Date</b>				
	<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>
	6/1/23	5,742		5,742
	9/1/23	5,742		5,742
	12/1/23	5,742		5,742
	3/1/24	5,742		5,742
	6/1/24	5,742		5,742
	9/1/24	5,742		5,742
	12/1/24	5,742		5,742
	3/1/25	5,742		5,742
	6/1/25	5,742		5,742
	9/1/25	5,742		5,742
	12/1/25	5,742		5,742
	3/1/26	5,742		5,742
	6/1/26	5,742		5,742
	9/1/26	5,742		5,742
	12/1/26	5,742		5,742
	3/1/27	5,742		5,742
	6/1/27	5,742		5,742
	9/1/27	5,742		5,742
	12/1/27	5,742		5,742
	3/1/28	5,742		5,742
	6/1/28	5,742		5,742
	9/1/28	5,742		5,742
	12/1/28	5,742		5,742
	3/1/29	5,742		5,742
	6/1/29	5,742		5,742
	9/1/29	5,742		5,742
	12/1/29	5,742		5,742
	3/1/30	5,742		5,742
	6/1/30	5,742		5,742
	9/1/30	5,742		5,742
	12/1/30	5,742		5,742
	3/1/31	5,742		5,742
	6/1/31	5,742		5,742
	9/1/31	5,742		5,742
	12/1/31	5,742		5,742
	3/1/32	5,742		5,742
	6/1/32	5,742		5,742
	9/1/32	5,742		5,742
	12/1/32	5,742		5,742
	3/1/33	5,742		5,742
	6/1/33	5,742		5,742
	9/1/33	5,742		5,742
	12/1/33	5,742		5,742
	3/1/34	5,742		5,742
	6/1/34	5,742		5,742
	9/1/34	5,742		5,742
	12/1/34	5,742		5,742

**BOND DEBT SERVICE**

\$890,000

Webster County EDA

IF

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/35	5,742		5,742
6/1/35	5,742		5,742
9/1/35	5,742		5,742
12/1/35	5,742		5,742
3/1/36	5,742		5,742
6/1/36	5,742		5,742
9/1/36	5,742		5,742
12/1/36	5,742		5,742
3/1/37	5,742		5,742
6/1/37	5,742		5,742
9/1/37	5,742		5,742
12/1/37	5,742		5,742
3/1/38	5,742		5,742
6/1/38	5,742		5,742
9/1/38	5,742		5,742
12/1/38	5,742		5,742
3/1/39	5,742		5,742
6/1/39	5,742		5,742
9/1/39	5,742		5,742
12/1/39	5,742		5,742
3/1/40	5,742		5,742
6/1/40	5,742		5,742
9/1/40	5,742		5,742
12/1/40	5,742		5,742
3/1/41	5,742		5,742
6/1/41	5,742		5,742
9/1/41	5,742		5,742
12/1/41	5,742		5,742
3/1/42	5,742		5,742
6/1/42	5,742		5,742
9/1/42	5,742		5,742
12/1/42	5,742		5,742
3/1/43	5,742		5,742
6/1/43	5,742		5,742
9/1/43	5,742		5,742
12/1/43	5,742		5,742
3/1/44	5,742		5,742
6/1/44	5,742		5,742
9/1/44	5,742		5,742
12/1/44	5,742		5,742
3/1/45	5,742		5,742
6/1/45	5,742		5,742
9/1/45	5,742		5,742
12/1/45	5,742		5,742
3/1/46	5,742		5,742
6/1/46	5,742		5,742
9/1/46	5,742		5,742

**BOND DEBT SERVICE**

**\$890,000**

**Webster County EDA**

**IF**

**0% Interest Rate**

**40 Years from Closing Date**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>
12/1/46	5,742		5,742
3/1/47	5,742		5,742
6/1/47	5,742		5,742
9/1/47	5,742		5,742
12/1/47	5,742		5,742
3/1/48	5,742		5,742
6/1/48	5,742		5,742
9/1/48	5,741		5,741
12/1/48	5,741		5,741
3/1/49	5,741		5,741
6/1/49	5,741		5,741
9/1/49	5,741		5,741
12/1/49	5,741		5,741
3/1/50	5,741		5,741
6/1/50	5,741		5,741
9/1/50	5,741		5,741
12/1/50	5,741		5,741
3/1/51	5,742		5,742
	<b>890,000</b>		<b>890,000</b>

## SCHEDULE Z

1. The Governmental Agency may substitute a letter of credit equal to two years debt service in place of the Reserve Requirement and the Renewal and Replacement payments required by Section 4.1(a)(ii) and (iii).

**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 23rd day of December 2009.

CASE NO. 09-1953-W-PC-CN

**WEST VIRGINIA-AMERICAN WATER COMPANY and  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

Petition for Commission determination whether a proposed water main extension project is an ordinary extension of the system in the usual course of business and for Commission and approval of an amendment to an Operation and Maintenance Agreement.

**COMMISSION ORDER**

By this Order, the Commission (i) determines that the proposed Diana Phase I Project is an ordinary extension in the usual course of business and does not require a certificate of convenience and necessity and (ii) approves an amendment to an Operation and Maintenance Agreement without approving the specific terms and conditions thereof.

**Background**

On November 12, 2009, West Virginia-American Water Company ("WVAWC") and the Webster County Economic Development Authority ("WCEDA") (jointly, "Petitioners") filed a petition for Commission determination of whether a proposed line extension project (the "Diana Phase I Project") constitutes an ordinary extension of an existing system in the usual course of business, and thus, would not require a certificate of convenience and necessity. The Petitioners stated that the Project has been approved by the West Virginia Infrastructure and Jobs Development Council ("WVIJDC"). The Petitioner also requested Commission consent and approval of a First Amendment to an Operation and Maintenance Agreement between WVAWC and WCEDA.

On December 16, 2009, Commission Staff filed a Memorandum recommending that the Commission hold that the proposed project is an ordinary extension in the usual course of business and does not require a certificate. Staff also recommended that the Commission approve, pursuant to W.Va. Code §24-2-12, a proposed First Amendment to the existing

Operation and Maintenance agreement between WVAWC and WCEDA to add the Diana Phase I Project to the systems that WVAWC operates and maintains under the Agreement.

### DISCUSSION

The Diana Phase I Project is a proposed extension of a water main and associated facilities along State Routes 15 and 20 near the community of Diana in Webster County that will provide approximately 162 new customers with water and fire protection service. The new customers presently rely on wells, springs and cisterns to meet basic water needs and most of these sources either do not meet applicable drinking water quality standards or are unreliable. The Diana Phase I Project will involve the installation of approximately 51,850 linear feet of eight-inch, six-inch, and two-inch diameter water mains, twenty-eight fire hydrants, three pressure reducing stations and related facilities. Water will be supplied from WVAWC's Webster Springs Water Treatment Plant which had adequate capacity. There will be a second phase extension that will serve approximately 250 more new customers in the Grassy Creek and Right Fork of Holly River areas.

WVAWC currently provides water service to WCEDA customers under an Operations and Maintenance Agreement approved by the Commission by an order that was final March 17, 2008, in Case No. 07-2334-W-PC-CN. Under the Agreement, WVAWC provides operation and maintenance for the WCEDA Back Fork Extension water distribution system and other extensions constructed by the WCEDA during the forty-year term of the agreement. The Commission subsequently determined, in Case No. 08-1970-W-PC-CN, that the Petitioners did not require a certificate of convenience and necessity for a project known as the Miller Mountain Project, which was a further extension of the Back Fork Extension.

The May 13, 2009 filing states that the total estimated project costs of \$3,000,000 will not affect WCEDA customer rates and will be funded as follows:

Small Cities Block Grant	\$ 1,500,000
WVIJDC loan at 0% interest for 40 years	\$ 890,000
WVIJDC grant	\$ 446,000
Webster County Commission grant	\$ 50,000
WVAWC contribution (based on \$1,000 per customer signing user agreements plus annual use fee of approximately \$22,500)	\$ 114,000
TOTAL	\$ 3,000,000

The Petitioners asserted that a certificate is not required because 1) the estimated cost of the Project is not large (only 2.84%) compared to WVAWC's annual revenues; 2) the length of the extension would represent only 0.77% of WVAWC's total linear system; 3) the planning and design for the Project are estimated to be \$10,000 and \$50,000 respectively, or only 2% of total Project costs; and 4) the Project is 66.5% grant-funded and will have no rate

impact and the balance of the funding is supported by the revenues to be generated by new customers.

The Petitioners represented that the First Amendment to the current Operations and Maintenance Agreement between WVAWC and WCEDA has reasonable terms and conditions, does not confer upon any party an undue advantage over any other, and will not adversely affect the public in West Virginia. See Petition p. 8. Staff agrees with these representations. See December 16, 2009 Staff Memorandum.

Based on the foregoing project factors and Commission precedent in South Putnam Public Service District, Case No. 04-0034-PWD-PC, Recommended Decision (final on April 6, 2004) Staff recommended that the Commission hold that this Project does not require a certificate pursuant to W.Va. Code §24-2-11 because it is an ordinary extension in the usual course of business for both utilities. See December 16, 2009 Staff Memorandum. The Commission agrees with the Staff analysis that the Project is an ordinary extension in the usual course of business and does not require a certificate of convenience and necessity.

The Commission further concludes that the First Amendment to the Operation and Maintenance Agreement is fair and reasonable, that no party will be given an undue advantage over any other, and that the amendment will not have an adverse affect on the public in West Virginia. The Commission will, pursuant to W.Va. Code §24-2-12, grant its consent to the First Amendment to the Operation and Maintenance Agreement without approving the specific terms and conditions thereof.

#### FINDINGS OF FACT

1. WVAWC currently provides operations and maintenance service to WCEDA customers pursuant to an Operations and Maintenance Agreement approved by the Commission by an order that was final March 17, 2008, in Case No. 07-2334-W-PC-CN.
2. The estimated cost of the Project is only 2.84% of WVAWC's annual revenues.
3. The length of the extension will represent only 0.77% of WVAWC's total linear system.
4. The planning and design for the Project are estimated to be \$10,000 and \$50,000 respectively, or only 2% of total Project costs.
5. The Project is proposed to be 66.5% grant-funded and the Petitioners stated that the balance of the funding is supported by the revenues to be generated by new customers.
6. The Project will have no rate impact and WCEDA will charge its existing rates to the customers to be served by the Project.

## CONCLUSIONS OF LAW

1. The Diana Phase I Project is an ordinary extension in the usual course of business and does not require a certificate of convenience and necessity pursuant to W.Va. Code §24-2-11.

2. The First Amendment to the Operation and Maintenance Agreement between WVAWC and WCEDA is fair and reasonable, no party will be given an undue advantage over any other, and the amendment will not have an adverse affect on the public in West Virginia.

## ORDER

IT IS THEREFORE ORDERED that the proposed Diana Phase I Project is an ordinary extension in the usual course of business and does not require a certificate of convenience and necessity.

IT IS FURTHER ORDERED that the filed First Amendment to the Operation and Maintenance Agreement between WVAWC and WCEDA is approved, without approving the specific terms and conditions thereof.

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

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

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

JML/klm  
091953c.wpd



1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130  
DIRECT TELEPHONE: (304) 340-1214      [www.jacksonkelly.com](http://www.jacksonkelly.com)      DIRECT TELECOPIER: (304) 340-1080  
E-Mail: [srchambers@jacksonkelly.com](mailto:srchambers@jacksonkelly.com)  
State Bar No. 694

June 25, 2008

*VIA HAND DELIVERY*

Ms. Sandra Squire  
Executive Secretary  
Public Service Commission  
of West Virginia  
201 Brooks Street  
Post Office Box 812  
Charleston, West Virginia 25323

Re: PSC Case No. 07-2334-W-CN-PC (REOPENED)  
Joint Application by West Virginia-American Water Company  
and the Webster County Economic Development Authority

Dear Ms. Squire:

Enclosed for filing are an original and six (6) copies of a revised tariff of the Webster County Economic Development Authority which is submitted as directed by the Commission Order entered in the referenced case on June 5, 2008.

Please advise if you have any questions.

Sincerely,

  
Stephen N. Chambers

SNC/dmb  
Enclosures

cc: Linda Bouvette, Esq.  
John C. Stump, Esq.  
Geary Weir

RECEIVED  
08 JUN 25 PM 3:35  
W VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

139 BAKER STREET  
WEBSTER SPRINGS, WEST VIRGINIA 26288

RATES, RULES AND REGULATIONS FOR FURNISHING  
WATER

In the territory listed on Sheet No. 3

Filed with THE PUBLIC SERVICE COMMISSION  
Of  
WEST VIRGINIA

Issued June 24, 2008. Effective for service rendered on and after the completion of construction of the water system approved by a final Order of the Public Service Commission of West Virginia dated March 17, 2008, in Case No. 07-2334-W-PC-CN, or as otherwise provided herein.

Issued by authority of orders of the Public Service Commission of West Virginia entered on March 17, 2008, in Case No. 07-2334-W-PC-CN, on March 18, 2008, in Case No. 07-0998-W-42T and on June 5, 2008, in Case No. 07-2334-W-PC-CN (REOPENED).

Issued by WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

By Geary Weir  
Geary Weir  
Executive Director

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY (Water)

P.S.C. W. Va. Tariff No. 2  
Canceling P.S.C. W. Va. No. 1  
Original Sheet No. 2

RULES

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

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY (Water)

P.S.C. W. Va. Tariff No. 2  
Canceling P.S.C. W. Va. No. 1  
Original Sheet No. 3

TERRITORIES SERVED

BACK FORK, ELK RIVER  
(W. Va. County Routes 24 and 24/3)  
near Webster Springs

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY (Water)

P.S.C. W. Va. Tariff No. 2  
Canceling P.S.C. W. Va. No. 1  
Original Sheet No. 4

APPLICABILITY

Applicable in the entire territory served by the Webster County Economic Development Authority (hereinafter the "Authority") listed on Sheet No. 1.

AVAILABILITY

Available For General Domestic, Commercial and Industrial Service

RATE

	First	1,500 gallons used per month at the minimum charge	
(I)	Next	28,500 gallons used per month	\$8.8077 per 1,000 gallons
(I)	Next	870,000 gallons used per month	\$5.8000 per 1,000 gallons
(I)	Next	8,100,000 gallons used per month	\$4.2200 per 1,000 gallons
(D)	All over	9,000,000 gallons used per month	\$2.7450 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amount according to the size of each meter installed, to-wit; for customers having multiple meter settings, the minimum charge will be sum of the minimum charges for each of the individual meters:

(I)	3/4 inch meter or less*	\$ 19.86 per month
(I)	1 inch meter	48.66 per month
(I)	1 - 1/2 inch meter	96.66 per month
(I)	2 inch meter	154.30 per month
(I)	3 inch meter	288.75 per month
(I)	4 inch meter	480.80 per month
(I)	6 inch meter	960.97 per month
(I)	8 inch meter	1,537.19 per month

\*All residential customers shall be served through a 5/8" meter; provided, however, that the utility may install a larger meter when reasonable necessary. This Restriction shall not apply to residential meters currently in service.

(I) Indicates Increase

(D) Indicates Decrease

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY (Water)

P.S.C. W. Va. Tariff No. 2  
Canceling P.S.C. W. Va. No. 1  
Original Sheet No. 5

POST-CONSTRUCTION TAP FEE

A charge of \$300 will be assessed to customers who connect to the system after completion of constructions adjacent to the customer's property where, in order to connect the customer to the system, a utility service line and meter setting must be installed.

INCREMENTAL COST OF WATER

An incremental cost of \$.30 per 1,000 gallons is to be used in the calculation of leak adjustments when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This incremental cost rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

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

(D) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the Authority (or to its agent for billing and collecting), not to exceed \$15.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

RECONNECTION CHARGE

When it has been necessary to discontinue water service to any premises on account of non-payment of any charges for water service, a charge of twenty dollars (\$20.00) will be made to cover the cost of turning on the water service. This charge will not apply where the Authority has a disconnection agreement with a sewer utility and is entitled to collect a reconnection charge from the sewer utility for such reconnection for non-payment of sewer charges. This charge may be added to a past due balance and included in the outstanding balance under a deferred payment agreement.

(D) Indicates Decrease

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 5<sup>th</sup> day of June, 2008.

CASE NO. 07-2334-W-PC-CN (REOPENED)

WEST VIRGINIA-AMERICAN WATER COMPANY and  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY,  
Joint application for a certificate of convenience and necessity  
to construct certain extensions and other associated facilities  
along WV County Routes 24 and 24/3 and the Back Fork of the  
Elk River near Webster Springs in Webster County, and for  
approval of a related agreement between the parties.

**COMMISSION ORDER**

By a Recommended Decision issued March 7, 2008 (Final March 17, 2008, by Commission Order), the joint application for a certificate was granted. Attached to the Recommended Decision was an approved tariff to become effective for all service rendered by the Webster County Economic Development Authority (WCEDA) after March 17, 2008.

On April 21, 2008, the Applicants filed a petition to reopen this proceeding requesting approval to reduce the returned check charge from \$25.00 to \$15.00. The Applicants noted that WCEDA had submitted a proposed tariff containing the same rates and charges that West Virginia-American Water Company (WVAWC) was then authorized to charge, including a service charge for returned checks "not to exceed \$15.00." The Applicants further stated that the tariff approved by the March 7, 2008 Recommended Decision included a returned check charge of up to \$25.00. The Applicants believe this was a clerical error on the part of the Commission.

On May 16, 2008, Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum. Staff explained that although the \$25.00 amount is used by many utilities within the state, it had no objection to the filing of a WCEDA tariff containing a returned check charge of \$15.00.

UPON CONSIDERATION the Commission finds that it is reasonable to reopen this proceeding and to allow WCEDA to file a revised tariff which reduces the returned check charge from a maximum of \$25.00 to a maximum of \$15.00.

ORDER

IT IS THEREFORE ORDERED that this proceeding is reopened.

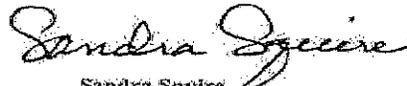
IT IS FURTHER ORDERED that the "Returned Check Charge" of \$25.00 as approved in the tariff attached to the March 7, 2008 Recommended Decision is hereby reduced to \$15.00.

IT IS FURTHER ORDERED that, within thirty (30) days of the date of this order, the Webster County Economic Development Authority shall file an original and six (6) copies of a revised tariff.

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

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

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

LHG/lcw  
072334ca.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

Entered: March 7, 2008

<p style="font-size: 2em; margin: 0;"><b>FINAL</b></p> <p style="margin: 0;">3/17/2008</p> <p style="margin: 0;">Per Commission Order Waiving the Exception Period</p>
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CASE NO. 07-2334-W-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY and  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY.

Joint application for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County, and for approval of a related agreement between the parties.

**RECOMMENDED DECISION**

On December 7, 2007, West Virginia-American Water Company (WV-AWC) and Webster County Economic Development Authority (Authority), referred to collectively as Applicants, jointly filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County; for approval of a related Operations and Maintenance Agreement (Agreement) between the Applicants, including the ratemaking treatment set forth in the Agreement; for approval of the proposed funding for the project, comprised of a \$687,000 Housing and Urban Development Small Cities Block Grant (SCB Grant) and a \$162,000 contribution from WV-AWC; for approval for the Authority to adopt and implement a tariff of rates and charges that are identical to those of WV-AWC at the time the application is approved and as such rates may be changed from time to time by Commission approval; for a waiver of the requirement to file a Rule 42 exhibit with the application; and for a waiver of a hearing on this matter. This project has been approved by the West Virginia Jobs Development and Infrastructure Council (IJDC).

By the December 7, 2007 Notice of Filing, the Commission directed that the Applicants publish the Notice of Filing once by a Class I legal advertisement in a newspaper duly qualified by the Secretary of State, published and generally circulated in Webster County, providing a 30-day protest period and providing that, if no protests are filed, the Commission may waive hearing and grant the application based upon its review of the evidence submitted with the application.

WVAC

By the December 19, 2007 Referral Order, the Commission referred this case to the Division of Administrative Law Judges (ALJ Division) for decision on or before April 21, 2008, if no protest is received, and July 7, 2008, if a protest is received.

On January 10, 2008, the Applicants submitted a publication affidavit indicating that the Notice of Filing was published on December 19, 2007, in the *Webster Echo*, a newspaper published and generally circulated in Webster County. No public protest has been filed.

On January 18, 2008, Staff Attorney Meyishi Pearl Blair submitted the Initial Joint Staff Memorandum briefly summarizing the application.

On February 7, 2008, the Applicants submitted a letter from the West Virginia Department of Environmental Protection (DEP) granting State 401 Water Quality Certification, Nationwide Permit No. 12, for the project and a letter dated February 1, 2008, from Governor Joe Manchin, III, confirming commitment of the full \$687,000 HUD Grant amount.

On February 8, 2008, the Applicants submitted a letter attaching a brief economic analysis of the effect of the project and the investment by WV-AWC in the project, indicating that the revenue generated by rates related to the project would produce a return on WV-AWC's investment of 7.45%.

Responding to all of the above, by the February 19, 2008 Procedural Order, the Administrative Law Judge (ALJ) directed that Commission Staff submit its Staff Report no later than March 21, 2008.

On February 26, 2008, Staff Attorney Blair submitted the Final Joint Staff Memorandum, attaching the February 11, 2008 Final Internal Memorandum from Utilities Analyst Nathan Nelson, Water and Wastewater Division, and Technical Analyst Ingrid Ferrell, Engineering Division. Together, these Memoranda comprise Commission Staff's final substantive recommendation in this matter. Staff described the joint project, a large portion of which will be constructed and owned by the Authority, with the remaining portion to be constructed and owned by WV-AWC, as comprising approximately 11,500 feet of 8-inch, 1,900 feet of 6-inch and 2,100 feet of 2-inch water mainlines, together with related service lines, meters and other appurtenances, including 52 fire hydrants, to serve approximately 52 new customers. Should funding permit, Alternate Line 1, Line B, would consist of approximately 2,300 feet of 8-inch line and appurtenances, and one fire hydrant, to serve one additional new customer. Staff recommended that the Commission approve the application for the Authority to construct the project along County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs; approve the Operations and Maintenance Agreement (O&M Agreement) between the Applicants, for WV-AWC to operate and maintain the water operation for the Authority and to furnish all of the water required by the project; approve the proposed financing for the project; approve rates for the Authority that are identical to WV-AWC's tariff, which are the Authority's proposed rates, i.e., the rates contained in the publication of the Notice of Filing, and are the Staff-recommended rates; and waive the Rule 42 filing requirement. WV-AWC operates a water treatment plant that is sufficient to provide the water for the operation and which is in close proximity to the

project. The plans and specifications conform to the Commission's rules and regulations. The water supply for the proposed new customers is inadequate in quantity and does not meet safe drinking water quality standards. The Office of Environmental Health Services has issued Permit No. 17,572 certifying the project for construction, signifying that the project has been designed in accordance with current engineering practice. The IJDC has approved the project for funding, including a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC, and commitment letters for the financing were filed with the application. The Staff-recommended rates would permit WV-AWC to earn a rate of return on its investment similar to the rate stipulated in Case No. 07-0998-W-42T, which has not yet been decided by the Commission. The Authority proposes to adopt rates consisting of the same rates and charges contained in WV-AWC's tariff in effect at the time the certificate is granted. Its future rates would be the same as any future WV-AWC rates, with it being the responsibility of WV-AWC to notify the Authority's customers of future rate changes. Essentially, according to the O&M Agreement, WV-AWC will operate the Authority's system, perform meter reading, perform all billing and collection, maintain the system and perform all actions necessary for the operation of Authority's system. Staff recommended some changes to the wording of the O&M Agreement. Opining that the project is financially feasible, Staff recommended its approval. Staff also recommended that the Authority seek prior Commission approval before commencing construction should the plans or the scope of the project change or should the rates change. Changes in project costs or financing would not require separate approval if those changes do not affect rates and the Authority submits an affidavit from a certified public accountant to this effect.

On March 3, 2008, Stephen N. Chambers, counsel for WV-AWC, submitted a letter stating that WV-AWC and the Authority both wholly agree to and accept Staff's final substantive recommendations, except that the Staff-recommended tariff omitted the minimum rate of \$1337.19 for customers with 8-inch meters.

On March 5, 2008, Staff Attorney Blair submitted a Further Final Joint Staff Memorandum, attaching a March 5, 2008 Further Final Internal Memorandum from Utilities Analyst Nelson and Technical Analyst Ferrell, indicating that the minimum rate for customers with 8-inch meters was inadvertently omitted from the Staff-recommended tariff due to a computer issue. Staff attached a corrected version of the Staff-recommended rates that included the minimum charge of \$1,337.19 per month for a customer with an 8-inch meter.

### DISCUSSION

Having considered all of the above, since no dispute remains to be resolved in this proceeding, as evidenced by the responses to Staff's final recommendation, the ALJ will consider the parties to have waived their rights under *West Virginia Code* §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, or to a hearing.

The ALJ holds that, since WV-AWC operates a water treatment plant that is sufficient to provide the water for the operation and which is in close proximity to the project; since the plans and specifications conform to the Commission's rules and regulations; since the water supply for the

proposed new customers is inadequate in quantity and does not meet safe drinking water quality standards; since the Office of Environmental Health Services has issued Permit No. 17,572 certifying the project for construction, signifying that the project has been designed in accordance with current engineering practice; and since Staff has recommended that the Commission approve the application for the Authority to construct the project along County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs, the public convenience and necessity require the project and the certificate application will be granted. Since Commission Staff also recommended that the Commission approve an Operations and Maintenance Agreement (O&M Agreement) between the Applicants, for WV-AWC to operate and maintain the water operation for the Authority and to furnish all of the water required by the project; since Staff recommended some changes to the wording of the O&M Agreement; and since WV-AWC and the Authority accepted Staff's final substantive recommendations, the ALJ will approve the O&M Agreement and require the parties to file an executed copy of the O&M Agreement containing the Staff-recommended changes. Since Staff recommended approval of the proposed financing for the project, comprised of a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC, and since letters of commitment for the financing were included with the application, the ALJ will approve the project financing. Also, the ALJ will approve the Staff-recommended rates for the Authority, which are identical to WV-AWC's tariff and which are the rates the Authority proposed, i.e., the rates contained in the publication of the Notice of Filing. Essentially, the project will not change the Authority's rates or WV-AWC's rates. As WV-AWC gets approval for new rates in its rate cases, the Authority's rates will likewise change at that time. The Staff-recommended rates would permit WV-AWC to earn a rate of return on its investment similar to the rate stipulated in Case No. 07-0998-W-42T, which has not yet been decided by the Commission. The ALJ will waive the Rule 42 filing requirement, as recommended by Staff. Since the IJDC has approved the project for funding, the ALJ will require that the Authority seek prior Commission approval before commencing construction should the plans or the scope of the project change or should the rates change. However, a change in project cost would not require separate approval if such change does not affect rates and the Authority submits an affidavit from a certified public accountant to this effect.

### **FINDINGS OF FACT**

1. West Virginia-American Water Company and the Webster County Economic Development Authority jointly filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County; for approval of a related Operations and Maintenance Agreement (Agreement) between the Applicants, including the ratemaking treatment set forth in the Agreement; for approval of the proposed funding for the project, comprised of a \$687,000 SCB Grant and a \$162,000 contribution from WV-AWC; for approval for the Authority to adopt and implement a tariff of rates and charges that are identical to those of WV-AWC at the time the application is approved and as such rates may be changed from time to time by Commission approval; for a waiver of the requirement to file a Rule 42 exhibit with the application; and for a

waiver of a hearing on this matter. This project has been approved by the IJDC. (See, December 7, 2007 application).

2. The Applicants caused the Notice of Filing to be published on December 19, 2007, in the *Webster Echo*, a newspaper published and generally circulated in Webster County. (See, January 10, 2008 publication affidavit).

3. No public protest has been filed. (See, Commission's file).

4. The joint project, a large portion of which will be constructed and owned by the Authority, with the remaining portion to be constructed and owned by WV-AWC, is comprised of approximately 11,500 feet of 8-inch, 1,900 feet of 6-inch and 2,100 feet of 2-inch water mainlines, together with related service lines, meters and other appurtenances, including 52 fire hydrants, to serve approximately 52 new customers. Should funding permit, Alternate Line 1, Line B, would consist of approximately 2,300 feet of 8-inch line and appurtenances, and one fire hydrant, to serve one additional new customer. (See, February 26, 2008 Staff Report).

5. WV-AWC operates a water treatment plant that is sufficient to provide the water for the operation and which is in close proximity to the project. The plans and specifications for the project conform to the Commission's rules and regulations. The water supply for the proposed new customers is inadequate in quantity and does not meet safe drinking water quality standards. The Office of Environmental Health Services has issued Permit No. 17,572 certifying the project for construction and signifying that the project has been designed in accordance with current engineering practice. (See, February 26, 2008 Staff Report).

6. The proposed financing for the project consists of a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC. Commitment letters for the financing were filed with the application. (See, February 26, 2008 Staff Report).

7. Staff recommended approval of the proposed financing for the project, comprised of a \$687,000 SCB Grant and a \$162,000 contribution from WV-AWC. (See, February 26, 2008 Staff Report).

8. Staff recommended approval of rates for the Authority that are identical to WV-AWC's tariff, which are the Authority's proposed, i.e., the rates contained in the publication of the Notice of Filing. The project will not change the Authority's rates or WV-AWC's rates. As WV-AWC gets approval for new rates in its rate cases, the Authority's rates will likewise change at that time. (See, February 26, 2008 Staff Report).

9. The Staff-recommended rates would permit WV-AWC to earn a rate of return on its investment similar to the rate stipulated in Case No. 07-0998-W-42T, which has not yet been decided by the Commission. The Authority proposes to adopt rates consisting of the same rates and charges contained in WV-AWC's tariff in effect at the time the authority is granted and for future rates to be

the same as future WV-AWC rates, with it being the responsibility of WV-AWC to notify the Authority's customers of future rate changes. (See, February 26, 2008 Staff Report).

10. Staff recommended that the Commission waive the Rule 42 filing requirement. (See, February 26, 2008 Staff Report).

11. According to the O&M Agreement, WV-AWC will operate the Authority's system, perform meter reading, perform all billing and collection, maintain the system and perform all actions necessary for the operation of Authority's system. Staff recommended some changes to the wording of the O&M Agreement, and, with those changes, Staff recommended approval of the O&M Agreement. (See, February 26, 2008 Staff Report).

12. Opining that the project is needed and financially feasible, Staff recommended its approval. Staff also recommended that the Authority seek prior Commission approval before commencing construction should the plans or the scope of the project change or should the rates change. Changes in project costs or financing would not require separate approval if those changes do not affect rates and the Authority submits an affidavit from a certified public accountant to this effect. (See, February 26, 2008 Staff Report).

13. Stephen N. Chambers, counsel for WV-AWC, submitted a letter stating that WV-AWC and the Authority both wholly agree to and accept Staff's final substantive recommendations, except that the Staff-recommended tariff omitted the minimum rate for customers with 8-inch meters of \$1,337.19. (See, March 3, 2008 letter).

14. Staff corrected the error of omission regarding the \$1,337.19 monthly minimum charge for customers with 8-inch meters. (See, March 5, 2008 Staff filing).

### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed financing for the project should be approved.
3. The Staff-recommended rates for the Authority, which will change prospectively when WV-AWC receives rate changes, are sufficient, but not more than sufficient, to support the proposed project and should be approved.
4. Should the scope, plans or financing for the project change, the Authority must obtain prior Commission approval before commencing construction. Changes in project costs do not require separate approval if those changes do not affect rates and the Authority submits an affidavit from a certified public accountant to this effect.

## ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity jointly filed with the Commission on December 7, 2007, by the Webster County Economic Development Authority and West Virginia-American Water Company pursuant to *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Operations and Maintenance Agreement between the Webster County Economic Development Authority and West Virginia-American Water Company, whereby WV-AWC will perform all operations of the Authority's water system and furnish water to the Authority's system, be, and hereby is, approved, as modified by Commission Staff. No later than thirty (30) days from the date that this Recommended Decision becomes final, the Webster County Economic Development Authority and West Virginia-American Water Company shall file a revised executed copy of the O&M Agreement containing the Staff-recommended changes.

IT IS FURTHER ORDERED that the rates and charges attached as Appendix A be, and hereby are, approved for all service rendered by the Webster County Economic Development Authority after this Recommended Decision becomes final.

IT IS FURTHER ORDERED that, within thirty (30) days of this Recommended Decision becoming final, the Webster County Economic Development Authority file an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

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

IT IS FURTHER ORDERED that the Applicants submit a copy of the bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the Applicants notify the Commission when the project engineer has performed the substantial completion inspection.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Applicants comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Applicants comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this Recommended Decision upon the Commission by hand delivery and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

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



**Ronnie Z. McCann**  
Deputy Chief Administrative Law Judge

RZM:s  
072334aa.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

CASE NO. 07-2334-W-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY and  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY.

Joint application for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County, and for approval of a related agreement between the parties.

**APPROVED RATES**

**APPLICABILITY**

Applicable in the entire territory served by the Webster County Economic Development Authority.

**AVAILABILITY**

Available for general domestic, commercial and industrial service.

**RATES**

First 1,500 gallons used per month	Minimum Charge
Next 28,500 gallons used per month	\$7.6617 per 1,000 gallons
Next 870,000 gallons used per month	\$5.0000 per 1,000 gallons
Next 8,100,000 gallons used per month	\$3.8400 per 1,000 gallons
All over 9,000,000 gallons used per month	\$2.8000 per 1,000 gallons

**MINIMUM CHARGE**

No bill will be rendered for less than the following amount according to the size of each meter installed, to-wit: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters:

3/4-inch meter or less*	\$ 17.27 per month
1-inch meter	\$ 42.33 per month
1-1/2-inch meter	\$ 84.08 per month
2-inch meter	\$ 134.22 per month
3-inch meter	\$ 251.18 per month
4-inch meter	\$ 418.24 per month

6-inch meter	\$ 835.94 per month
8-inch meter	\$1,337.19 per month

\*All residential customers shall be served through a 5/8-inch meter; provided, however, that the Authority may install a large meter when reasonably necessary. This restriction shall not apply to residential meters currently in service.

#### POST CONSTRUCTION TAP FEE

A charge of \$300 will be assessed to customers who connect to the system after completion of construction adjacent to the customer's property line where, in order to connect the customer to the system, a utility service line and meter setting must be installed.

#### INCREMENTAL LEAK ADJUSTMENT

\$0.30 per 1,000 gallons is to be used in the calculation of leak adjustments when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

#### DELAYED PAYMENT PENALTY

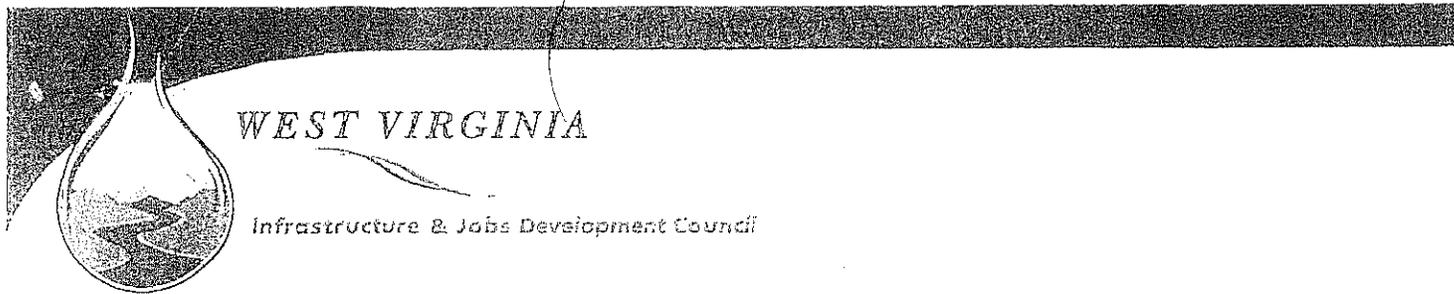
The Authority's tariffs are net. On all current usage bills not paid within twenty-one days of the date of the bill, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

#### RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the Authority (or its agent for billing and collecting), not to exceed \$25.00, will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

#### RECONNECTION

When it is necessary to discontinue water service to any premises on account of non-payment of charges, a charge of twenty dollars (\$20.00) will be made to cover the cost of turning on the water service. This charge will not apply where the Authority has a disconnection agreement with a sewer utility and is entitled to collect a reconnect charge from the sewer utility for such reconnection for non-payment of sewer charges. This charge may be added to a past due balance and included in the outstanding balance under a deferred payment agreement.



**WEST VIRGINIA**

*Infrastructure & Jobs Development Council*

Gov. Joe Manchin, III  
Chairman

July 8, 2010

Kenneth Lowe, Jr.  
Public Member

Dwight Calhoun  
Public Member

David "Bones" McComas  
Public Member

Ron Justice  
Public Member

Angela K. Chestnut, P.E.  
Executive Director

Barbara J. Pauley  
Administrative Secretary

Geary Weir, Executive Director  
Webster County EDA  
139 Baker Street  
Webster Springs, WV 26288

Re: Webster County EDA – Diana Phase I Water Project 2008W-1027  
Binding Commitment  
**(Action Required by July 31, 2010)**

Dear Mr. Weir:

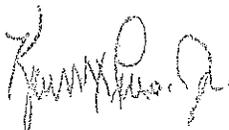
The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately \$890,000 (Loan) and an Infrastructure Fund grant of approximately \$446,000 (Grant) to the Webster County EDA (EDA) for the above referenced water project (Project). The final Loan and Grant amounts will be established after the EDA has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan and Grant upon the EDA's compliance with the program requirements.

The Infrastructure Council will authorize the West Virginia Water Development Authority (Authority) to enter into the Loan and Grant agreements with the EDA following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

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

If the EDA has any questions regarding this commitment, please contact Jim Ellars at 304-558-4607 (X201).

Sincerely,



Kenneth Lowe, Jr.

Attachment

cc: Bob Decrease, P.E., BPH *(via e-mail)*  
Mark Shamblin, WVAWC *(via e-mail)*  
John Stump, Steptoe & Johnson *(via e-mail)*  
Samme Gee, Esq., Jackson Kelly *(via e-mail)*

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

Webster County EDA

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned President of the Webster County Economic Development Authority (the "Issuer"), for and on behalf of the Issuer, hereby certify this 11th day of April, 2011 as follows:

1. On the 11th day of April, 2011, the Authority received the Webster County Economic Development Authority Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), issued in the principal amount of \$890,000, as a single, fully registered Bond, numbered AR-1 and dated April 11, 2011 (the "Bonds").

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the President and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of \$23,000, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

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

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By: Carol A. Cummings  
Its: Authorized Representative

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

By: Kevin W. Determ  
Its: President

03.28.11  
947800.00004

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank, as  
Bond Registrar for the Series 2011 A Bonds  
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Webster County Economic Development Authority Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the principal amount of \$890,000, dated April 11, 2011 (the "Bonds"), executed by the President and Secretary of the Webster County Economic Development Authority (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on March 15, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 6, 2011 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated April 11, 2011 (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");

(4) A copy of the executed Agreement dated October 12, 2007 as amended by First Amendment to Agreement dated April 11, 2011 as amended, by and between the Issuer and West Virginia-American Water Company;

(5) A copy of the executed Letter of Credit issued April 11, 2011, in the stated amount of \$45,936 by JPMorgan Chase Bank, N.A., Tampa, Florida; and

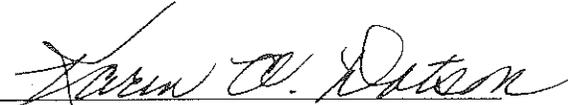
(6) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$23,000, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated the day and year first written above.

WEBSTER COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY

By:   
Its: President

03.28.11  
947800.00004

SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
WATER REVENUE BOND, SERIES 2011 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR- 1

\$890,000

KNOW ALL MEN BY THESE PRESENTS: That this 11th day of April, 2011 the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY, a public agency and public corporation of the State of West Virginia in Webster County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of EIGHT HUNDRED NINETY THOUSAND DOLLARS (\$890,000), 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 September 1, 2012 to and including March 1, 2051, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated April 11, 2011 (the "Loan Agreement").

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 additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on March 15, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 6, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and

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

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY GROSS REVENUES OF THE SYSTEM.

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, and from unexpended proceeds of the Bonds and the Letter of Credit (as defined in the Bond Legislation) in the reserve account created under the Bond Legislation for the Bonds (the "Series 2011 A Bonds Reserve Account"). 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and the Letter of Credit (as defined in the Bond Legislation) in the Series 2011 A Reserve Account. 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. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2011 A Bonds Reserve Account in the amount required under the Loan Agreement and the Bond Legislation. 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

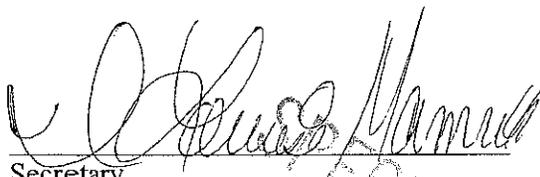
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IN WITNESS WHEREOF, the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY has caused this Bond to be signed by its President, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the day and year first written above.

[SEAL]

  
President

ATTEST:

  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 11, 2011.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$23,000	04/11/2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

**BOND DEBT SERVICE**  
**\$890,000**  
**Webster County EDA**  
**IF**  
**0% Interest Rate**  
**40 Years from Closing Date**

Dated Date 4/11/2011  
 Delivery  
 Date 4/11/2011

Period Ending	Principal	Interest	Debt Service
9/1/2012	5,742		5,742
12/1/2012	5,742		5,742
3/1/2013	5,742		5,742
6/1/2013	5,742		5,742
9/1/2013	5,742		5,742
12/1/2013	5,742		5,742
3/1/2014	5,742		5,742
6/1/2014	5,742		5,742
9/1/2014	5,742		5,742
12/1/2014	5,742		5,742
3/1/2015	5,742		5,742
6/1/2015	5,742		5,742
9/1/2015	5,742		5,742
12/1/2015	5,742		5,742
3/1/2016	5,742		5,742
6/1/2016	5,742		5,742
9/1/2016	5,742		5,742
12/1/2016	5,742		5,742
3/1/2017	5,742		5,742
6/1/2017	5,742		5,742
9/1/2017	5,742		5,742
12/1/2017	5,742		5,742
3/1/2018	5,742		5,742
6/1/2018	5,742		5,742
9/1/2018	5,742		5,742
12/1/2018	5,742		5,742
3/1/2019	5,742		5,742
6/1/2019	5,742		5,742
9/1/2019	5,742		5,742
12/1/2019	5,742		5,742
3/1/2020	5,742		5,742
6/1/2020	5,742		5,742
9/1/2020	5,742		5,742
12/1/2020	5,742		5,742
3/1/2021	5,742		5,742
6/1/2021	5,742		5,742
9/1/2021	5,742		5,742
12/1/2021	5,742		5,742
3/1/2022	5,742		5,742
6/1/2022	5,742		5,742
9/1/2022	5,742		5,742
12/1/2022	5,742		5,742
3/1/2023	5,742		5,742

**BOND DEBT SERVICE**  
 \$890,000  
 Webster County EDA  
 IF  
 0% Interest Rate  
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2023	5,742		5,742
9/1/2023	5,742		5,742
12/1/2023	5,742		5,742
3/1/2024	5,742		5,742
6/1/2024	5,742		5,742
9/1/2024	5,742		5,742
12/1/2024	5,742		5,742
3/1/2025	5,742		5,742
6/1/2025	5,742		5,742
9/1/2025	5,742		5,742
12/1/2025	5,742		5,742
3/1/2026	5,742		5,742
6/1/2026	5,742		5,742
9/1/2026	5,742		5,742
12/1/2026	5,742		5,742
3/1/2027	5,742		5,742
6/1/2027	5,742		5,742
9/1/2027	5,742		5,742
12/1/2027	5,742		5,742
3/1/2028	5,742		5,742
6/1/2028	5,742		5,742
9/1/2028	5,742		5,742
12/1/2028	5,742		5,742
3/1/2029	5,742		5,742
6/1/2029	5,742		5,742
9/1/2029	5,742		5,742
12/1/2029	5,742		5,742
3/1/2030	5,742		5,742
6/1/2030	5,742		5,742
9/1/2030	5,742		5,742
12/1/2030	5,742		5,742
3/1/2031	5,742		5,742
6/1/2031	5,742		5,742
9/1/2031	5,742		5,742
12/1/2031	5,742		5,742
3/1/2032	5,742		5,742
6/1/2032	5,742		5,742
9/1/2032	5,742		5,742
12/1/2032	5,742		5,742
3/1/2033	5,742		5,742
6/1/2033	5,742		5,742
9/1/2033	5,742		5,742
12/1/2033	5,742		5,742
3/1/2034	5,742		5,742
6/1/2034	5,742		5,742
9/1/2034	5,742		5,742
12/1/2034	5,742		5,742

**BOND DEBT SERVICE**  
 \$890,000  
 Webster County EDA  
 IF  
 0% Interest Rate  
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2035	5,742		5,742
6/1/2035	5,742		5,742
9/1/2035	5,742		5,742
12/1/2035	5,742		5,742
3/1/2036	5,742		5,742
6/1/2036	5,742		5,742
9/1/2036	5,742		5,742
12/1/2036	5,742		5,742
3/1/2037	5,742		5,742
6/1/2037	5,742		5,742
9/1/2037	5,742		5,742
12/1/2037	5,742		5,742
3/1/2038	5,742		5,742
6/1/2038	5,742		5,742
9/1/2038	5,742		5,742
12/1/2038	5,742		5,742
3/1/2039	5,742		5,742
6/1/2039	5,742		5,742
9/1/2039	5,742		5,742
12/1/2039	5,742		5,742
3/1/2040	5,742		5,742
6/1/2040	5,742		5,742
9/1/2040	5,742		5,742
12/1/2040	5,742		5,742
3/1/2041	5,742		5,742
6/1/2041	5,742		5,742
9/1/2041	5,742		5,742
12/1/2041	5,742		5,742
3/1/2042	5,742		5,742
6/1/2042	5,742		5,742
9/1/2042	5,742		5,742
12/1/2042	5,742		5,742
3/1/2043	5,742		5,742
6/1/2043	5,742		5,742
9/1/2043	5,742		5,742
12/1/2043	5,742		5,742
3/1/2044	5,742		5,742
6/1/2044	5,742		5,742
9/1/2044	5,742		5,742
12/1/2044	5,742		5,742
3/1/2045	5,742		5,742
6/1/2045	5,742		5,742
9/1/2045	5,742		5,742
12/1/2045	5,742		5,742
3/1/2046	5,742		5,742
6/1/2046	5,742		5,742
9/1/2046	5,742		5,742

\$890,000  
 Webster County EDA  
 IF  
 0% Interest Rate  
 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2046	5,742		5,742
3/1/2047	5,742		5,742
6/1/2047	5,742		5,742
9/1/2047	5,742		5,742
12/1/2047	5,742		5,742
3/1/2048	5,742		5,742
6/1/2048	5,742		5,742
9/1/2048	5,741		5,741
12/1/2048	5,741		5,741
3/1/2049	5,741		5,741
6/1/2049	5,741		5,741
9/1/2049	5,741		5,741
12/1/2049	5,741		5,741
3/1/2050	5,741		5,741
6/1/2050	5,741		5,741
9/1/2050	5,741		5,741
12/1/2050	5,741		5,741
3/1/2051	5,742		5,742
	<b>890,000</b>		<b>890,000</b>

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

April 11, 2011

Webster County Economic Development Authority  
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

Webster County Economic Development Authority  
Webster Springs, 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 the Webster County Economic Development Authority (the "Issuer"), a public agency and public corporation organized and existing under the laws of the State of West Virginia, of its \$890,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement for the Bonds dated April 11, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including March 1, 2051, all as set forth in "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 7, Article 12, Chapter 8, Article 16 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 facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have examined an executed Letter of Credit issued April 11, 2011, in the stated amount of \$45,936 by JPMorgan Chase Bank, N.A., Tampa, Florida, for funding the Series 2011 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on March 15, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 6, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public agency and public corporation of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact 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 ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their terms. 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 and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

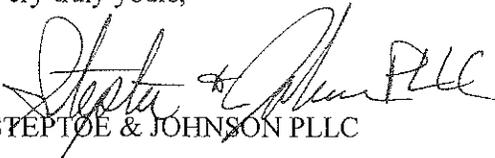
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest, if any, on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

03.31.11  
947800.00004



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

Writer's Contact Information

April 11, 2011

Webster County Economic Development Authority  
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

Webster County Economic Development Authority  
Webster Springs, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to the Webster County Economic Development Authority, a public agency and public corporation in Webster County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, relating to the above captioned bonds of the Issuer (the "Bonds"), a loan agreement for the bonds dated April 11, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a Bond Ordinance duly enacted by the Issuer on March 15, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 6, 2011, (collectively, the "Bond Legislation"), the Agreement dated October 12, 2007 as amended by first Amendment to Agreement dated April 11, 2011, by and between the Issuer and West Virginia-American Water Company (the "Company"), (collectively, the "Agreement"), the Letter of Credit dated April 11, 2011, obtained by the Company, in the amount of \$45,936, for funding the Series 2011 A Bonds Reserve Account from JPMorgan Chase Bank, N.A., Tampa, Florida, orders of The County Commission of Webster County relating to the Issuer and the appointment of members of the board of the Issuer and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a public agency and public corporation in the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation, all under the Act and under applicable provisions of law. The members and officers of the Board of the Issuer have been duly and

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properly elected or appointed, as applicable, have taken the required oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

3. 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 by the Issuer and enforceable in accordance with its terms.

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

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

6. The execution and delivery of the Bonds, the Agreement and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Agreement, 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 ordinance, resolution, agreement or other instrument to which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

7. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations required by law for the creation and existence of the Issuer, issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all orders, consents, certificates and approvals from The County Commission of Webster County, the 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. The Issuer and Company have received a Recommended Decision entered March 7, 2008 which became Final Order on March 17, 2008 and Commission Order dated June 5, 2008 from the Public Service Commission of West Virginia in Case No. 07-2334-W-PC-CN necessary for the implementation of rates and charges and the Issuer has taken any other action required for the imposition of such rates and charges. The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on December 23, 2009, in Case No. 09-1953-W-PC-CN, among other things, determining that certificate of public convenience and necessity for the Project is not required. The time for appeal of the Order has expired prior to the date hereof without any appeal. The Order remains in full force and effect.

8. Prior to construction, we will ascertain that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. We will also ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy. Prior to the execution of construction contracts by the Issuer, we will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond

Legislation and the Loan Agreements; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

9. To the best of 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, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Agreement, the Letter of Credit, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

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

Very truly yours,



STEPH & JOHNSON PLLC

WALTON S. SHEPHERD, III  
ATTORNEY AT LAW

P.O. BOX 13249  
SISSONVILLE, WV 25360-0249  
e-mail: walton.shepherdiii@frontier.com

FAX (304) 984-3307

PHONE (304) 984-3306

FINAL TITLE OPINION

WATER PROJECTS  
INFRASTRUCTURE FUND FINANCING  
April 11, 2011

West Virginia Infrastructure Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Re: Webster County Economic Development Authority and  
West Virginia American Water  
Diana Water Main Extensions Project, Webster County, WV  
PHASE I

Dear Ladies and Gentlemen:

I represent Webster County Economic Development Authority with regard to a proposed project to construct the Diana Water Main Extensions (the "Project"), and provide this final title report on behalf of Webster County Economic Development Authority and West Virginia American Water to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Webster County Economic Development Authority is a duly created and existing economic development authority possessed with all the powers and authority granted to economic development authority 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 Bureau for Public Health.

2. That the Webster County Economic Development Authority has obtained approval for all necessary permits and approvals 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 Terradon Corporation, the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Webster County, West Virginia, the county in which the Project is to be located, and in my opinion, Webster County Economic Development Authority has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

5. The necessary filings for the following listed properties have been made in the aforesaid Clerk's Office to permit Webster County Economic Development Authority a right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject properties. The Webster County Economic Development Authority's title thereto is defensible in the event the Webster County Economic Development Authority does not satisfy any resulting judgement and/or award in the proceedings for acquisition of said properties, and our certification is subject to any pending litigation.

**FORK LICK EASEMENTS:**

- (1) Right of Way Agreement from Elnora Rutherford, widow, (Tax Map 7M, Parcel 82) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 307.
- (2) Right of Way Agreement from Darrell I. Hall (Tax Map 7L, Parcel 74) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 311.
- (3) Right of Way Agreement from The Sun Lumber Company, a corporation, (Tax Map 7L, Parcel 71) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 314.
- (4) Right of Way Agreement from Betty J. Cutlip and Charles Cutlip (Tax Map 7L, Parcel 13) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 318.
- (5) Right of Way Agreement from Monta S. Cochran, widow, (Tax Map 7L, Parcel 12) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 322 & 326.
- (6) Right of Way Agreement from Dana Brooks and Marie Brooks (Tax Map 6L, Parcel 3) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 329.

## HOLLY EASEMENTS:

- (1) Right of Way Agreement from Gerald E. Moffit and Goldie E. Moffit (Tax Map 6L, Parcel 27) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 332.
- (2) Right of Way Agreement from Jennings Miller and Betty Miller (Tax Map 6L, Parcel 29.3) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 335.
- (3) Right of Way Agreement from Cynthia Cogar Rollins and Clark Rollins (Tax Map 6K, Parcel 57.3) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 338.
- (4) Right of Way Agreement from Donnie J. Carpenter and Carolyn Fisher (Tax Map 6K, Parcel 57.4) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 341.
- (5) Right of Way Agreement from Joseph D. Hines, Jr. and Patricia M. Hines (Tax Map 6J, Parcel 25) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 345.
- (6) Right of Way Agreement from Jerry Hamrick and Jeanette Hamrick (Tax Map 7J, Parcel 52.1 & 52.2) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 348.
- (7) Right of Way Agreement from Elk River Properties, LLC (Tax Map 7J, Parcel 10) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 351.
- (8) Right of Way Agreement from Leona B. Anderson, Earl W. Anderson, Tina R. Lowe, and Donna Jo Coleman (Tax Map 7J, Parcel 17) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 354.
- (9) Right of Way Agreement from Allen E. Boyce and Tila Boyce (Tax Map 7J, Parcel 51.1) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 358.
- (10) Right of Way Agreement from Jerry F. Hamrick and Jeanette Hamrick (Tax Map 7J, Parcel 43) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 361.
- (11) Right of Way Agreement from L. J. Carpenter and Agnes Carpenter (Tax Map 7J, Parcel 39.2) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 364.
- (12) Right of Way Agreement from Marion J. Bruffy (Tax Map 7J, Parcel 9.2 & 9.3) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 368.
- (13) Right of Way Agreement from Gerald Ware and Connie Hamrick (Ware) (Tax Map 7J, Parcel 7) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 371.
- (14) Right of Way Agreement from L. J. Carpenter and Agnes Carpenter (Tax Map 7J, Parcel 4) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 374.
- (15) Right of Way Agreement from Edgel Luzier and Agnes Carpenter (Tax Map 7J, Parcel 4) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 377.

- (16) Right of Way Agreement from Goldies Skeens, Ronnie Gillies and Gueard Jordan, as Trustees for New Hope Church, (Tax Map 7J, Parcel 1.1) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 380.
- (17) Right of Way Agreement from Denise Hall (Tax Map 7J, Parcel 1) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 383.
- (18) Right of Way Agreement from Retha Mathes Hall and Hinton Hall (Tax Map 7H, Parcel 24) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 387.
- (19) Right of Way Agreement from Linda Kay Brooks (Tax Map 7H, Parcel 3.1) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 391.
- (20) Right of Way Agreement from Donald Brooks and Amber Brooks (Tax Map 6H, Parcel 51) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 394.
- (21) Right of Way Agreement from Sharon S. Hall and Elizabeth J. Lynch (Tax Map 7J, Parcel 40) recorded in the aforesaid Clerk's Office in Deed Book 277 at page 397.

6. That all deeds or other documents which have been acquired to date by the Webster County Economic Development Authority have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title of Webster County Economic Development Authority.

Sincerely yours,

  
Walton S. Shepherd, III

WSS/db



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April 11, 2011

Webster County Economic Development Authority  
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

West Virginia-American Water Company  
Charleston, West Virginia

Webster County Economic Development Authority  
Webster Springs, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Step toe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with (1) an Agreement dated October 12, 2007 as amended by First Amendment to Agreement dated April 11, 2011, by and between Webster County Economic Development Authority (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 and interest, if any, on the above-captioned Bonds (the "Bonds"), and (2) the applications and agreements by the Company for, and the execution and delivery by the Company of, certain promissory notes in connection with the issuance by JPMorgan Chase Bank, N.A. (the "Bank"), of its letter of credit dated April 1, 2011, but not available to be drawn upon before April 11, 2011 (the "Letter of Credit"), in the stated amount of \$45,936 for funding the Series 2011 A Bonds Reserve Account. The Bonds are being issued by the Issuer under Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on March 15, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on April 6, 2011 (collectively, the "Bond Legislation"), for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a Loan Agreement dated April 11, 2011. 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, the paying agent for the Bonds and the beneficiary of the Letter of Credit, in the event Net Revenues are insufficient or unavailable to pay any installment of principal or interest on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

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

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

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

Very truly yours,

A handwritten signature in cursive script that reads "Jackson Kelly PLLC".

JACKSON KELLY PLLC

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned PRESIDENT and SECRETARY of the Webster County Economic Development Authority, in Webster County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify this 11th day of April, 2011 in connection with the \$890,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated the date hereof (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly enacted by the Issuer on March 15, 2011, and a Supplemental Resolution duly adopted by the Issuer on April 6, 2011 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of any Grant proceeds and the Net Revenues, or the pledge and security of the Net Revenues for the Bonds, or in any way contesting or affecting the validity of the Bonds or the Grants 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, the receipt of any Grant proceeds and the Net Revenues, or the pledge and security of the Net Revenues for the Bonds.

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 and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the 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 entered into by and between the Issuer and the Authority, on behalf of the Council. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are no outstanding bonds or obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, or which are secured by revenues or assets of the System.

The Agreement is valid and binding and has been approved by the Public Service Commission of West Virginia. The term of the Agreement has been extended to the date of maturity of the Series 2011 A Bonds.

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

Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Orders  
Infrastructure Council Approval  
County Commission Order Creating Issuer  
County Commission Orders Appointing Current Boardmembers  
Oaths of Office of Current Boardmembers  
Bylaws  
Affidavit of Publication regarding Project  
Minutes on Current Year Organizational Meeting  
Affidavit of Publication of Abstract of Bond Ordinance and Notice  
of Public Hearing  
Minutes on Adoption and Enactment of Bond Ordinance and  
Adoption of Supplemental Resolution  
West Virginia Infrastructure Fund Grant Agreement  
Agreement with West Virginia-American Water Company  
Evidence of ARC Grant  
Evidence of County Grant  
Letter of Credit and Related Documents  
Environmental Health Services Permit

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate name of the Issuer is "Webster County Economic Development Authority." The Issuer is a public agency and public corporation in Webster County and presently existing under the laws of the State of West Virginia. The governing body of the Issuer is its board, consisting of 12 members, all duly appointed, qualified and acting, 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
Carol Cogar	July 1, 2010	June 30, 2013
Scott Hamrick	July 1, 2010	June 30, 2013
Angie Cowager	July 1, 2008	June 30, 2011
Dexter Beckett	July 1, 2008	June 30, 2011
Michael Morris	July 1, 2009	June 30, 2012
Hullena Cogar	July 1, 2009	June 30, 2012
Karen Dotson	July 1, 2010	June 30, 2013
Geoff Ezell	July 1, 2013	June 30, 2013
Billy Lake	March 5, 2008	June 30, 2011
Louise Hamrick	July 1, 2008	June 30, 2011
George D. Curtin III	July 1, 2009	June 30, 2012
Kimble Tanner	July 1, 2009	June 30, 2012

The names of the duly elected and/or appointed, qualified and acting officers of the Issuer for the calendar year 2011 are as follows:

President - Karen Dotson  
Secretary - Louise Hamrick

The duly appointed and acting counsel to the Issuer is Steptoe & Johnson PLLC, Charleston, 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, ordinances, 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 or 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 Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the 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. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation is in full force and effect.

10. GRANTS: As of the date hereof, the contribution from West Virginia-American Water Company in the amount of \$162,500, the grant from the Webster County Commission in the amount of \$50,000, the grant from the Appalachian regional Commission in the amount of \$1,500,000 and the grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$639,000 are committed and in full force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

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

12. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered March 7, 2008 which became Final Order on March 17, 2008, and Commission Order dated June 5, 2008 in Case No. 07-2334-W-PC-CN approving the rates and charges for the services of the System and has adopted an ordinance prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned President did officially sign all of the Bonds, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

15. BOND PROCEEDS: On the date hereof, the Issuer received \$23,000 from the Council and the Authority, being more than a de minimis amount of the principal of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Webster Echo*, a newspaper published and of general circulation in Webster County, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Board at the public hearing held at a public meeting of Board on the 15th day of March, 2011 at 6:00 p.m., at 139 Baker Street, Webster Springs, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Secretary of the Issuer for review by interested parties during the office hours of the Secretary. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

17. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Commission Order entered on December 23, 2009 in Case No. 09-1953-W-PC-CN, among other things, determining that a certificate of convenience and necessity for the Project is not required. The time for appeal of the Order has expired prior to the date hereof. The Order is in full force and effect.

18. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

19. 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.

20. LETTER OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letter of Credit shall be delivered to the Commission to fund the Series 2011 A Bonds Reserve Account. The Issuer will continue to work with West Virginia American Water Company to provide a letter of credit for the term of the bonds.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

*Kevin D. Dyer*  
*Debra M. Munnick*  
*Stephanie M. Allen*

President

Secretary

Counsel to Issuer

03.28.11  
947800.00004

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned President of the Board of the Webster County Economic Development Authority in Webster County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$890,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated April 11, 2011 (the "Series 2011 A Bonds" or "Bonds"), hereby certify on this the 11th day of April, 2011, as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on March 15, 2011, as supplemented by the Supplemental Resolution duly adopted on April 6, 2011 (collectively, the "Bond Ordinance"), 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 April 11, 2011, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal of the Series 2011 A Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance 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") or 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 2011 A Bonds were sold on April 11, 2011, to the Authority, pursuant to a loan agreement dated April 11, 2011, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$890,000 (100% of par), at which time, the Issuer received \$23,000 from the Authority and the Council, being a portion of the principal amount of the Series 2011 A Bonds. No accrued interest has been or will be paid on the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2011 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying a portion of certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction 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 Series 2011 A Bonds Reserve Account, 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 acquisition and construction of the Project on or before August 1, 2012. The acquisition and construction of the Project is expected to be completed by February 1, 2012.

8. The total cost of the Project is estimated at \$3,241,500. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2011 A Bonds	\$890,000
ARC Grant	\$1,500,000
WV American Water Co. Contribution	\$162,500
West Virginia Infrastructure Fund Grant	\$639,000
Webster County Grant	<u>\$50,000</u>
Total Sources	<u>\$3,241,500</u>

USES

Acquisition and Construction of Project	\$3,226,000
Costs of Issuance	<u>\$15,500</u>
Total Uses	<u>\$3,241,500</u>

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2011 A Bonds:

- (1) Revenue Fund;
- (2) Series 2011 A Bonds Construction Trust Fund;
- (3) Series 2011 A Bonds Sinking Fund; and

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

10. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

As the Issuer receives advances of the monies derived from the sale of the Series 2011 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2011 A Bonds Construction Trust Fund and applied solely to payment of the costs of the acquisition and construction of the Project and the costs of issuance and related costs.

11. Monies held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 A Bonds and will not be available to meet costs of acquisition and construction of the Project. Monies in the Series 2011 A Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2011 A Bonds as the same shall become due, when other monies in the Series 2011 A Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2011 A Bonds Sinking Fund and Series 2011 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 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.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the acquisition and construction of the Project within 15 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the acquisition and construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2011 A Bonds Reserve Account with a Letter of Credit in an amount equal to 2 years' debt service on the Bonds; (b) funded the Series 2011 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; or (c) created the Series 2011 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year. Monies in the Series 2011 A Bonds Reserve Account and the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the acquisition and construction of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. 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.

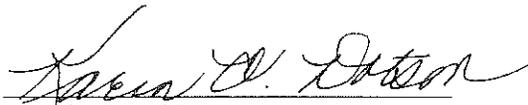
26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

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

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

By:   
Its: President

03.28.11  
947800.00004

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

GENERAL CERTIFICATE OF  
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

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

The undersigned 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 this 11th day of April, 2011 in connection with the authorization, execution and delivery of an Agreement, dated October 12, 2007 as amended by First Amendment to Agreement dated April 11, 2011 by and between the Webster County Economic Development Authority (the "Issuer") and the Company (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, the principal of and interest, if any, on its \$890,000 aggregate principal amount of Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority (the "Authority"), pursuant to a Bond Ordinance of the Issuer enacted March 15, 2011, as supplemented by a Supplemental Resolution of the Issuer adopted April 6, 2011 (collectively, the "Bond Ordinance"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Ordinance, as follows:

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

2. DUE INCORPORATION AND EXISTENCE: The Company is a corporation duly created and validly existing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

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

Certified copy of Certificate of Existence.

Agreement between Issuer and Company.

Letter of Credit.

4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS: The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, 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 which could result in liquidation or dissolution of the Company.

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

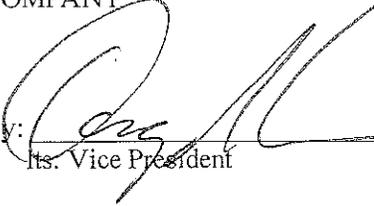
8. NO CHANGE IN CONDITION: There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds.

9. LETTER OF CREDIT: The Company has obtained and will maintain a letter of credit, including all extensions thereof or renewal or replacement letters of credit, to fund the Series 2011 A Bonds Reserve Account so long as the Bonds are outstanding. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letter of Credit, which payments shall be in addition to any other payments to be made by the Company under the Agreement with respect to the Bonds or otherwise to the Issuer.

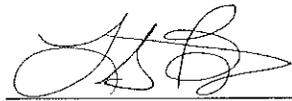
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WITNESS my signature on the day and year first written above.

WEST VIRGINIA-AMERICAN WATER  
COMPANY

By:   
Its. Vice President

ATTEST:

  
Its: Secretary and Corporate Counsel

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

CERTIFICATE OF ENGINEER

I, Mark A. Sankoff, P.E., Registered Professional Engineer, West Virginia License No. 10615 of West Virginia American Water Company, Charleston, West Virginia, hereby certify this 11th day of April, 2011 as follows:

1. My company is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Webster County Economic Development Authority (the "Issuer") to be constructed primarily in Webster County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on March 15, 2011, as supplemented by the Supplemental Resolution adopted by the Issuer on April 6, 2011, the Loan Agreement for the Series 2011 A Bonds, by and between the Issuer and the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated April 11, 2011 (the "Loan Agreement").

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

3. To the best of 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 my company and approved by the Council and the West Virginia Bureau for Public Health (the "BPH"), 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 forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the 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 Steptoe & Johnson PLLC, Counsel to the Issuer 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 successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Griffith & Associates, PLLC, of even date herewith, the use fees to

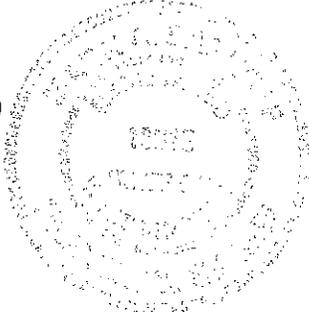
be received by the Issuer from the Company under the Agreement dated October 12, 2007, as amended by First Amendment to Agreement dated April 11, 2011, will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xii) 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.

4. The Project has been designed to, and the construction contracts provide for, water service for 162 new customers in the Diana area of Webster County.

[Remainder of Page Intentionally Blank]

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

(SEAL)



WEST VIRGINIA AMERICAN WATER COMPANY

A handwritten signature in black ink, appearing to read "Mark A. Sankoff", written over a horizontal line.

Mark A. Sankoff, P.E.  
West Virginia License No.10615

947800.00004

**SCHEDULE B**  
Webster County EDA  
2008W-1027

ARC

A. COST OF PROJECT	TOTAL	IJDC Grant	IJDC Loan	SEBG	County	WVAWC
1 Construction	2,710,466.00	382,966.00	827,500.00	1,500,000.00	0.00	0.00
a Contract 1 (Enyart)					0.00	0.00
b Contract 2 (Welding)	204,400.00	204,400.00	0.00	0.00	0.00	0.00
c Telemetry	45,134.00	45,134.00	0.00	0.00	0.00	0.00
2 Technical Services - Terradon	0.00	0.00	0.00	0.00	0.00	0.00
a Planning	50,000.00	0.00	0.00	0.00	0.00	50,000.00
b Design	119,500.00	0.00	0.00	0.00	49,500.00	70,000.00
c Construction						
3 Legal & Fiscal	5,000.00	0.00	5,000.00	0.00	0.00	0.00
a Legal	15,000.00	0.00	15,000.00	0.00	0.00	0.00
b Legal (PSC)	2,500.00	0.00	2,500.00	0.00	0.00	0.00
c Accounting	10,000.00	0.00	10,000.00	0.00	0.00	0.00
4 Administrative	15,000.00	0.00	15,000.00	0.00	0.00	0.00
5 Sites & Other Lands	49,000.00	6,500.00	0.00	0.00	0.00	42,500.00
6 Contingency						
7 SUBTOTAL (Lines 1 through 6)	3,226,000.00	639,000.00	875,000.00	1,500,000.00	49,500.00	162,500.00
<b>B. COST OF FINANCING</b>						
8 Reserve	0.00	0.00	0.00	0.00	0.00	0.00
9 Registrar	500.00	0.00	0.00	0.00	500.00	0.00
10 Bond Counsel	15,000.00	0.00	15,000.00	0.00	0.00	0.00
11 Cost of Financing (Total Line 8 thru 10)	15,500.00	0.00	15,000.00	0.00	500.00	0.00
12 TOTAL PROJECT COST (line 7 plus line 11)	3,241,500.00	639,000.00	890,000.00	1,500,000.00	50,000.00	162,500.00
<b>C. SOURCES OF OTHER FUNDS</b>						
13 Federal Grants (SCBG)	1,500,000.00	0.00	0.00	1,500,000.00	0.00	0.00
14 State Grants (IJDC Grant)	639,000.00	639,000.00	0.00	0.00	0.00	0.00
15 Other Grants (County)	50,000.00	0.00	0.00	0.00	50,000.00	0.00
16 Any Other Source (WVAWC)	162,500.00	0.00	0.00	0.00	0.00	162,500.00
17 TOTAL GRANTS (Lines 13 through 16)	2,351,500.00	639,000.00	0.00	1,500,000.00	50,000.00	162,500.00
18 Size of Bond Issue (line 12 minus line 17)	890,000.00	0.00	890,000.00	0.00	0.00	0.00

*Sean Weir*  
Webster County Economic Development Authority  
Engineer

4-6-11  
Date

4/6/11  
Date





April 11, 2011

Webster County Economic Development Authority  
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

Webster County Economic Development Authority  
Webster Springs, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the agreed payments to be made by West Virginia-American Water Company (the "Company") to the Webster County Economic Development Authority (the "Issuer"), under that certain Agreement dated as of October 12, 2007 as amended by First Amendment to Agreement dated April 11, 2011, (collectively, the "Agreement"), by and between the Company and the Issuer, as approved in the Commission Order of the Public Service Commission of West Virginia in Case No. 09-1953-W-PC-CN, dated December 23, 2009, it is our opinion that such payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) to be issued on the date hereof to the West Virginia Water Development Authority.

Sincerely,

Michael D. Griffith, CPA, AFI  
Griffith & Associates, PLLC

MDG/dk



JPMorgan Chase Bank, N.A.  
Global Trade Services  
131 South Dearborn, 5th Floor  
Mail Code: IL1-0236  
Chicago, IL 60603-5506

APR 1, 2011

L/C NO.: TFTS-917531

ITEM NO: 0001

TO:  
WEST VIRGINIA MUNICIPAL BOND  
COMMISSION, ATTN: SARA BOARDMAN  
(REFER TO LC TEXT FOR FULL DETAILS)  
1207 QUARRIER STREET, SUITE 401  
CHARLESTON, WV 25301

RE: TFTS-917531

WEST VIRGINIA MUNICIPAL BOND COMMISSION  
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY WATER  
REVENUE BONDS, SERIES 2011 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF LETTER OF CREDIT BANK

THE UNDERSIGNED OFFICER OF JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, NEW YORK, NEW YORK (THE "BANK"), HEREBY CERTIFIES IN CONNECTION WITH THE ISSUANCE BY THE BANK OF ITS LETTER OF CREDIT, NO. TFTS-917531, DATED APRIL 1, 2011 IN THE AMOUNT OF USD45,936.00 (THE "LETTER OF CREDIT"), TO

WEST VIRGINIA MUNICIPAL BOND COMMISSION  
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY  
AS REGISTERED OWNER OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY WATER REVENUE BONDS, SERIES 2011A  
(WEST VIRGINIA INFRASTRUCTURE FUND) (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 IS ABLE TO DO BUSINESS IN THE STATE OF WEST VIRGINIA WITH THE POWER AND AUTHORITY TO ISSUE AND DELIVER THE LETTER OF CREDIT UNDER APPLICABLE LAW.

JPMorgan Chase Bank, N.A.  
Global Trade Services  
131 South Dearborn, 5th Floor  
Mail Code: IL1-0236  
Chicago, IL 60603-5506

APR 1, 2011

L/C NO.: TFTS-917531

ITEM NO: 0001

TO:

WEST VIRGINIA MUNICIPAL BOND  
COMMISSION, ATTN: SARA BOARDMAN  
(REFER TO LC TEXT FOR FULL DETAILS)  
1207 QUARRIER STREET, SUITE 401  
CHARLESTON, WV 25301

2. THE LETTER OF CREDIT HAS BEEN DULY AUTHORIZED, EXECUTED AND DELIVERED BY THE BANK.

3. WE HAVE BEEN ADVISED THAT THE LETTER OF CREDIT TFTS-917531 IS PROVIDED TO SECURE CERTAIN WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SECURE THE PAYMENT OF UP TO USD45,936.00, WHICH WE ARE ADVISED IS APPROXIMATELY EQUAL TO TWO YEARS' DEBT SERVICE ON THE ISSUER'S WATER REVENUE BONDS SERIES 2011 A DATED APRIL 11, 2011. THE WEST VIRGINIA MUNICIPAL BOND COMMISSION LETTER OF CREDIT HAS BEEN DELIVERED BY THE BANK PURSUANT TO AN APPLICATION FOR IRREVOCABLE STANDBY LETTER OF CREDIT

IN WITNESS WHEREOF, JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, HAS CAUSED THIS CERTIFICATE TO BE EXECUTED BY A DULY AUTHORIZED OFFICER, THIS 1ST DAY OF APRIL, 2011.

JPMORGAN CHASE BANK, N.A.

BY: 

AUTHORIZED OFFICER Jon P. Pierson  
Assistant Vice President

ORDER OF WEBSTER COUNTY COMMISSION,  
WEBSTER COUNTY, WEST VIRGINIA,  
RECONFIRMING THE ESTABLISHMENT OF  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

WHEREAS, on December 5, 1989, the Webster County Commission established and began appointing members to the Webster County Economic Development Authority, also sometimes variously referred to as Webster County Industrial Development Council, Industrial Development Authority, Webster County Industrial Development Authority, Webster County Industrial Development Authority, Inc., WDA, WCEDA, and Webster Development Authority, Inc.; and

WHEREAS, by Order entered October 7, 1997, the County Commission of Webster County, West Virginia, sua sponte created the Webster County Industrial Development Authority and named it as such; ratified and confirmed the appointment of various members to the Authority; ratified and approved all actions taken theretofore by the Webster County Industrial Development Authority since December 5, 1989; and

WHEREAS, it was the Webster County Commission's intention to create the Webster County Industrial Development Authority in accordance with West Virginia Code, §7-12-1, et seq., which would have been a statutory corporation governed by the above said Code section; however, unknown to the Webster County Commission in 1990, Webster Development Authority, Inc., was formed as a §31-1-1 non-profit corporation, the rights, powers and duties of which may conflict with the provisions of West Virginia Code, §7-12-1; and

WHEREAS, the Webster County Commission wishes said organization to be known as the Webster County Economic Development Authority; and

WHEREAS, the Webster County Commission and the Board members of Webster Development Authority, Inc., wish to rectify and clarify said situation by reconfirming and ratifying the actions of the Webster County Commission in creating Webster County Economic Development Authority (formerly referred to as Webster County Industrial Development Authority) and its appointment of Board members in accordance with West Virginia Code, §7-12-1, et seq., with the intention that Webster Development Authority, Inc., shall be caused to be merged into Webster County Economic Development Authority as the surviving statutory corporation;

NOW, THEREFORE, BY THIS ORDER, THE COUNTY COMMISSION OF WEBSTER COUNTY, WEST VIRGINIA, DOES SUA SPONTE HEREBY:

(1) Reconfirm, ratify and create the establishment of Webster County Economic Development Authority, to be named as such.

(2) Order that Webster County Economic Development Authority is the development authority for Webster County, West Virginia, in accordance with West Virginia Code, §7-12-1, et seq., providing for the creation of such statutory corporations by counties.

(3) Order that Webster County Economic Development Authority is a statutory corporation, and is to be governed in accordance with West Virginia Code, §7-12-1, as amended from time to time.

(4) Order that the persons appointed and their terms in office are as follows:

Term expiring June 30, 2002: Stanley Anderson  
Randy McCoy  
Dexter Beckett

Term expiring June 30, 2003: Michael Morris  
George D. Curtin, III  
Hullena Cogar  
Edith Branscum

Term expiring June 30, 2004: Nancy Wayne  
Carol L. Cogar  
Clark R. "Randy" White  
Dwayne Vandevender

Term expiring June 30, 2005: Stanley Anderson  
Randy McCoy  
Dexter Beckett

(5) Order that Dwayne Vandevender is designated as the member appointed by the Webster County Commission to represent it on the Board.

(6) Order that the representatives from the incorporated communities of Webster County, being Camden-on-Gauley, Cowen and Webster Springs, are designated as follows:

Camden-on-Gauley: Dexter Beckett

Cowen: Michael Morris

Webster Springs: Edith Branscum

(7) State that members appointed by the County Commission include representatives of business, industry and labor.

(8) Order that twelve members are to be appointed by the County Commission to Webster County Economic Development Authority until and unless otherwise provided in its By-Laws. One member will subsequently be appointed by this Court to the class of members whose terms expire June 30, 2002 and June 30, 2005.

(9) Order that Webster County Economic Development Authority shall constitute and be a public corporation under said name and shall have perpetual succession, may contract and be contracted with, sue and be sued, plead and be pleaded, and have and use a common seal.

(10) Order that in addition to general corporate powers of the State of West Virginia, the corporation shall enjoy all those powers enunciated in West Virginia Code, §7-12-1, et seq., as may be amended from time to time.

(11) Confirm, ratify and endorse all actions heretofore taken by the Webster County Economic Development Authority under any of the above described names in any manner or in any form as shown or as set forth by its records and documents, nunc pro tunc, from the time of its initial creation on December 5, 1989.

(12) Order as approved the initial By-Laws of Webster County Economic Development Authority, a copy of which are attached to this Order.

This the 4th day of June, 2002.

RECORDED  
2002 JUN -5 PM 1:11  
TERRY J. PAYNE, CLERK  
WEBSTER COUNTY COMMISSION, WV

*William M. Rembert*  
*Timothy C. Woods*

STATE OF WEST VIRGINIA, Webster County

Commission Clerk's Office June 4, 2002

The foregoing Order of Incorporation together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Terry J. Payne Clerk

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
Sam Barger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

## WEBSTER COUNTY COMMISSION

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5730  
Email: WebsterCoComm@msn.com

15 October 2009

Ms. Louise Hamrick  
148 Hodam Creek Road  
Hacker Valley, West Virginia 26222

Re: Member, Webster County Economic Development Authority

Dear Louise:

On the 7th day of October, 2009, the Webster County Commission appointed you to serve as a member for the Webster County Economic Development Authority, for an unexpired three (3) year term, beginning on July 1, 2008 and ending June 30, 2011.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Wednesday, November 11, 2009 for the Veteran's Day holiday.

Very truly yours,

A handwritten signature in cursive script that reads "Terry".

Terry J. Payne  
Webster County Clerk

TJP

Commissioners:  
President, Larry R. Sandy, Cowen, WV  
William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV



Commission Meets  
First Wednesday  
of Each Month

### WEBSTER COUNTY COMMISSION

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia 26288-1049  
Phone & Fax: (304) 847-5780

10 July 2008

Mrs. Angela Cowger  
645 Bennett Avenue  
Webster Springs, West Virginia 26288

Re: Member, Economic Development Authority

Dear Angie:

On the 2nd day of July, 2008, the Webster County Commission re-appointed you to serve as a board member for the Webster County Economic Development Authority, for a three (3) year term, beginning on July 1, 2008 and ending June 30, 2011.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

✓ cc: Webster County Economic Development Authority

Commissioners:  
President, Larry R. Sandy, Cowen, WV  
William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV



Commission Meets  
First Wednesday  
of Each Month

### WEBSTER COUNTY COMMISSION

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia 26288-1049  
Phone & Fax: (304) 847-5780

10 July 2008

Mr. Dexter Beckett  
Post Office Box 951  
Cowen, West Virginia 26206

Re: Member, Economic Development Authority

Dear Dexter:

On the 2nd day of July, 2008, the Webster County Commission re-appointed you to serve as a board member for the Webster County Economic Development Authority, for a three (3) year term, beginning on July 1, 2008 and ending June 30, 2011.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

✓ cc: Webster County Economic Development Authority

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
Sam Berger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

## WEBSTER COUNTY COMMISSION

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5780  
Email: WebsterCoComm@msn.com

4 June 2009

Mr. Michael Morris  
Post Office Box 267  
Cowen, West Virginia 26206

Re: Member, Webster County Economic Development Authority

Dear Mike:

On the 3rd day of June, 2009, the Webster County Commission re-appointed you to serve as a board member for the Webster County Economic Development Authority, for a three (3) year term, beginning on July 1, 2009 and ending June 30, 2012.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Friday, June 19, 2009 for the West Virginia Day holiday.

Very truly yours,

A handwritten signature in cursive script that reads "Terry".

Terry J. Payne  
Webster County Clerk

TJP

✓ cc: Webster County Economic Development Authority

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
Sam Barger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

**WEBSTER COUNTY COMMISSION**

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5780  
Email: WebsterCoComm@msn.com

4 June 2009

Mr. George D. Curtin, III  
100 Parcoal Road  
Webster Springs, West Virginia 26288

Re: Member, Webster County Economic Development Authority

Dear Dee:

On the 3rd day of June, 2009, the Webster County Commission re-appointed you to serve as a board member for the Webster County Economic Development Authority, for a three (3) year term, beginning on July 1, 2009 and ending June 30, 2012.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Friday, June 19, 2009 for the West Virginia Day holiday.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

✓ cc: Webster County Economic Development Authority

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
Sam Barger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

**WEBSTER COUNTY COMMISSION**

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5780  
Email: WebsterCoComm@msn.com

4 June 2009

Mrs. Hullena Cogar  
10-A Sugar Creek Road  
Webster Springs, West Virginia 26288

Re: Member, Webster County Economic Development Authority

Dear Hullena:

On the 3rd day of June, 2009, the Webster County Commission re-appointed you to serve as a board member for the Webster County Economic Development Authority, for a three (3) year term, beginning on July 1, 2009 and ending June 30, 2012.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Friday, June 19, 2009 for the West Virginia Day holiday.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

✓ cc: Webster County Economic Development Authority

JUN 07 2010

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
m Barger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

**WEBSTER COUNTY COMMISSION**

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5780  
Email: WebsterCoComm@msn.com

3 June 2010

Mrs. Carol Cogar  
945 Bennett Avenue  
Webster Springs, West Virginia 26288

Re: Member, Webster County Economic Development Authority

Dear Carol:

On the 2nd day of June, 2010, the Webster County Commission re-appointed you to serve as a member for the Webster County Economic Development Authority Board, for a three (3) year term, beginning on July 1, 2010 and ending June 30, 2013.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Monday, June 21, 2010 for the West Virginia Day holiday.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

cc: Webster County Economic Development Authority

JUN 07 2010

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
m Barger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

**WEBSTER COUNTY COMMISSION**

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5780  
Email: WebsterCoComm@msn.com

3 June 2010

Mr. Geoffrey Ezell  
525 Daniel Street  
Webster Springs, West Virginia 26288

Re: Member, Webster County Economic Development Authority

Dear Jeff:

On the 2nd day of June, 2010, the Webster County Commission re-appointed you to serve as a member for the Webster County Economic Development Authority Board, for a three (3) year term, beginning on July 1, 2010 and ending June 30, 2013.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Monday, June 21, 2010 for the West Virginia Day holiday.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

cc: Webster County Economic Development Authority

JUN 07 2010

Commissioners:  
President, William M. Armentrout, Webster Springs, WV  
Tony Hamrick, Webster Springs, WV  
m Barger, Cowen, WV



Commission Meets  
First Wednesday  
of Each Month

**WEBSTER COUNTY COMMISSION**

Mrs. Terry J. Payne  
Webster County Clerk  
2 Court Square, Room G-1  
Webster Springs, West Virginia, 26288-1049  
Phone & Fax (304) 847-5780  
Email: WebsterCoComm@msn.com

3 June 2010

Mr. F. Scott Hamrick  
4995 Birch River Road  
Cowen, West Virginia 26206

Re: Member, Webster County Economic Development Authority

Dear Scott:

On the 2nd day of June, 2010, the Webster County Commission re-appointed you to serve as a member for the Webster County Economic Development Authority Board, for a three (3) year term, beginning on July 1, 2010 and ending June 30, 2013.

Please come into my office at your earliest convenience so that you may be sworn in as a member.

The office hours are Monday through Friday, 8:30 AM to 4:00 PM. The office will be closed on Monday, June 21, 2010 for the West Virginia Day holiday.

Very truly yours,

Terry J. Payne  
Webster County Clerk

TJP

cc: Webster County Economic Development Authority

000000

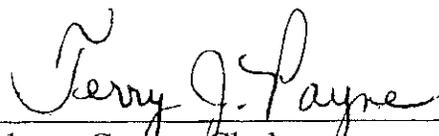
## OATH

**State of West Virginia, County of Webster ss:**

I, Dexter Beckett, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year Term, Beginning July 1, 2008 and Ending June 30, 2011, to the best of my skill and judgment, so help me God.

  
\_\_\_\_\_

Subscribed and sworn to before the undersigned, this the 11th day  
of September, 2008.

  
\_\_\_\_\_  
Webster County Clerk  
Webster County, West Virginia

COPY

## OATH

State of West Virginia, County of Webster ss:

I, Carol Cogar, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year Term, Beginning July 1, 2010 and Ending June 30, 2013, to the best of my skill and judgment, so help me God.

Carol Cogar

Subscribed and sworn to before the undersigned, this the 15th day of June, 2010.

Terry J. Payne  
Webster County Clerk  
Webster County, West Virginia

COPY

OATH

State of West Virginia, County of Webster ss:

I, Hullena Cogar, do solemnly swear  
 that I will support the constitution of the United States and  
 the constitution of this State and that I will faithfully  
 discharge the duties of my office of Member, Webster County Economic  
Development Authority, Three Year (3) Term, beginning on July 1, 2009 and  
ending on June 30, 2012,  
 to the best of my skill and judgment, so help me God.

Hullena Cogar

Subscribed and sworn to before the undersigned, this the  
29th day of July, 2009.

Terry J. Payne

Webster County Clerk, Webster County, WV

COPY

OATH

State of West Virginia, County of Webster ss:

I, Angela Cowger, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year Term, Beginning July 1, 2005 and Ending June 30, 2008,

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

Angie Cowger

Subscribed and sworn to before the undersigned, this the 11th day of May, 2005.

Terry J. Payne

Webster County Clerk, Webster County, WV

COPIES

OATH

State of West Virginia, County of Webster ss:

I, George D. Curtin, III, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, 3 Year Term, Beginning July 1, 2003 and Ending June 30, 2006,

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

George D. Curtin, III

Subscribed and sworn to before the undersigned, this the 16th day of March, 2004.

Terry J. Payne  
Webster County Clerk, Webster County, WV

COPY

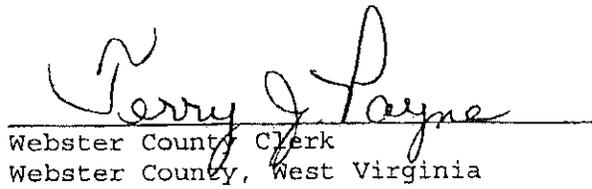
OATH

State of West Virginia, County of Webster ss:

I, Karen Dotson, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year Term, Beginning July 1, 2010 and Ending June 30, 2013, to the best of my skill and judgment, so help me God.



Subscribed and sworn to before the undersigned, this the 7th day of June, 2010.

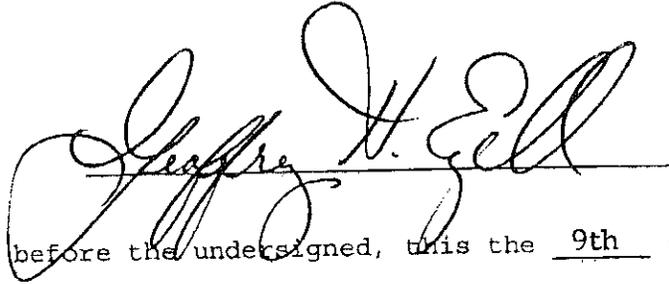
  
Webster County Clerk  
Webster County, West Virginia

COPY

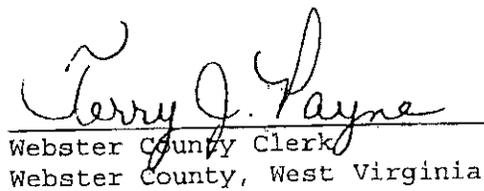
## OATH

State of West Virginia, County of Webster ss:

I, Geoffrey Ezell, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year Term, Beginning July 1, 2010 and Ending June 30, 2013, to the best of my skill and judgment, so help me God.



Subscribed and sworn to before the undersigned, this the 9th day of June, 2010.



Webster County Clerk  
Webster County, West Virginia

COPY

OATH

State of West Virginia, County of Webster, ss:

I, I. Louise Hamrick, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties as a member of the Webster County Economic Development Authority, to the best of my skill and judgment, so help me God.



A handwritten signature in cursive script, appearing to read "I. Louise Hamrick", written over a horizontal line.

Subscribed and sworn to before the undersigned, this the 30<sup>th</sup> day of October, 2009.



A handwritten signature in cursive script, written over a horizontal line.

JUDGE

OATH

State of West Virginia, County of Webster ss:

I, F. Scott Hamrick, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year Term, Beginning July 1, 2010 and Ending June 30, 2013, to the best of my skill and judgment, so help me God.

\_\_\_\_\_

Subscribed and sworn to before the undersigned, this the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Webster County Clerk  
Webster County, West Virginia

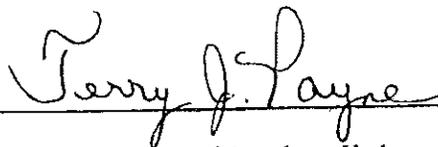
OATH

State of West Virginia, County of Webster ss:

I, Michael Morris, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year (3) Term, beginning on July 1, 2009 and ending on June 30, 2012, to the best of my skill and judgment, so help me God.



Subscribed and sworn to before the undersigned, this the 3rd day of August, 2009.

  
Webster County Clerk, Webster County, WV

COPY

OATH

State of West Virginia, County of Webster ss:

I, Kimble Tanner, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Webster County Economic Development Authority, Three Year (3) Term, beginning on July 1, 2009 and ending on June 30, 2012,

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

Kimble Tanner

Subscribed and sworn to before the undersigned, this the 12th day of June, 2009.

Terry J. Payne

Webster County Clerk, Webster County, WV

BY-LAWS

OF

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

ARTICLE I - NAME

The name of the corporation shall be Webster County Economic Development Authority.

ARTICLE II - OFFICES

The principal office of the corporation shall be located at the office of the Clerk of the County Commission of Webster County, Webster County Courthouse, Webster Springs, West Virginia 26288. The corporation may have such other offices, either within or without the State of incorporation, as the Board of Directors may designate or as the business of the corporation may from time to time require.

ARTICLE III - PURPOSE

The purpose or purposes for which the corporation is formed shall be the purposes described in West Virginia Code § 7-12-2, as amended. Currently, these purposes are as follows:

(1) To promote, develop and advance the business prosperity and economic welfare of Webster County, West Virginia, its citizens and its industrial complex;

(2) To encourage and assist through loans, investments or other business transactions in the locating of new business and industry within Webster County, West Virginia and to rehabilitate and assist existing businesses and industries therein;

(3) To stimulate and promote the expansion of all kinds of business and industrial activity which will tend to advance business and industrial development and maintain the economic stability of Webster County, West Virginia, provide maximum opportunities for employment, encourage thrift, and improve the standard of living for the citizens of Webster County, West Virginia;

(4) To cooperate and act in conjunction with other organizations, federal, state or local, in the promotion and advancement of industrial, commercial, agricultural and recreational developments within Webster County, West Virginia; and

***Amendment to By-laws***

Effective Feb 4, 2008  
by unanimous vote of the board of directors

Article IV – Board of Directors  
Section 2 – Composition

The following sentence shall be deleted:

"The Board of Directors of the corporation shall consist of twelve (12) persons who shall be appointed by the Webster County Commission and be known as Directors of the corporation."

(5) To furnish money and credit, land and industrial sites, technical assistance and such other aid as may be deemed requisite to approved and deserving applicants for the promotion, development and conduct of all kinds of business activity within Webster County, West Virginia.

ARTICLE IV - BOARD OF DIRECTORS

Section 1 - Name

Members, as referred to in West Virginia Code § 7-12-1, et seq., and appointed by the Webster County Commission, shall be known as Directors and shall be collectively known as the Board of Directors of the Webster County Economic Development Authority (hereinafter referred to as "Board").

Section 2 - Composition

The number, selection and appointment of Board Members shall be governed by West Virginia Code § 7-12-3, as amended from time to time. ~~The Board of Directors of the corporation shall consist of twelve (12) persons who shall be appointed by the Webster County Commission and be known as Directors of the corporation.~~ One director shall be appointed by the Webster County Commission to represent it on the board. The city and town council of each municipality located within Webster County, West Virginia shall submit to the Webster County Commission the names of three persons, one of whom the Webster County Commission shall appoint to be the municipality's representative on the board. Other directors of the board shall be appointed by the Webster County Commission and shall include representatives of business, industry and labor. It is recognized that from time to time vacancies of authorized Directors will occur but during such vacancies the actions of the existing Board of Directors shall constitute valid actions of the corporation and Board of Directors.

*Deleted by  
Amendment  
2-4-08*

Section 3 - Term and Eligibility

In accordance with the West Virginia Code § 7-12-3, as amended, the Directors of the corporation first appointed shall serve respectively terms of one year, two years and three years, divided equally or as nearly equal as possible between these terms. Thereafter, Directors shall be appointed for terms of three years each. A Director may be reappointed for such additional term or terms as the Webster County Commission may deem proper.

If a Director resigns, is removed or for any other reason his membership terminates during his term of office, a successor shall be appointed by the Webster County Commission to fill out the remainder of his term. Directors in office at the expiration of their respective terms shall continue to serve until their successors have been appointed and have qualified. The Webster County Commission may at any time remove any Director of the Board by an order duly entered of record and appoint a successor Director for any Director so removed.

Other persons, firms, unincorporated associations, and corporations, who reside, maintain offices, or have economic interests, as the case may be, in Webster County, West Virginia, shall be eligible to participate in and request the Webster County Commission to appoint Directors to the corporation in accordance with the aforementioned West Virginia statute. Directors can also be drawn from citizens of a county contiguous to Webster County, West Virginia.

#### Section 4 - Attendance

Attendance at all meetings of the Board by its Directors is mandatory. Any absence by a Director who has received proper notice of said meeting must be excused by the President. In the event that any Director of the Board accumulates three (3) unexcused absence from meetings in any calendar year, such conduct shall be deemed to constitute the resignation of such Director and the Board shall forthwith communicate the fact of such resignation to the President of the Webster County Commission. Directors may participate in a meeting of the Board or a committee of the Board by means of a conference telephone or similar electronic communications equipment by means of which all persons participating in the meeting can hear each other. Whenever a vote of the Directors is required or permitted in connection with any corporate action, this vote may be taken orally during the electronic conference and, if necessary, shall be reduced to writing and approved by the Directors at the next regular meeting of the Directors after the conference.

#### Section 5 - Duties

The business and affairs of the corporation shall be managed by its Board of Directors. The Directors shall adopt rules and regulations for the conduct of their meetings and the management of the corporation. They shall determine all policies under which the corporation is to operate and shall have general charge, supervision and control of the affairs, staff, funds and property

of the corporation. They may employ an Executive Director to supervise day-to-day operations of the corporation under such terms as they may deem proper.

Section 6 - Powers

In accordance with the West Virginia Code § 7-12-7, as amended, the board is given power and authority as follows:

(1) To make and adopt all necessary bylaws and rules for its organization and operations not inconsistent with laws;

(2) To elect its own officers, to appoint committees and to employ and fix compensation for personnel necessary for its operation;

(3) To enter into contracts with any person, agency, governmental department, firm or corporation, including both public and private corporations, and generally to do any and all things necessary or convenient for the purpose of promoting, developing and advancing the business prosperity and economic welfare of Webster County, West Virginia, its citizens and industrial complex, including, without limiting any of the foregoing, the construction of any building or structure for lease to the federal government or any of its agencies or departments, and in connection therewith to prepare and submit bids and negotiate with the federal government or such agencies or departments in accordance with plans and specifications and in the manner and on the terms and conditions and subject to any requirements, regulations, rules and laws of the United States of America for the construction of said buildings or structures and the leasing thereof to the federal government or such agencies or departments;

(4) To amend or supplement any contracts or lease or to enter into new, additional or further contracts or lease upon such terms and conditions, for such consideration and for such term of duration, with or without option of renewal, as may be agreed upon by the corporation and such person, agency, governmental department, firm or corporation;

(5) Unless otherwise provided for in and subject to the provisions of, such contracts or leases, to operate, repair, manage, and maintain such buildings and structures and provide adequate insurance of all types, and in connection with the primary use thereof and incidental thereto to provide such services, such as barber shops, newsstands, drugstores and restaurants, and to effectuate such incidental purposes, grant leases, permits, concessions or other authorizations to any person or persons, upon

such terms and conditions, for such consideration and for such term of duration as may be agreed upon by the corporation and such person, agency, governmental department, firm or corporation;

(6) To delegate any authority given to it by law to any of its officers, committees, agents or employees;

(7) To apply for receive and use grants-in-aid, donations and contributions from any source or sources, and to accept and use bequests, devises, gifts and donations from any person, firm or corporation;

(8) To acquire real property by gift, purchase, or construction, or in any other lawful manner, and hold title thereto in its own name and to sell, lease or otherwise dispose of all or part of such real property which it may own, either by contract or at public auction, upon the approval by the Board;

(9) To purchase or otherwise acquire, own, hold, sell, lease and dispose of all or part of any personal property which it may own, either by contract or at public auction;

(10) Pursuant to a determination by the board that there exists a continuing need for programs to alleviate and prevent unemployment within Webster County, West Virginia or aid in the rehabilitation of areas in Webster County, West Virginia which are underdeveloped, decaying or otherwise economically depressed, and that moneys or funds of the corporation are necessary therefor, to borrow money and execute and deliver the corporation's negotiable notes, mortgage bonds, other bonds, debentures, and other evidences of indebtedness therefor, on such terms as the authority shall determine, and give such security therefor as shall be requisite, including giving a mortgage or deed of trust on its real or personal property and facilities in connection with the issuance of mortgage bonds;

(11) To raise funds by the issuance and sale of revenue bonds as provided in West Virginia Code § 8-16-1 et seq.; and

(12) To expend its funds in the execution of the powers and authority herein given, which expenditures, by the means authorized herein, are hereby determined and declared as a matter of legislative finding to be for a public purpose and use, in the public interest, and for the general welfare of the people of West Virginia, to alleviate and prevent economic deterioration and to relieve the existing critical condition of unemployment existing within the state.

## Section 7 - Board Officers

The Board shall elect the following officers of the Board who shall have the following duties:

### President

(A) Perform all duties as are incident to his or her office and such other duties as may be required by law, these By-Laws or as may be prescribed from time to time by the Board of Directors;

(B) Preside at meetings of the Board of Directors and Executive Committee;

(C) Execute legal instruments when authorized by the Board of Directors except as otherwise expressly provided by law or by these By-Laws;

(D) Appoint all committees and committee chairpersons subject to Board approval;

(E) Serve as an *ex officio* member of all standing and ad-hoc committees; and

(F) Distribute, receive and review conflict of interest statements of Directors each year at the annual meeting of the Board.

### Vice President

(A) In absence of the president (in the event of his or her inability or refusal to act) or if the office be vacant, the vice president shall perform all the duties of the president and when so acting shall have all the powers and be subject to all the restrictions of the president.

(B) Review and familiarized himself with the conflict of interest statements of Directors.

### Secretary/Treasury

In general perform all duties incident to the office of Secretary/Treasury of the Board and such other duties as may be required by the president, these By-Laws or such duties as may be assigned from time to time by the Board of Directors.

***Amendment to By-laws***

Effective June 10, 2003  
by unanimous vote of the board of directors

Section 8 – Meetings

Paragraph (B) shall be changed to read:

“The regular annual meeting of the Board shall be held during the fourth Tuesday in June of each year or at such other time during the month of June as may be directed by the President of the Board.”

Section 8 - Meetings

(A) Regular meetings of the Board may be held on a date approved by the Board of Directors.

(B) The regular annual meeting of the Board shall be held during the fourth Tuesday in ~~July~~ <sup>JUNE</sup> of each year or at such other time during the month of ~~July~~ <sup>June</sup> as may be directed by the President of the Board.

*changed by  
amendment  
6-10-03*

(C) Special meetings of the Board shall be held whenever called by direction of the President, Vice President, or upon written request of any five (5) members of the Board of Directors. At least twenty-four (24) hours written notice of every special meetings shall be given to each member of the Board.

(D) Notice of regular or special meetings of the Board of Directors shall be considered waived if the Director attends in person or shall file in writing a waiver of notice.

(E) Any actions allowed under the By-Laws to be taken by the Board of Directors or committee thereof may be taken without a meeting if all members of the Board or the respective committee, individually or collectively, agree in writing to take said action. Action by written consent shall have the same effect as the unanimous vote of the Board of Directors or committee.

Section 9 - Minutes

Minutes of the meetings of the Board of Directors and any of its committees shall be duly recorded, approved by the Board, and maintained. Except for executive sessions as provided for in Section 13 of this Article, minutes of all meetings shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(A) The date, time and place of the meeting;

(B) The name of each member of the Board of Directors present and absent;

(C) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition;

(D) The results of all votes and, upon the request of a member, pursuant to the rules, policies or procedures of the Board of Trustees for recording roll call votes, the vote of each member, by name; and

(E) All matters required by Article VIII, Section 5, of these By-Laws.

#### Section 10 - Public Meetings

All meetings of the Webster County Economic Development Authority shall be open to the public, except as expressly and specifically otherwise provided by law. The President or other person presiding over the meeting may impose reasonable limitations on attendance and presentation at any meeting where there is not room enough for all members of the public who wish to attend, and it is not reasonably feasible to move the meeting to a larger room. Such limitations may include, but are not limited to: (a) limiting the number of people who may be present in the meeting room at one time; (b) limiting the length of time individual members of the public may remain in the room; and (c) limiting the length of remarks by individual members of the public at a meeting at which the public is invited to address the Board.

The Board of Directors shall make reasonable effort to accommodate as many members of the public who wish to attend a meeting as possible. However, this article does not prohibit the removal from a meeting of any member of the public who is disrupting the meeting to the extent that the orderly conduct of the meeting is compromised.

#### Section 11 - Public Comment

A person who desires to address the Board of Directors will not be denied presentation to the Board of Directors provided that he or she has registered with the President or Secretary of the Board more than fifteen minutes prior to time the scheduled meeting is to commence.

#### Section 12 - Public Notice of Regular and Special Meetings

(A) The President shall cause a notice of the date, time, place and purpose of all regular or special meetings of the Webster County Economic Development Authority Board of Directors to be published in the Webster Echo (currently a weekly paper) and posted in the lobby of the Webster County Courthouse. This notice shall

be published and posted at least two days before all regular meetings of the Webster County Economic Development Authority Board of Directors.

(B) In the case of a special or rescheduled regular meeting and time does not allow publication in the Webster Echo, notice of said meeting shall be posted in the lobby of the Webster County Courthouse. This notice shall include the date, time, place and purpose of the meeting and shall be posted as soon as possible after a special or rescheduled regular meeting has been called.

#### Section 13 - Executive Session

(A) An executive session may be held during a regular or special meeting in accordance with Section 8 of this Article, but no official action shall be taken in such executive session. The President shall identify and present to the Board of Directors and to the general public the provision of West Virginia Code, §6-9A-4, as amended from time to time, giving him or her authority for holding such executive session.

(B) An executive session may be held only upon a majority affirmative vote of the members present of the Board of Directors for one of the reasons set forth in West Virginia Code, §6-9A-4, as amended from time to time.

#### Section 14 - Quorum

A majority of the members of the Board of Directors shall constitute a quorum thereof for the transaction of business.

#### Section 15 - Compensation

No Director of the corporation shall receive any compensation, whether in formal salary, per diem allowance or otherwise, in connection with his or her services as such director. Each Director shall, however, be entitled to reimbursement by the authority for any necessary expenditures in connection with the performance of his or her general duties as such director.

#### Section 16 - Resignation

The resignation of a Director shall take effect upon receipt of a letter of resignation addressed or delivered to the President of the Webster County Commission at the Webster County Courthouse, unless there is a different date specified in such letter.

Section 17 - Removal

Directors may be removed for cause, including but not limited to the following reasons:

(A) Unexcused absences from three (3) consecutive Board meetings. Absences may only be excused by the President of the Board of Directors;

(B) Conviction of a felony or a crime of moral turpitude;

(C) Employment of any director or immediate family member by the corporation or any of its subsidiary or related business enterprises;

(D) The Director ceasing to be a resident of the town or municipality from which they were appointed to serve, or ceasing to be a resident of Webster County, West Virginia or a county contiguous to Webster County, West Virginia; or

(E) Violation of the corporation's conflicts of interest policy.

Any Director may be removed, with or without cause, by a majority vote of the Directors then serving.

ARTICLE V - EXECUTIVE DIRECTOR

Section 1 - Powers and Duties of the Executive Director

(A) The Board of Directors shall hire and appoint a competent executive director, and, if so, he or she shall be its direct executive representative in the management of the corporation. The Executive Director shall be given the necessary authority and responsibility to operate the corporation and all its activities and departments, subject to such policies as may be issued by the Board of Directors, or by any of its committees to which it has delegated power for such action. He shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person to so act.

(B) The authority and responsibility of the Executive Director shall include:

(1) Carrying out all policies established by the Board of Directors and advising on the formation of these policies.

(2) Developing and submitting to the Board of Directors for approval a plan of organization for the conduct of the corporation's operations and recommended changes when necessary.

(3) Preparing an annual budget showing the expected revenue and expenditures as required by the Board of Directors.

(4) Selecting, employing, controlling and discharging employees and developing and maintaining personnel policies and practices of the corporation.

(5) Maintaining physical properties in a good and safe state of repair and operating condition.

(6) Supervising business affairs to insure that funds are collected and expended to the best possible advantage.

(7) Presenting to the Board of Directors, or its authorized committee, periodic reports reflecting the services and financial activity of the corporation, and such special reports as may be required by the Board of Directors.

]  
(8) Attending all meetings of the Board of Directors and serving on committees thereof.

(9) Preparing and submitting an annual budget to the Board at the annual meeting for each subsequent fiscal year.

(10) Representing the corporation in its relationship with other similar corporations.

(11) Performing other duties that may be necessary or in the best interests of the corporation.

(12) Performing other duties assigned by the Board of Directors.

(13) The Executive Director shall serve as an *ex officio* member of the Board of Directors and all standing and ad hoc committees.

#### ARTICLE VI - BOARD COMMITTEES

Section 1 - Committees may be composed of persons other than Directors. The President of the Board may, upon affirmative action by the Board of Directors, establish such committees for such special tasks as circumstances warrant. A committee shall limit its activities to the accomplishment of the task for which it is

appointed and shall have no power to act, except as specifically conferred by action of the Board of Directors. Upon completion of the task for which appointed, such committee shall stand discharged. All committees shall keep minutes. A quorum will be a majority of the members of each committee. All committee meetings shall provide public notice and be open to the public in the same matter as regular and special Board meetings.

#### Section 2 - Standing Committees

Membership of all standing committees shall be appointed annually from the Board of Directors by the President, subject to approval of the Board.

### ARTICLE VII - FUNDS AND ACCOUNTS

#### Section 1 - Debts

No Director or the Executive Director of the corporation shall pledge any of the assets of the corporation as collateral for any debt or liability of the corporation unless approved by the Board of Directors. However, nothing herein shall prevent the Executive Director of this corporation from incurring routine debts in the ordinary course of business for legitimate corporate purposes, such as telephone bills, utility bills, rent and etc.

#### Section 2 - Deposits

All funds of the corporation shall be deposited in such banks as have been or may from time to time be designated for such purposes by the Board of Directors. All accounts shall be insured by FDIC.

#### Section 3 - Checks, Notes, etc.

All bills, notes, checks, drafts or other orders for money and negotiable instruments of the corporation shall be made in the name of the corporation and shall be signed by Executive Director or other officer of the corporation as may be designated for such purposes by the Board of Directors.

#### Section 4 - Fiscal Year

The fiscal year of the corporation shall be July 1<sup>st</sup> to June 30<sup>th</sup>.

## Section 5 - Accountancy

The books and accounts of the corporation shall be maintained by the Executive Director of the corporation. Each fiscal year or as required by these By-Laws an audit of the corporation's finances shall be made by a Certified Public Accountant. Special audits may be made on the order of the Board of Directors or as required by law or governmental contracts.

## Section 6 - Use of Fund/Dissolution

The corporation shall use its funds to accomplish the objectives and purposes specified in these By-Laws and no part of the funds shall be distributed to the Directors of the corporation. Upon dissolution of the corporation, all of its assets and property shall revert to and become the property of Webster County, West Virginia.

## ARTICLE VIII - CONFLICTS OF INTEREST POLICY

### Section 1 - Purpose

The purpose of the conflicts of interest policy is to protect the corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, executive director or employee of the corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest or ethics which are applicable to governmental, nonprofit and charitable corporations.

### Section 2 - Definitions

(A) "Affiliate" shall mean any organization that controls, is controlled by, or is related by common control to this corporation.

(B) "Board Committee" shall mean any committee that has specific authority to take final action relative to the charitable, business, or clinical aspects of this corporation, delegated to it by the Board or the By-Laws of this corporation, as opposed to committees that are solely advisory in nature.

(C) "Board Member" shall refer to all Members of the Board of Directors of this corporation, and members of all Board Committees, whether appointed, elected, or *ex officio*.

(D) "Compensation" shall mean any remuneration, whether direct or indirect, including any gifts or favors that are substantial in nature.

(E) "Conflicting Interest" shall mean service as a member, shareholder, trustee, owner, partner, director, officer, or employee of any organization or governmental entity that either;

(1) competes with this corporation or any affiliate, or

(2) is involved or is likely to become involved in any litigation or adversarial proceeding with this corporation or any affiliate.

(F) "Financial Interest" shall mean any arrangement or transaction pursuant to which an Interested Person has, directly or indirectly, through business, investment, or family, either:

(1) a present or potential ownership, investment interest, or compensation arrangement in any entity with which this corporation or any affiliate has or may have a transaction or arrangement; or

(2) a compensation arrangement with this corporation or any entity or individual with which this corporation or affiliate has a transaction or arrangement.

(G) "Interested Person" shall mean any person who has a direct or indirect Financial Interest or Conflicting Interest.

(H) "Key Management Personnel" shall mean the Executive Director, any managers who report directly to the Executive Director or the Board, or any other personnel so designated by the Executive Director.

(I) "Person Covered By This Policy" shall mean every Board Member, every member of any Board Committee, the Executive Director of this corporation, and all Key Management Personnel of this corporation.

### Section 3 - Disclosure of Conflicting Interests

Every person covered by this Policy shall submit in writing to the Board President a Conflict of Interest Disclosure Statement listing all Financial and Conflicting Interests. Each Statement will be resubmitted with any necessary changes each year or as any additional Conflicting or Financial Interests arise. The President

of the Board shall become familiar with all such Disclosure Statements in case a conflict arises. The Vice-President of the Board shall be familiar with the Disclosure Statement filed by the President.

#### Section 4 - Board Meeting Procedure

Whenever the Board or Board Committee is considering a transaction or arrangement with an organization, entity, or individual in which a person covered by this Policy has a Financial or Conflicting Interest, the following shall occur:

(A) The Interested Person must disclose the Financial or Conflicting Interest to the Board or Board Committee;

(B) The Board President, the Board Committee or the Board may ask the Interested Person to leave the meeting during discussion of the matter that gives rise to the potential conflict. If asked, the Interested Person shall leave the meeting, but may make a statement or answer questions on the matter before leaving;

(C) The Interested Person will not vote on the matter that gives rise to the potential conflict; and

(D) The Board or Board Committee must approve the transaction or arrangement by a majority vote of the Board Members present at a meeting that has a quorum, not including the vote of the Interested Person.

Additionally, if an Interested Person has a Financial Interest in a transaction or arrangement that might involve personal financial gain or loss for the Interested Person, the following should be observed in addition to the provisions described above.

(E) If appropriate, the Board or Board Committee may appoint a non-interested person or committee to investigate alternatives to the proposed transaction or arrangement;

(F) In order to approve the transaction, the Board or Board Committee must first find, by a majority vote of the Board Members then in office, without counting the vote of the Interested Person, that the proposed transaction or arrangement is in the corporation's best interest and for its own benefit, that the proposed transaction is fair and reasonable to the corporation, and, after reasonable investigation, that the corporation cannot obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances.

(G) The Interested Person will not be present for the discussion or vote regarding the transaction or arrangement; and

(H) The transaction or arrangement must be by a majority vote of the Board Members, not including any Interested Persons.

Section 5 - Minutes of Meetings

Minutes of all Board and Board Committee Meetings shall include the following:

(A) The names of persons who disclosed Conflicting or Financial interests, and whether the Board determined there was a conflict of interest;

(B) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, and the content of those discussions, including any alternatives to the proposed transaction or arrangement; and

(C) A record of the vote.

Section 6 - Dissemination and Acknowledgment of Policy

(A) This Policy shall be distributed to all persons covered by this Policy;

(B) Each person covered by this Policy shall sign an annual statement that the person:

(1) Received a copy of the Policy;

(2) Has read and understands the Policy;

(3) Agrees to comply with the Policy;

(4) Understands that the Policy applies to the Board and all Board Committees; and

(5) Understands that this corporation are organized to advance charitable and educational purposes and that, in order to maintain tax-exempt status, they must constantly engage primarily in activities that accomplish one or more of the purposes of tax-exempt organizations.

## Section 7 - Compensation Committees

(A) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

(B) Employees who receive compensation, directly or indirectly, from the corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters.

## Section 8 - Periodic Reviews

To ensure that the corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic review shall, at a minimum, include the following subjects:

(A) Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining;

(B) Whether acquisitions or other arrangements with providers result in inurement or impermissible private benefit;

(C) Whether partnership and joint venture arrangements and arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payment for goods and services, further the corporation's charitable purposes, and do not result in inurement or impermissible private benefit; and

## Section 9 - Penalties For Non-Compliance

Failure to comply with this Policy shall constitute grounds for removal from office and, in the case of Key Management Personnel, termination of employment.

## Section 10 - Use of Outside Experts

In conducting the periodic reviews provided for in Section 8, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE IX - INDEMNIFICATION OF DIRECTORS AND OFFICERS  
AND INSURANCE

Section 1 - The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such is or was a director, officer, employee or agent of this corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, taxes and penalties and interest thereon and amounts paid in settlement actually and reasonably incurred by such person in connection with such action or proceeding if such person acted in good faith and in a manner which that person reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe that such individual's conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which that person reasonably believed to be in or not opposed to the best interest of the corporation, and with respect to any criminal action or proceeding, that such person did have reasonable cause to believe that such individual's conduct was unlawful.

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, by or in the right of the corporation to procure judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of this corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), which that person actually and reasonably incurred in connection with the defense or settlement of such action or proceeding if such person acted in good faith and in a manner which that person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue, or matter, including, but not limited to taxes or any interest or penalties thereon, as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of that person's duty to the corporation unless and only to the extent that the court in which

such action or proceeding was brought shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

To the extent that a director, officer, employee or agent of this corporation has been successful on the merits or otherwise in defense of any claim, issue or matter therein, such individual shall be indemnified against expenses (including attorneys' fees), actually and reasonably incurred by that individual in connection therewith.

Any indemnification provided for herein shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because the applicable standard of conduct set forth was met. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action or proceeding; or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

Expenses (including attorney's fees) incurred in defending a civil or criminal action or proceeding may be paid by the corporation in advance of the final disposition of such action or proceeding as authorized in the manner herein provided, upon receipt of any undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that such individual is entitled to be indemnified by the corporation as authorized in this section.

## Section 2 - Insurance

The corporation may, upon decision of the Board of Directors, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, association, partnership, joint venture, trust or other enterprises against any liability assumed against such person and incurred by them in any such capacity, or arising from their status as such, whether or not the corporation would have the power to indemnify said person against such liability under the provisions of these By-Laws.

## ARTICLE X - AMENDMENTS

The power to alter, amend or repeal the By-Laws or adopt new By-Laws shall be vested in the Board of Directors. Proposed changes in the By-Laws shall be sent to the board members at least seven (7) days in advance of the meeting at which the proposed changes will be considered. An affirmative vote by two thirds of the total number of directors at a meeting at which there is a quorum will be required to amend the By-Laws.

## ARTICLE XI - RULES OF ORDER

Robert's Rules of Order, as revised from time to time, shall be the parliamentary authority for matters of procedures governing board meetings. Where Robert's Rules of Order are at variance with any provision of these By-Laws or West Virginia Code § 7-12-1 et seq., the provisions of the By-Laws or the statute shall take precedence. Robert's Rules of Order may be suspended or waived by a majority vote of the directors present at a meeting. General counsel for the corporation shall serve as parliamentarian unless otherwise directed by the President.

## ARTICLE XII - SEVERANCE CLAUSE

If any article, paragraph, sentence, clause, phrase or word of these By-Laws is ruled unlawful or invalid, it shall not affect the validity of the remaining By-Laws which are unaffected by such ruling.

## ARTICLE XIII - GENDER

Whenever the context requires, the gender of all words used herein shall include the masculine, feminine and neuter, and the number of all words shall include the singular and plural thereof.

051402cfc



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

DIRECT TELEPHONE: (304) 340-1214

E-Mail: [snychambers@jacksonkelly.com](mailto:snychambers@jacksonkelly.com)

State Bar No. 694

December 8, 2009

DIRECT TELECOPIER (304) 340-1080

RECEIVED  
09 DEC - 8 PM 3:43  
W. VA. PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

**VIA HAND DELIVERY**

Ms. Sandra Squire  
Executive Secretary  
Public Service Commission of  
West Virginia  
201 Brooks Street  
Post Office Box 812  
Charleston, West Virginia 25323

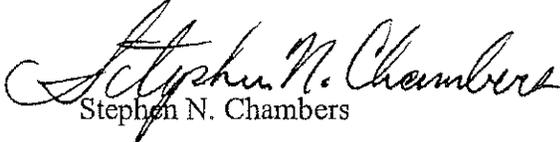
Re: Case No. 09-1953-W-PC-CN  
West Virginia-American Water Company and  
Webster County Economic Development Authority

Dear Ms. Squire:

Enclosed for filing in the above-referenced case please find the original and twelve copies of an Affidavit of Publication evidencing publication of the Notice of Filing in the Webster Echo, a newspaper of general circulation in Webster County. The Affidavit of Publication is being filed in accordance with the Commission's Order dated November 18, 2009.

Please advise if you have any questions.

Sincerely,

  
Stephen N. Chambers

SNC/dmb

Enclosures

cc: Linda S. Bouvette, Esq. (w/enc.)  
Mark Shamblin (w/enc)  
John C. Stump, Esq. (w/enc)

{C1652184.1}

AFFIDAVIT

STATE OF WEST VIRGINIA  
COUNTY OF WEBSTER, to witt

I, Thomas C. Clark, a publisher of the Webster Echo, a weekly newspaper published in the Town of Webster Springs, County of Webster, State of West Virginia, and the general circulation in that area, the said Webster Echo being a newspaper of opposite politics of the Webster Republican, being duly sworn, do hereby depose and say that the hereto annexed - **Notice of Filing**

was duly published in the said paper for one consecutive week commencing

**November 25th, 2009 and November 25th, 2009**

and I do further depose and say that the said **Notice**

contains **2,604** words and that the publisher's fee was therefore **\$299.46**

Given under my hand this **25th** day of **November, 2009**

Taken, sworn to and subscribed before me in the state and county

aforsaid **25th** day of **November, 2009**

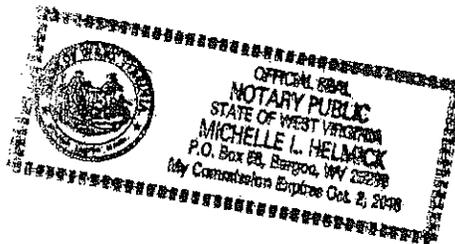
*Thomas C. Clark*

*Michelle L. Helmick*  
\_\_\_\_\_  
Notary Public

My commission expires October 2, 2010

Attorney

Code 59-3-4



**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston, on the 18th day of November, 2009.

CASE NO. 09-1953-W-PC-OM

Joint Application by West Virginia American Water Company and the Webster County Economic Development Authority for all required authority to finance and construct a water extension project.

**NOTICE OF FILING**

On November 17, 2009, West Virginia American Water Company (West Virginia American Water) and the Webster County Economic Development Authority (the "Authority") filed a joint application with the Public Service Commission of West Virginia ("Commission") requesting that the Commission make a determination that a certificate of convenience and necessity is not required for the construction of certain proposed water main extensions and other associated facilities to be constructed along State Routes 18 and 20 near the community of Diana in Webster County (the "Project") or, in the alternative, for the issuance of a certificate of convenience and necessity for the Project. The Project consists of the construction of approximately 51,850 feet of 8-inch, 8-inch and 2-inch diameter water mains together with related service lines and meters; three pressure reducing stations and 28 fire hydrants to extend domestic water service and fire protection service to approximately 162 new customers.

The application is on file with and available for public inspection at the Commission's offices at 201 Brooks Street, Charleston, West Virginia.

The Authority estimates that construction of the Project will cost approximately \$3,000,000 to be financed as follows:

Small Cities Community Block Grant	\$1,500,000
West Virginia Infrastructure & Development Council Loan	890,000
West Virginia Infrastructure & Development Council Grant	446,000
Webster County Commission Grant	50,000
West Virginia American Water Contribution	114,000

The Authority anticipates that the customers to be served by the Project as the Authority's customers will be charged the Authority's current rates and charges applicable to its service territories, which rates and charges are as follows:

Available for general domestic, commercial and industrial service.

**RATE**

First 1,500 gallons used per month	at the minimum charge.
Next 29,500 gallons used per month	\$9.1244 per 1,000 gallons.
Next 870,000 gallons used per month	\$6.0085 per 1,000 gallons.
Next 5,180,000 gallons used per month	\$4.3712 per 1,000 gallons.
All over 9,000,000 gallons used per month	\$2.8437 per 1,000 gallons.

**MINIMUM CHARGE**

No bill will be rendered for less than the following amount according to the size of each meter installed, to-wit: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters.

3/4 inch meter or less	\$ 20.57 per month
1 inch meter	\$ 50.40 per month
1 1/2 inch meter	\$ 100.15 per month
2 inch meter	\$ 169.86 per month
3 inch meter	\$ 299.15 per month
4 inch meter	\$ 498.10 per month
6 inch meter	\$ 995.50 per month
8 inch meter	\$1,592.45 per month

\*All residential customers shall be served through a 3/4" meters, provided, however, that the Authority may install a larger meter when reasonably necessary. This restriction shall not apply to residential meters currently in use.

**POST-CONSTRUCTION FEE**

A charge of \$300 will be assessed to customers who connect to the system after completion of construction adjacent to the customer's property where, in order to connect the customer to the system, a utility service line and meter setting must be installed.

**INCREMENTAL COST OF WATER**

An incremental cost of \$0.30 per 1,000 gallons is to be used in the calculation of leak adjustments used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This incremental cost rate shall be applied to all such unusual consumption above the customer's historical average usage.

**DELAYED PAYMENT PENALTY**

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

**RETURNED CHECK CHARGE**

A service charge equal to the actual bank fee assessed to the Authority (or to its agent for billing and collecting), not to exceed \$15.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

**RECONNECTION CHARGE**

When it has been necessary to discontinue water service to any premises on account of non-payment of any charges for water service, a charge of twenty dollars (\$20.00) will be made to cover the cost of turning on the water service. This charge will not apply where the Authority has a disconnection agreement with a sewer utility and is entitled to collect a reconnection charge from the sewer utility for such reconnection for non-payment of sewer charges. This charge may be added to a past due balance and included in the outstanding balance under a default payment agreement.

The Authority's tariff is based on West Virginia American Water's current tariff. No rate increase to the existing customers of the Authority will result from the Project.

The requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to W. Va. Code §24-2-11, West Virginia Code, IT IS ORDERED that the Webster County Economic Development Authority give notice of the filing of said application by publishing a copy of this order once in a qualified newspaper as provided in W. Va. Code §59-3-1, et seq., published and of general circulation in Webster County, making due return to the Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your rights to protest aspects of this Certificate case, including any associated rate increases, or to participate in future proceedings. All protests or notices to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, Post Office Box 812, Charleston, West Virginia, 25324.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) days, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application and its review thereof.

**FOR THE COMMISSION:**

Sandra Squire  
Executive Secretary

**WEBSTER COUNTY EDA  
BOARD MEETING MINUTES  
JUNE 08, 2010**

In Attendance:	Geoff Ezell Dee Curtin Dexter Beckett Scott Hamrick Karen Dotson Angie Cowger Carol Cogar	Members Absent:	Mike Morris Kimble Tanner Louise Hamrick Billy Lake Hullena Cogar
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Staff: Geary Weir  
Derinda Cogar

Guests: Kent Walker

Called to order at 6:10pm.

- I. Minutes from March 30, 2010 were read and approved as presented
- II. Introduction of Karen Dotson as new board member to replace Jon Rudloff who resigned.
- III. Geary gave the financial report.
- IV. Geary presented the Director's Report.
- V. Unfinished business
  1. A discussion was held concerning the EDA providing Wi-Fi service in Webster Springs. It was decided that due to the expense involved, this idea would not be carried out at this time.
  2. Accounting Assistance – Annual 990 return  
Price for accountant assistance from Bagby, Johnson & Associates CPA's is \$430 per quarter and \$1,200 for the 990 return. This cost was approved by general consensus for one year.
  3. The 2010 budget was discussed. Geary presented selling the hy-rail truck because it is a depreciating asset. Dee asked Geary to seek approval from Sen. Helmick first, since his office arranged grant funds for purchase of the truck. It was decided to table the budget for now and continue under current budget until new budget is passed.
- VI. The 2010-2011 EDA work plan was discussed. Angie made a motion to approve with condition that changes can be made as conditions dictate, Geoff seconded the motion. All in favor, motion carried.

- VII. New Business  
Dee opened nominations for officers for the 2010-2011 year. Carole made motion to keep existing officers, Geoff seconded. All in favor, motion passed.
- VIII. Next meeting is scheduled for August 10, 2010
- IX. Geoff made motion to adjourn the meeting, Dexter seconded. Meeting adjourned at 7:40 pm.

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

EXCERPT OF MINUTES ON ADOPTION OF  
SUPPLEMENTAL RESOLUTION AND DRAW  
RESOLUTION

The undersigned SECRETARY of the Webster County Economic Development Authority hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Board:

\*\*\*

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\*\*\*

The Board of the Webster County Economic Development Authority met in special session, pursuant to notice duly posted, on the 6th day of April, 2011, in Webster Springs, West Virginia, at the hour of 6:30 p.m.

PRESENT: Carol Cogar  
Hullena Cogar  
Angie Cowager  
Karen Dotson  
Geoff Ezell  
Louise Hamrick  
Kimble Tanner

Geary Weir, Director  
John Stump, Steptoe & Johnson

ABSENT: Scott Hamrick  
Dexter Beckett  
Michael Morris  
George D. Curtin, III

On a motion by Carol Cogar and seconded by Kimble Tanner, Karen Dotson was elected President by unanimous vote for the purposes of the Project, the Water Revenue Bonds, Series 2011 A and the financing related to it.

Karen Dotson, President, presided and Louise Hamrick acted as Secretary. A quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the President then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Kimble Tanner and seconded by Hullena Cogar it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the President presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Kimble Tanner and seconded by Carol Cogar it was unanimously ordered that the said Draw Resolution be adopted.

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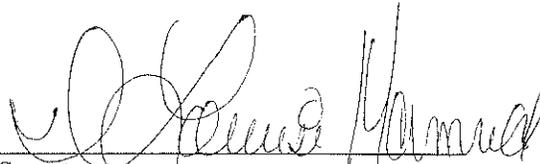
There being no further business to come before the meeting it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Webster County Economic Development Authority 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 11th day of April, 2011.

  
Secretary

**AFFIDAVIT**

STATE OF WEST VIRGINIA  
COUNTY OF WEBSTER, to witt

I, Thomas C. Clark, a publisher of the Webster Echo, a weekly newspaper published in the Town of Webster Springs, County of Webster, State of West Virginia, and the general circulation in that area, the said Webster Echo being a newspaper of opposite politics of the Webster Republican, being duly sworn, do hereby depose and say that the hereto annexed - **Notice of Public Hearing on the WCEDA Bond Ordinance**

was duly published in the said paper two consecutive weeks commencing

**March 2nd, 2011 and March 9th, 2011**

and I do further depose and say that the said **Notice**

contains **840** words and that the publisher's fee was therefore **\$169.05**

Given under my hand this **9th day of March, 2011**

Taken, sworn to and subscribed before me in the state and county

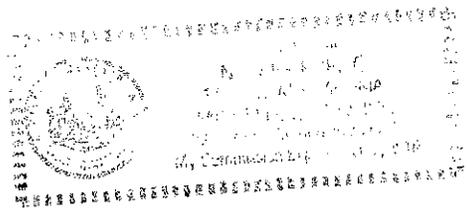
aforesaid **9th day of March, 2011**

Thomas C. Clark  
Notary Public

My commission expires October 2, 2016

Attorney

Code 59-3-4



**NOTICE OF PUBLIC HEARING ON THE  
WEBSTER COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY BOND ORDINANCE**

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Board of the Webster County Economic Development Authority (the "EDA") to be held on Tuesday, March 15, 2011, at 6:00 p.m. at 139 Baker Street, Webster Springs, West Virginia, and at such hearing any person interested may appear before the EDA and present protests, and all protests and suggestions shall be heard by the EDA and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

**ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE OF NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO**

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The EDA contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to (i) pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer; and (ii) to pay costs of issuance and related costs. The Bonds are payable from the revenues derived from the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Board of the Webster County Economic Development Authority on January 11, 2011. A certified copy of the above-entitled Ordinance is on file with the EDA for review by interested parties during regular office hours.

Following the public hearing, the EDA intends to enact the Ordinance upon final reading.

/s/ Geary Weir  
Executive Director  
947800.00004

**WEBSTER COUNTY EDA  
BOARD MEETING MINUTES  
January 4, 2011**

In attendance:           Angie Cowger (AC)   Dexter Beckett (DB)   Scott Hamrick (SH)  
                                  Karen Dotson (KD)   Geoff Ezell (GE)       Dee Curtin (DC)

Members Absent:        Louise Hamrick           Carol Cogar            Mike Morris  
                                  Kimble Tanner           Hullena Cogar

Staff:                    Geary Weir

Guests:                 John Stump, Steptoe & Johnson

DC called meeting to order at 6:45pm

- I.     John Stump, bond counsel, led a discussion and first reading of the proposed Bond Ordinance for the Diana water project. DB made a motion to accept the ordinance as presented. Second by SH. All voted in favor, motion carries. It was announced that the second reading of the bond ordinance was scheduled for Jan 11, 2011 at 6 pm. and the public hearing and 3<sup>rd</sup> reading is scheduled for Mar 15, 2011 at 6 pm.
- II.    Minutes from the Sept 14, 2010 board meeting were reviewed. KD made motion to accept minutes as presented, Second by DB. All voted in favor, motion carries.
- III.   Geary Weir gave the Financial Report. After discussion, the report was filed for audit
- IV.    Weir gave the Director's Report. Items discussed were:
  - water damage at Hope Medical from ice storm
  - name change on Rte 20 sign from IMC to IBM
  - Diana water project
  - Miller Mountain water projects
  - Collaboration between WV State University, WV Hardwood Alliance Zone and WCEDA regarding contract position for business development coordinator
- V.     Unfinished Business: The sale of the 2005 Chevrolet 2500 pick-up truck equipped with Flexride rail gear to the WV State Rail Authority was discussed. A motion was made by AC to sell the truck to the WVSRA for \$17,500. Second by GE. All voted in favor, motion carries.
- V.     New Business:
  - The Governor's Community Partnership Grant, in the amount of \$2,000 for work at the Webster County Business Park was discussed and a resolution of acceptance was read by Weir. DB made a motion to accept the resolution as presented. Second by SH. All voted in favor, motion carries.

- A resolution for application for a Flex e Grant in the amount of \$3,500 for further web site development and a Webster County visitor's guide was read by Weir. KD made a motion to accept the resolution as presented. Second by DB. All voted in favor, motion carries.
- A resolution in support of the WV Hardwood Alliance Zone's efforts to push for early completion of Corridor H was read by Weir. DB made a motion to accept the resolution as presented. Second by KD. All voted in favor, motion carries.
- Discussion was held regarding sponsorship of the WV Land Trust's Special Places Award Dinner, honoring Congressman Nick Joe Rahall. GE made motion to sponsor the dinner at the \$500 level. Weir is to ask the Webster County Commission and Webster County Memorial Hospital to also provide sponsorships at a similar level. Second by DB. All voted in favor, motion carries.
- The need for a new 5-year strategic plan for 2011-2015 was discussed. All members present indicated a willingness to serve on a committee to help formulate the plan. It was decided that all planning sessions would be open to all board members rather than appointing a committee for this task at this time.

Announcements: A special meeting for the second reading of the bond ordinance was set for January 11, 2011 at 6pm.

DB made motion to adjourn meeting, KD seconded, all in favor, motion carries. Meeting adjourned at 8:00pm.



Webster County Economic  
Development Authority  
Board Meeting  
Minutes  
March 15, 2011

In attendance: Kimble Tanner                      Louise Hamrick                      Dee Curtin  
                         Karen Dotson                      Mike Morris                      Dexter Beckett  
                         Carol Cogar

Attending by Teleconference:                      Geoff Ezell                      Scott Hamrick  
   Angie Cowger

Member absent:                      Hullena Cogar

Staff:                      Geary Weir                      Derinda Cogar

Guests:                      Kevin Hamrick, Mark Shamblin and Dan Bickerton – WV American  
   Water Company (attending by teleconference)  
   John Stump, bond counsel – Steptoe & Johnson

Dee Curtin called the meeting to order at 6:10pm.

- I. To accommodate guests in attendance, discussion of the Miller Mountain Phase II and Diana Phase I water projects was moved to first on the agenda.
  - A. After discussion, Kimble made a motion to approve a resolution for authorizations for the Miller Mountain Phase II water project, Louise seconded. All in favor, motion carried. A copy of this resolution is filed in the official Webster County EDA minute book.
  - B. The bond ordinance for the Diana Phase I project was discussed. There was a public hearing held but no members of the public attended nor submitted any comments. Upon third reading of the ordinance, Dexter made motion to approve, seconded by Kimble. All in favor, motion carried.
  - C. There was discussed held concerning the opening of a second construction account at United Bank to be used for the Diana Phase I project. Geary Weir, Dee Curtin, Louise Hamrick, and Dexter Beckett will be on the signature list. Scott made motion to approve opening second construction account, Kimble seconded. All in favor with Louise abstaining.
  - D. Discussion was held regarding various issues of concern with the Operations & Maintenance agreement with WV American Water. No action taken. Geary and John will look into some possible amendments to the agreement to alleviate these concerns.

- II. Scott made motion to approve the minutes from the Jan. 4, 2011 and Jan. 11, 2011 meetings, Mike seconded. All in favor, motion carried.
- III. The June 30 2010 audit report from Teed & Associates was distributed to board members and several items were discussed. Geary also presented a financial report for the current fiscal year through March 15.
- IV. Geary gave the Director's Report.
- V. Information regarding the 2011-2016 long range strategic plan was distributed to members. Planning will continue with a goal of having the new plan completed by June 30, 2011.
- VI. Geary read a resolution authorizing him to act on behalf of the WCEDA to enter into a contractual agreement with the WV Development Office to receive and administer funds under the LED Grant program. Mike made motion to approve, Kimble seconded. All in favor, motion carried.
- VII. Geary reported that our auditing firm suggested that the WCEDA adopt a policy on capital asset reporting. After some discussion, several board members suggested that a minimum limit of \$5,000 be set for reporting assets as capital assets. Geary will research and work on policy to be presented at the next regular meeting.

Next meeting will be 05/10/2011 at 6:00pm

Meeting adjourned at 7:55 pm. Mike made motion, seconded by Kimble.

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

EXCERPT OF MINUTES ON ADOPTION OF  
SUPPLEMENTAL RESOLUTION AND DRAW  
RESOLUTION

The undersigned SECRETARY of the Webster County Economic Development Authority hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Board:

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The Board of the Webster County Economic Development Authority met in special session, pursuant to notice duly posted, on the 6th day of April, 2011, in Webster Springs, West Virginia, at the hour of 6:30 p.m.

PRESENT: Carol Cogar  
Hullena Cogar  
Angie Cowager  
Karen Dotson  
Geoff Ezell  
Louise Hamrick  
Kimble Tanner

Geary Weir, Director  
John Stump, Steptoe & Johnson

ABSENT: Scott Hamrick  
Dexter Beckett  
Michael Morris  
George D. Curtin, III

On a motion by Carol Cogar and seconded by Kimble Tanner, Karen Dotson was elected President by unanimous vote for the purposes of the Project, the Water Revenue Bonds, Series 2011 A and the financing related to it.

Karen Dotson, President, presided and Louise Hamrick acted as Secretary. A quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the President then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Kimble Tanner and seconded by Hullena Cogar it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the President presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Kimble Tanner and seconded by Carol Cogar it was unanimously ordered that the said Draw Resolution be adopted.

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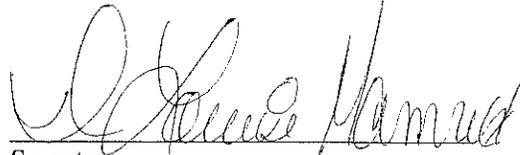
There being no further business to come before the meeting it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Webster County Economic Development Authority 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 11th day of April, 2011.

  
Secretary

**WV MUNICIPAL BOND COMMISSION**

1207 Quarrier Street  
Suite 401  
Charleston, WV 25301  
(304) 558-3971

**NEW ISSUE REPORT FORM**

Date of Report: 11-Apr-11

ISSUE: <u>Webster County Economic Development Authority</u> <u>Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)</u>	
ADDRESS: <u>139 Baker Street, Webster Spring, West Virginia 26288</u>	COUNTY: <u>Webster</u>
PURPOSE OF ISSUE: New Money: <u>x</u> Refunding: _____	
ISSUE DATE: <u>11-Apr-11</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
ISSUE AMOUNT: <u>\$890,000</u>	CLOSING DATE: <u>11-Apr-11</u>
1ST DEBT SERVICE DUE: <u>1-Sep-12</u>	RATE: <u>0%</u>
1ST DEBT SERVICE AMOUNT <u>\$5,742</u>	1ST PRINCIPAL DUE <u>1-Sep-12</u>
	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL: Firm: <u>Stepto &amp; Johnson PLLC</u> Contact: <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	
UNDERWRITERS COUNSEL Firm: <u>Jackson Kelly, PLLC</u> Contact: <u>Samme Gee, Esquire</u> Phone: <u>(304) 340-1318</u>	
CLOSING BANK: Bank: <u>United Bank, Inc.</u> Contact: <u>Sheryl Funk</u> Phone: <u>304.847.5112</u>	
ESCROW TRUSTEE: Firm: _____ Contact: _____ Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT Contact: <u>Geary Weir</u> Position: <u>Executive Officer</u> Phone: <u>(304) 847.2145</u>	
OTHER: Agency: <u>West Virginia Infrastructure &amp; Jobs Development Council</u> Contact: <u>Jim Ellars</u> Position: <u>Executive Director</u> Phone: <u>304.558.4607</u>	
DEPOSITS TO MBC AT CLOSE By: _____ Wire _____ _____ Check _____	
Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: \$ _____ Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE By: _____ Wire _____ _____ Check _____ _____ IGT _____	
To Escrow Trustee \$ _____ To Issuer \$ _____ To Cons. Invest. Fun \$ _____ To Other: _____	
NOTES: <u>Series 2011 A Bonds Reserve Account to be funded by Letter of Credit</u> _____ _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____ _____	

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

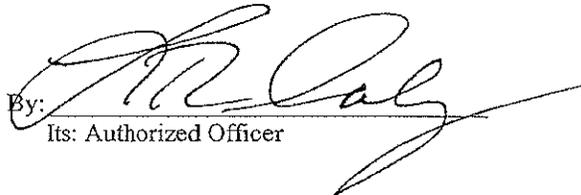
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

United Bank, Inc., West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Webster County Economic Development Authority (the "Issuer"), enacted March 15, 2011, and a Supplemental Resolution of the Issuer adopted April 6, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated April 11, 2011, in the aggregate principal amount of \$890,000 (the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 11th day of April, 2011.

UNITED BANK, INC.

By:   
Its: Authorized Officer

03.21.11  
947800.00004

CH5432536

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

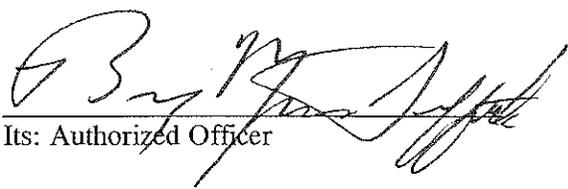
ACCEPTANCE OF DUTIES OF REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Webster County Economic Development Authority Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated April 11, 2011, in the aggregate principal amount of \$890,000 (the "Series 2011 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2011 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2011 A Bonds.

WITNESS my signature on this 11th day of April, 2011.

THE HUNTINGTON NATIONAL BANK

By:

  
Its: Authorized Officer

03.28.11  
947800.00004

CH5431957

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

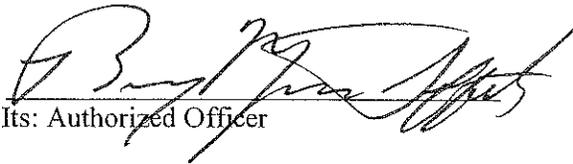
Water Revenue Bonds, Series 2011 A  
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Webster County Economic Development Authority (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Webster County Economic Development Authority Water Revenue Bond, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated April 11, 2011, in the principal amount of \$890,000, numbered AR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 11th day of April, 2011.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

03.28.11  
947800.00004

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of April, 2011, by and between WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$890,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted March 15, 2011, and a Supplemental Resolution of the Issuer duly adopted April 6, 2011 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Webster County Economic Development Authority  
139 Baker Street  
Webster Springs, West Virginia 26288  
Attention: Executive Director

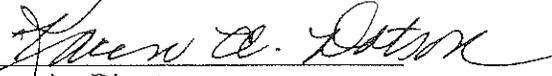
REGISTRAR: The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The Registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legally available remedies.

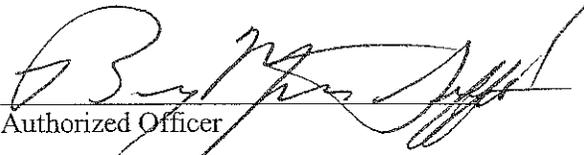
9. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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.

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

  
Executive Director

THE HUNTINGTON NATIONAL BANK

  
Authorized Officer

03.28.11  
947800.00004

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

Private Financial Group  
P.O. Box 633 - WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES  
Invoice Date April 11, 2011

**Webster County Economic Development Authority**  
**Account Number 6089001809**

Webster County Economic Development Authority  
Water Revenue Bonds, Series 2011 A  
C/o John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR April, 2011  
\*\*\*\*\*

TOTAL AMOUNT	\$ 500.00
TOTAL DUE	<u>\$ 500.00</u>

**MAIL CHECK TO:**  
**THE HUNTINGTON NATIONAL BANK**  
**ATTN: BARRY GRIFFITH – WE3013**  
**PO BOX 633**  
**CHARLESTON, WV 25322-0633**

**PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT**

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304) 348-5035

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
OPERATIONS AND MAINTENANCE AGREEMENT

This AGREEMENT is made as of this 12 day of OCTOBER, 2007, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY, a public corporation established under the provisions of Chapter 7, Article 12 of the West Virginia Code of 1931, as amended ("WCEDA").

WITNESSETH

WHEREAS, the WCEDA believes that its responsibilities include assisting in the development and advancement of the prosperity, health and economic welfare of the citizens of Webster County, and that it will be better able to meet those responsibilities, now and in the future, through the execution and implementation of this agreement (as it may be amended from time to time, the "Agreement"); and

WHEREAS, the WCEDA believes that fulfillment of those responsibilities includes, where necessary, financing the cost of, and undertaking the construction of, certain water distribution facilities now and in the future to extend water service to unserved or underserved areas of Webster County; and

WHEREAS, except as noted in this Agreement, the WCEDA intends to design, finance, construct and own the first of these projects, which consists of approximately 8,300 feet of 8", 4,325 feet of 6", and 2,800 feet of 2" water main in the Back Fork Elk River area of Webster Springs ("Initial WCEDA Facilities," and together with any other water facilities acquired or constructed by the WCEDA pursuant to and during the term

of this Agreement, the "WCEDA Facilities") to serve approximately 54 families ("Initial WCEDA Customers," and together with any other customers of the WCEDA receiving water service from any other water facilities acquired or constructed by the WCEDA pursuant to and during the term of this Agreement, the "WCEDA Customers")), through a \$687,000 Small Cities Block Grant from the West Virginia Development Office ("Initial SCGB Grant"); and

WHEREAS, Company, under the Rules for the Government of Water Utilities ("Water Rules") promulgated by the Public Service Commission of West Virginia ("Commission"), is also willing to participate in the funding and construction of certain other necessary facilities ("Company Facilities") by committing approximately \$162,000 (which includes engineering fees to design the project), an amount based on the current estimate of the number of Initial WCEDA Customers who will have signed user agreements immediately prior to the WCEDA's award of bids for the construction of the Initial WCEDA Facilities; and

WHEREAS, the WCEDA has determined that Company is the best available source of potable water for serving the WCEDA Customers; and

WHEREAS, Company has sufficient hydraulic and treatment capacities at its Webster Springs Water Treatment Plant to supply the current needs of the Company's customers in the Webster County area and the WCEDA Customers; and

WHEREAS, the WCEDA believes it is in the best interests of Webster County and the Initial WCEDA Customers for Company to operate, maintain, repair, and replace the Initial WCEDA Facilities after their construction, and for the WCEDA and Company to

develop a framework under which additional extension projects may be undertaken in the future.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein, and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the Company and the WCEDA agree as follows:

I. Construction of Water Facilities.

After the conditions precedent described in Section XIII have been satisfied, the parties shall proceed promptly and diligently to construct the following facilities:

A. Company Proposed Construction.

In conjunction with the construction of the Initial WCEDA Facilities, Company will install (i) the Company Facilities and (ii) the utility service lines and meter settings in accordance with Section VIII hereof.

B. WCEDA Proposed Construction.

WCEDA shall, at its sole cost and expense, construct the Initial WCEDA Facilities.

II. Supply of Water to WCEDA Customers.

A. Quality and Quantity of Water.

Upon completion of construction under this Agreement, Company agrees to provide WCEDA Customers, subject to the terms, conditions, undertakings, agreements, and limitations provided in this Agreement, the total water requirements of the WCEDA

Customers, the water delivered to the WCEDA Customers to be of the same quality as that supplied to the customers in the Company's Webster County distribution area. Company will be paid for the water supplied to the WCEDA Customers in the manner set forth in Section VI.C hereof. The WCEDA, on its own behalf and on behalf of the WCEDA Customers, agrees to purchase its total water requirements from the Company during the term of this Agreement, as it may be extended from time to time.

B. Monitoring of Water Quality.

Company shall monitor the water quality and be responsible for compliance with all state and federal standards for potable water supplies.

C. Possible Water Shortage.

In the event of an extended shortage of water, or if the supply of water from Company is otherwise diminished or impaired, the supply of water to the WCEDA Customers shall be reduced or diminished in approximately the same proportion as the supply of the water to customers of Company in the Webster County distribution area is reduced or diminished. Any notification given to Company's Webster County customers of any anticipated shortage of water shall also be given to the WCEDA Customers.

III. Term of This Agreement.

The initial term of this Agreement shall extend for 40 years from the date hereof and shall automatically be extended to the date that is the later of (i) 40 years from the date of any amendment to this Agreement, to the extent the Amendment does not specify a different termination date; or (ii) as of any date of determination, the date of final maturity (or, if later, the date of final payment) on all debt obligations of the WCEDA the

repayments of which are secured, in whole or in part, by the WCEDA Facilities or any amounts payable by Company to the WCEDA under this Agreement or both. This Agreement may continue in effect from year to year after the initial term of the Agreement (as extended under the preceding sentence) by mutual consent of the parties.

IV. Plans and Specifications for WCEDA Facilities.

A. Approval of Plans and Specifications.

WCEDA has agreed to retain the services of Company engineers or an engineering firm acceptable to Company to prepare the necessary plans and specifications and to prepare cost estimates for construction of the WCEDA Facilities. In the event WCEDA retains an engineering firm, WCEDA agrees, prior to preparation of the necessary bidding documents, to submit the plans and specifications for the WCEDA Facilities to Company for approval, which approval shall not be unreasonably withheld, in order to insure that those plans and specifications meet Company's standards of construction and interconnection with Company's distribution system.

B. Company as Engineer or Contractor.

If Company acts as engineer or contractor for the WCEDA, Company shall be responsible to insure that the construction of the WCEDA Facilities is conducted in accordance with all applicable regulations and standards of construction.

C. Right to Inspect Construction.

If WCEDA elects to retain a contractor other than Company ("Outside Contractor") to construct the WCEDA Facilities, Company shall have the right, but not the obligation, to inspect the construction of the WCEDA Facilities. If Company

determines in any such inspection that construction of the WCEDA Facilities is not proceeding according to approved plans and specifications, Company shall within 15 days of the inspection by Company give written notice thereof to WCEDA, and WCEDA hereby agrees that it will correct or cause its Outside Contractor to correct such discrepancy within 45 days of receipt of such notice. Neither Company's inspection rights under this section nor its exercise of those rights shall be construed to relieve the WCEDA or its contractor, engineers, inspectors, bonding companies, or other agents to properly inspect the construction of any WCEDA Facilities completed by an Outside Contractor.

D. Failure to Correct Discrepancy.

In the event WCEDA or its Outside Contractor refuses to correct such discrepancy, Company may treat such discrepancy as provided for in Section V.B below.

V. Operation and Maintenance of WCEDA Facilities by Company.

A. Company to Operate.

Company hereby agrees to operate, maintain, repair, and replace: (i) the WCEDA Facilities; and (ii) all water transmission, distribution, pumping, storage, treatment and other associated facilities added thereto in accordance with the requirements of Section VII.B hereof. Notwithstanding the foregoing, Company shall not be under any obligation to maintain, repair or replace at its expense any condition, defect or malfunction arising from the installation of the WCEDA Facilities by an Outside Contractor, which installation fails to meet Company standards, if such discrepancy in design or installation

is reported in writing by Company to WCEDA within 15 days of discovery as provided in Section IV.C above.

B. Repair of Faulty Construction.

In the event that it becomes necessary to relocate, replace, maintain or repair any condition, defect or malfunction arising from faulty installation for which notice as hereinabove set forth has been given to WCEDA by Company, such replacement, relocation, maintenance or repair will be made by a contractor approved by Company or, upon notification to the WCEDA, by Company itself, in which case Company shall be reimbursed the costs thereof by the WCEDA. In either case, the WCEDA will take immediate action (with Company's reasonable assistance, to the extent necessary) to preserve, defend, and act upon any and all rights the WCEDA may have as against any contractor, engineer, inspector, bonding company, or other third party in connection with the circumstances giving rise to the need for such replacement, relocation, or repair, whether those rights arise under a contract or otherwise.

C. Replacement of Unit of Property.

In the event Company, under the terms of this Agreement, is required to install, relocate or replace any "unit of property" within the WCEDA system as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), Company shall make such installation, relocation or replacement at its cost; provided, however, that in every such instance the unit of property shall be, and remain, the property of Company (unless purchased by WCEDA from Company after termination of this Agreement as provided in Section IX.B below)

and shall be properly included in the depreciable utility plant of the Company in calculating its cost of service and resulting rates.

D. Ownership of Units of Property.

The WCEDA agrees that, in those instances in which Company installs, replaces or relocates any unit of property on the WCEDA distribution system as provided above, the WCEDA will, simultaneously therewith, grant to Company a right to use all of related rights-of-way, easements, licenses or other property interests necessary for Company to have and own such unit of property in the location and manner in which it is installed, replaced or relocated on the WCEDA system. On Company's request, the WCEDA will execute and deliver to Company such legal instruments as may reasonably be necessary to grant these rights to Company and will consent to the recordation thereof.

VI. Reading Meters, Billing of Customers, and Payments to WCEDA.

A. Meter Reading.

All WCEDA Customers served directly from the WCEDA Facilities under this Agreement shall be the customers of WCEDA. Company shall read all meters of the customers of WCEDA and render bills to those customers, as agent for and on behalf of WCEDA, in a manner consistent with the meter reading and billing practices of Company employed in billing its own customers, such bills to be rendered and collected by Company on behalf of WCEDA and to be computed based on the usage of each WCEDA customer at the rates of WCEDA from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended.

B. Bills to WCEDA Customers; WCEDA Tariffs.

It is the intent of Company and WCEDA under this Agreement that the bills delivered to each WCEDA Customer on behalf of WCEDA shall reflect the amount due for the water used (such amount to be determined by applying the rates of WCEDA to the consumption of water by WCEDA Customers as determined by monthly or estimated meter readings). The bills delivered to the WCEDA Customers will be delivered by, and payable to, Company as agent for WCEDA. Company shall have the right to complete and file with the Commission, as agent for the WCEDA, revisions to the WCEDA's tariff of rates and charges to reflect that such rates and charges are at all times the same as Company's rates and charges.

C. Payment to Company.

Company, in consideration of the respective rights, duties, obligations, agreements, and undertakings of the parties under this Agreement, shall be entitled to receive from the WCEDA, and offset, to the extent necessary, against the amount collected by Company from the WCEDA Customers, an amount for water service rendered to the WCEDA Customers equal to the consumption of each WCEDA Customer at Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall prepare and deliver a monthly statement to WCEDA, which shall reflect the total amount collected by Company as agent for WCEDA and the total amount retained by Company for the water service provided to WCEDA Customers at the respective rates of WCEDA and Company. A WCEDA Customer shall be charged a municipal B&O surcharge on his/her usage only if that customer resides within a municipality that imposes such a surcharge. In addition, the

monthly statement to be provided to WCEDA by Company will also include the costs of any additions or extensions, and related refunds, made at the cost of the WCEDA under Section VII.C below, and the cost of any fire hydrants under Section VII.D below installed at the cost of the WCEDA.

D. Payment for WCEDA Expenses.

In addition to such other obligations, duties and responsibilities set forth in this Agreement, Company also agrees to pay directly to vendors the reasonable costs of the following items on behalf of WCEDA, up to a maximum aggregate amount for all items of \$5,000 in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by WCEDA for payment and forwarded by WCEDA to Company and which relate to costs incurred incident to the WCEDA facilities:

1. Legal and Accounting Expenses associated with operation of the WCEDA Facilities (excluding legal and accounting expenses incident to the financing of individual WCEDA construction projects, which should be capitalized);
2. Liability Insurance and Bonds associated with operation of the WCEDA Facilities;
3. Regulatory Commission Fees; and
4. Miscellaneous Supplies associated with operation of the WCEDA Facilities.

Company will also pay for reasonable expenses incident to the initial Public Service Commission training for not more than three members of the WCEDA Board, to the extent such training is required by the Commission.

In the event that either Company or WCEDA determines that the maximum aggregate amount of \$5,000 annually is not adequate or sufficient to pay the reasonable costs of the above-mentioned items, then either party may petition the Water and Wastewater Division of the Commission to audit and review the costs incurred by WCEDA for said items and to fix the maximum aggregate amount for said items, which Company will pay pursuant to this subsection; provided, however, that Company shall have the right to contest the amount so fixed by petitioning the Commission to review the determination of the Water and Wastewater Division. Company reserves the right to refuse to pay for or reimburse any legal or accounting expenses incurred by the WCEDA in connection with any dispute between Company and the WCEDA or any appearance or intervention by the WCEDA in any proceeding in which Company is involved before the Commission or any other tribunal.

E. Review of System of Accounts; Annual Reports to Commission.

As a part of the costs and expenses described in Section VI.D above, the WCEDA agrees to have its accountants review, at least annually, at the expense of WCEDA, the system of accounts maintained by Company for WCEDA and report the results of the review to WCEDA and Company. Company will prepare and provide the WCEDA with the information necessary for the WCEDA to file an annual report with the Commission, and the WCEDA agrees to cooperate with Company to ensure that the WCEDA's annual report is filed on a timely basis each year.

F. Activities of WCEDA Board Relating to WCEDA Facilities. The Parties acknowledge and agree that Company will have control over, and maintain full

Except for the provision of accounting services pursuant to Section VI.E above, the Parties acknowledge and agree that there will be no need for the WCEDA or its Board to hire employees or retain independent contractors or agents to perform any function whatsoever related to the operation, maintenance or functioning of the District or to provide any incidental or recurring service to the WCEDA or its Board. Any inquiries, requests or complaints made by a WCEDA Customer and received by the WCEDA or a member of its Board shall be immediately referred to Company. Unless an emergency arises, Company so requests or the Board obtains Company's prior consent, the Company will not reimburse the WCEDA or its Board for any fees or other expenses associated with any meetings of the Board.

VII. Future Additions to and Future Extensions of WCEDA Facilities.

A. Adequacy of Facilities for Future Water Use.

Company and WCEDA are aware that there may be future additions and extensions to serve customers from the WCEDA Facilities. In addition to the other requirements set forth in this Agreement, WCEDA and Company hereby specifically agree that such additions and extensions will be made only if, in the opinion of Company, Company's Webster County facilities have sufficient treatment capacity and distribution and pumping facilities, including transmission and distribution mains, adequate to serve WCEDA's customers and if Company believes it otherwise economically feasible to meet the total then present and anticipated needs of both the WCEDA Customers and the other customers of Company's Webster County facilities.

B. Future Additions.

All future additions to WCEDA Facilities constructed by WCEDA shall be subject to this Agreement; provided, however, that future additions to the system must be approved in writing by the WCEDA and an authorized corporate officer of Company.

C. Future Extensions.

Customer extensions from WCEDA water lines will be approved by the Company. When WCEDA receives a request for a customer extension, WCEDA shall notify Company in writing as soon as possible and in no event later than 10 days of the WCEDA's receipt of the request in order to allow Company to fulfill its obligations under the Water Rules. Company shall contract on its own behalf with the customer requesting the extension and make the installation pursuant to the Water Rules. All customers attaching to the customer extension shall be considered customers of Company for billing purposes at the rates of Company. The customer extension shall be, without further cost or expense of any kind, the property of Company.

D. Refunds.

Refunds made pursuant to the Water Rules to customers contracting with Company pursuant to Section VII.C above shall be the sole responsibility of Company, and the cost of such extensions, to the extent refunded or reimbursed to customers pursuant to the Water Rules, shall be properly included in Company's depreciable utility plant in calculating Company's cost of service and resulting rates.

VIII. Installation and Ownership of Utility Services and Meter Settings.

After the proposed construction of any WCEDA Facilities has been completed, Company shall install in accordance with the Water Rules utility service lines, including

the tap on WCEDA Facilities and the utility service line from the WCEDA Facilities to the established curb line or within the public right-of-way nearest the main. This installation shall include the meter setting. All such utility service lines from the WCEDA Facilities lines to the WCEDA customer's property line, meter settings, and taps shall be constructed and installed by Company at its expense and shall be the property of Company. Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain, and replace the meters.

If the WCEDA is permitted to include in its approved tariff a tap or connection fee, including any "post-construction" tap fee to be imposed where the installation of the utility service line and meter setting occurs after construction of a line extension project (in each case, a "Tap Fee"), Company shall collect, on behalf and in the name of the WCEDA, the Tap Fee from each prospective customer to whom the Tap Fee is applicable before installing the requested utility service line and meter setting. In each case, Company will be permitted to retain the full amount of the Tap Fee as a contribution in aid of construction from the WCEDA to Company, to be applied solely toward Company's costs to install the utility service line and meter setting for the prospective customer who paid the Tap Fee. To the extent that the installation costs of these facilities in any case exceed the amount of the Tap Fee, Company, and not the WCEDA or the prospective customer, will be responsible to pay for the excess costs. All provisions of this Section shall apply to utility service lines and meter settings for which a Tap Fee is collected.

IX. Transfer to Company Upon Termination of the Agreement.

A. Option to Transfer or Retain.

Upon the termination of this Agreement, WCEDA shall pay Company for all water delivered to WCEDA customers through the termination date of this Agreement in accordance with the provisions of Section IX.C of this Agreement, and, at its option, either: (i) convey all of the WCEDA Facilities to Company and Company agrees to accept ownership and the responsibility to operate, maintain, repair, and replace the WCEDA Facilities; or (ii) retain the WCEDA Facilities and pay Company as provided in Section IX.C below.

B. If WCEDA Retains.

Upon termination of the Agreement and if WCEDA desires to retain the WCEDA Facilities, WCEDA agrees that it will purchase from Company at the depreciated original cost all water meters installed on WCEDA's distribution system at the time of such termination, all units of property installed, replaced or relocated by Company on the WCEDA system under Section V.C of this Agreement and all service lines from the WCEDA Facilities to the WCEDA customers' property lines, meter settings, and taps installed at the cost of the Company and reflected on the books of the Company at the time of the termination of the Agreement.

C. Method and Calculation of Payment to Company.

Upon written notice of termination of the Agreement, Company shall within 30 days of such written notice of termination provide to WCEDA: (i) the estimate of the total of all payments for water provided by Company; and (ii) the total net depreciated cost (original cost less depreciation) of all items described in Section IX.B above; and

(iii) the total accrued depreciation applicable to any of such items. If WCEDA elects to retain WCEDA Facilities, WCEDA agrees that it will pay to Company the total amount over a 3-year period with such payments to be made in 36 equal monthly payments of principal, plus accrued interest at the "Prime Rate," as defined below, commencing 45 days after termination of the Agreement. The Prime Rate shall be the prime rate as shown in The Wall Street Journal being defined therein as the "base rate on corporate loan at large U.S. money center commercial banks" and reported as the "PRIME RATE" under the heading "Money Rates," as those terms shall from time to time change. The Prime Rate shall not change more often than the first day of each calendar quarter, and for each calendar quarter it shall be determined on the last day of the preceding calendar quarter on which The Wall Street Journal is published with the aforesaid prime rate quotation. In the event that The Wall Street Journal ceases to publish such rates, the Prime Rate shall be the prime rate established by Branch Banking & Trust Company, of Charleston, West Virginia, from time to time.

X. Installation of Private Fire Protection Services.

After the proposed construction provided for in this Agreement has been completed, additional fire services, approved by WCEDA, may be installed by Company from the WCEDA Facilities, but only in accordance with the Water Rules. Fire service will be installed by Company at the expense of the applicant and will be billed by Company to the applicant and paid by the applicant directly to Company at a rate equal to the then approved Company's private protection rate.

XI. Installation of Fire Hydrants.

After the original construction provided for in this Agreement has been completed, public fire protection facilities approved by WCEDA may be installed on WCEDA Facilities covered by this Agreement at the request of an appropriate governmental unit, and installation shall be made pursuant to the Water Rules.

XII. Service Areas.

It is expressly understood and agreed by Company and WCEDA that:

A. Company Right to Serve.

Company shall be permitted to install and maintain facilities within or adjoining the service areas of the WCEDA as are necessary to enjoy and fulfill its rights and obligations under this Agreement, subject to the terms and conditions set forth in this Agreement.

B. Company Customers.

Except as otherwise provided in this Agreement, all persons residing outside of WCEDA's water service area, as defined above, and served, either at present or in the future, by Company shall be considered customers of Company.

C. Use of Facilities After Termination.

Company shall have the right, even after termination of this Agreement, to transfer water through WCEDA Facilities, and all future additions and future extensions thereto, and to serve customers who may be connected, directly or indirectly, to Company water mains, whether inside or outside WCEDA's service area, provided there is no additional expense to WCEDA.

XIII. Conditions Precedent to Effectiveness of Agreement.

The Company and WCEDA understand and agree that this Agreement, and the obligations of each of them hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement.

A. Funding.

WCEDA shall have received a firm commitment for the necessary funding to enable it to carry out its obligations under this Agreement.

B. Approval of Agreement.

The Commission shall have approved this Agreement and granted a certificate of convenience and necessity for the construction of the WCEDA Facilities.

C. Requisite Permits.

WCEDA shall have acquired all necessary permits from all applicable state and federal agencies and shall provide evidence to Company, satisfactory to counsel for Company, that it has all of the necessary rights-of-way, easements, licenses or permits necessary for the installation of the WCEDA Facilities; provided, however, that in the event that it is later discovered that WCEDA does not have a right-of-way or easement for a portion of the WCEDA Facilities, this condition precedent shall be deemed satisfied if the WCEDA acquires such right-of-way or easement, and the related right of entry, by eminent domain at no cost to Company.

D. Approval of Commission.

The Commission shall have approved this Agreement and all of its terms, conditions, undertakings, agreements, and limitations. Specifically, and without in

anyway limiting the generality of this condition, the Order approving the Agreement and the transactions contemplated thereby shall:

1. Authorize the inclusion in depreciable utility plant of the Company any amounts expended by Company for the cost of installing, replacing or relocating any water lines or facilities on the WCEDA system, which are defined as a "unit of property" in NARUC and which are relocated or replaced by Company at its cost pursuant to Section V.C of this Agreement, and the cost to Company to install service lines, meter settings, and taps on the WCEDA system pursuant to Section VIII; and

2. Authorize the Company to include in depreciable utility plant an amount equal to the tax expense associated with the obligations assumed by Company under the Agreement to the extent that the construction of the WCEDA Facilities and other facilities undertaken by the WCEDA, or the undertaking by Company to operate, maintain, repair or replace the WCEDA Facilities or facilities under this Agreement, causes the cost of such WCEDA construction, or any part thereof, to constitute taxable income or otherwise to generate tax expense for Company.

3. Authority the WCEDA to implement a tariff of rates and charges that are identical to Company's then-current rates and charges as approved by the Commission from time to time.

E. No Adverse Ruling.

The Commission shall not have attached to its Order any terms, conditions or limitations that shall adversely affect this Agreement or the economic feasibility of this project between the parties insofar as requiring either of the parties to take any action or

refrain from taking any action that, in the opinion of their respective counsel, might require them, or either of them, to breach any of their obligations under any mortgage indenture, as supplemented, or any other agreement to which either of them might be a party.

XIV. Representations and Warranties.

A. WCEDA Representations and Warranties.

WCEDA represents and warrants to Company as follows:

1. The execution, delivery, and performance of this Agreement by WCEDA has been duly authorized, and this Agreement constitutes a valid and binding obligation of WCEDA enforceable in accordance with its terms; and

2. The execution and performance of this Agreement in accordance with its terms by WCEDA will not violate any provisions of law, the terms or conditions of the Initial IJDC Grant, or violate any other instruments relating to the construction of the WCEDA Facilities.

B. Company Representations and Warranties.

Company represents and warrants to WCEDA as follows:

1. The execution, delivery, and performance of this Agreement by Company have been duly authorized, and this Agreement constitutes a valid and binding obligation of Company enforceable in accordance with its terms; and

2. The execution and performance of this Agreement in accordance with its terms by Company will not violate any provisions of Company's indentures.

XV. Assignment of Agreement.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XVI. Notice.

Any notice, demand or request given hereunder shall be deemed sufficient if in writing and sent by certified mail, postal charges prepaid, to West Virginia-American Water Company, Attention: President, 1600 Pennsylvania Avenue, Post Office Box 1906, Charleston, West Virginia 25327, and to WCEDA addressed to Executive Director, Webster County Economic Development Authority, 139 Baker Street, Webster Springs, West Virginia 26288, or to such address as the parties shall indicate by written notice to the other party.

XVII. Captions.

The captions preceding the text of the sections of this Agreement are inserted solely for convenience and reference and shall not be used to construe, interpret or affect any provision of this Agreement.

IN WITNESS WHEREOF, West Virginia-American Water Company, a West Virginia corporation, and the Webster County Economic Development Authority, a public corporation established under the provisions of Chapter 7, Article 12 of the West Virginia Code of 1931, as amended, have caused this Agreement to be signed by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN  
WATER COMPANY

Witness:

[Handwritten Signature]

By:

Wayne Morgan  
WAYNE MORGAN  
PRESIDENT

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

Witness:

Sue Tallott

By: Gary Weir

EXECUTIVE DIRECTOR  
[TITLE]

STATE OF WEST VIRGINIA

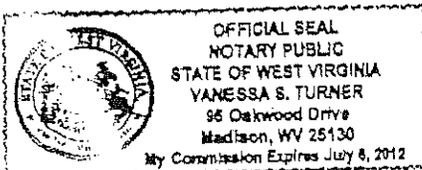
COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of October, 2007, by WAYNE MORGAN, President of West Virginia American Water Company, a West Virginia corporation, on behalf of the corporation.

My commission expires July 6, 2012.

Vanessa S. Turner

Notary Public



STATE OF WEST VIRGINIA

COUNTY OF WEBSTER, to-wit:

The foregoing instrument was acknowledged before me this 12 day of October,  
2007, by GERRY WEIR, Executive Director of the Webster County  
Economic Development Authority, a public corporation, on behalf of the corporation.

My commission expires June 15, 2017.

Kristen Hamrick

Notary Public



Approval of O & M agreement

072334ALJ030708.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

**FINAL**  
3/17/2008  
Per Commission  
Order Waiving the  
Exception Period

**Entered: March 7, 2008**

CASE NO. 07-2334-W-PC-CN

**WEST VIRGINIA-AMERICAN WATER COMPANY and  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY.**

Joint application for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County, and for approval of a related agreement between the parties.

**RECOMMENDED DECISION**

On December 7, 2007, West Virginia-American Water Company (WV-AWC) and Webster County Economic Development Authority (Authority), referred to collectively as Applicants, jointly filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County; for approval of a related Operations and Maintenance Agreement (Agreement) between the Applicants, including the ratemaking treatment set forth in the Agreement; for approval of the proposed funding for the project, comprised of a \$687,000 Housing and Urban Development Small Cities Block Grant (SCB Grant) and a \$162,000 contribution from WV-AWC; for approval for the Authority to adopt and implement a tariff of rates and charges that are identical to those of WV-AWC at the time the application is approved and as such rates may be changed from time to time by Commission approval; for a waiver of the requirement to file a Rule 42 exhibit with the application; and for a waiver of a hearing on this matter. This project has been approved by the West Virginia Jobs Development and Infrastructure Council (IJDC).

By the December 7, 2007 Notice of Filing, the Commission directed that the Applicants publish the Notice of Filing once by a Class I legal advertisement in a newspaper duly qualified by the Secretary of State, published and generally circulated in Webster County, providing a 30-day protest period and providing that, if no protests are filed, the Commission may waive hearing and grant the application based upon its review of the evidence submitted with the application.

MSM

By the December 19, 2007 Referral Order, the Commission referred this case to the Division of Administrative Law Judges (ALJ Division) for decision on or before April 21, 2008, if no protest is received, and July 7, 2008, if a protest is received.

On January 10, 2008, the Applicants submitted a publication affidavit indicating that the Notice of Filing was published on December 19, 2007, in the *Webster Echo*, a newspaper published and generally circulated in Webster County. No public protest has been filed.

On January 18, 2008, Staff Attorney Meyishi Pearl Blair submitted the Initial Joint Staff Memorandum briefly summarizing the application.

On February 7, 2008, the Applicants submitted a letter from the West Virginia Department of Environmental Protection (DEP) granting State 401 Water Quality Certification, Nationwide Permit No. 12, for the project and a letter dated February 1, 2008, from Governor Joe Manchin, III, confirming commitment of the full \$687,000 HUD Grant amount.

On February 8, 2008, the Applicants submitted a letter attaching a brief economic analysis of the effect of the project and the investment by WV-AWC in the project, indicating that the revenue generated by rates related to the project would produce a return on WV-AWC's investment of 7.45%.

Responding to all of the above, by the February 19, 2008 Procedural Order, the Administrative Law Judge (ALJ) directed that Commission Staff submit its Staff Report no later than March 21, 2008.

On February 26, 2008, Staff Attorney Blair submitted the Final Joint Staff Memorandum, attaching the February 11, 2008 Final Internal Memorandum from Utilities Analyst Nathan Nelson, Water and Wastewater Division, and Technical Analyst Ingrid Ferrell, Engineering Division. Together, these Memoranda comprise Commission Staff's final substantive recommendation in this matter. Staff described the joint project, a large portion of which will be constructed and owned by the Authority, with the remaining portion to be constructed and owned by WV-AWC, as comprising approximately 11,500 feet of 8-inch, 1,900 feet of 6-inch and 2,100 feet of 2-inch water mainlines, together with related service lines, meters and other appurtenances, including 52 fire hydrants, to serve approximately 52 new customers. Should funding permit, Alternate Line 1, Line B, would consist of approximately 2,300 feet of 8-inch line and appurtenances, and one fire hydrant, to serve one additional new customer. Staff recommended that the Commission approve the application for the Authority to construct the project along County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs; approve the Operations and Maintenance Agreement (O&M Agreement) between the Applicants, for WV-AWC to operate and maintain the water operation for the Authority and to furnish all of the water required by the project; approve the proposed financing for the project; approve rates for the Authority that are identical to WV-AWC's tariff, which are the Authority's proposed rates, i.e., the rates contained in the publication of the Notice of Filing, and are the Staff-recommended rates; and waive the Rule 42 filing requirement. WV-AWC operates a water treatment plant that is sufficient to provide the water for the operation and which is in close proximity to the

project. The plans and specifications conform to the Commission's rules and regulations. The water supply for the proposed new customers is inadequate in quantity and does not meet safe drinking water quality standards. The Office of Environmental Health Services has issued Permit No. 17,572 certifying the project for construction, signifying that the project has been designed in accordance with current engineering practice. The IJDC has approved the project for funding, including a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC, and commitment letters for the financing were filed with the application. The Staff-recommended rates would permit WV-AWC to earn a rate of return on its investment similar to the rate stipulated in Case No. 07-0998-W-42T, which has not yet been decided by the Commission. The Authority proposes to adopt rates consisting of the same rates and charges contained in WV-AWC's tariff in effect at the time the certificate is granted. Its future rates would be the same as any future WV-AWC rates, with it being the responsibility of WV-AWC to notify the Authority's customers of future rate changes. Essentially, according to the O&M Agreement, WV-AWC will operate the Authority's system, perform meter reading, perform all billing and collection, maintain the system and perform all actions necessary for the operation of Authority's system. Staff recommended some changes to the wording of the O&M Agreement. Opining that the project is financially feasible, Staff recommended its approval. Staff also recommended that the Authority seek prior Commission approval before commencing construction should the plans or the scope of the project change or should the rates change. Changes in project costs or financing would not require separate approval if those changes do not affect rates and the Authority submits an affidavit from a certified public accountant to this effect.

On March 3, 2008, Stephen N. Chambers, counsel for WV-AWC, submitted a letter stating that WV-AWC and the Authority both wholly agree to and accept Staff's final substantive recommendations, except that the Staff-recommended tariff omitted the minimum rate of \$1337.19 for customers with 8-inch meters.

On March 5, 2008, Staff Attorney Blair submitted a Further Final Joint Staff Memorandum, attaching a March 5, 2008 Further Final Internal Memorandum from Utilities Analyst Nelson and Technical Analyst Ferrell, indicating that the minimum rate for customers with 8-inch meters was inadvertently omitted from the Staff-recommended tariff due to a computer issue. Staff attached a corrected version of the Staff-recommended rates that included the minimum charge of \$1,337.19 per month for a customer with an 8-inch meter.

### DISCUSSION

Having considered all of the above, since no dispute remains to be resolved in this proceeding, as evidenced by the responses to Staff's final recommendation, the ALJ will consider the parties to have waived their rights under *West Virginia Code* §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, or to a hearing.

The ALJ holds that, since WV-AWC operates a water treatment plant that is sufficient to provide the water for the operation and which is in close proximity to the project; since the plans and specifications conform to the Commission's rules and regulations; since the water supply for the

proposed new customers is inadequate in quantity and does not meet safe drinking water quality standards; since the Office of Environmental Health Services has issued Permit No. 17,572 certifying the project for construction, signifying that the project has been designed in accordance with current engineering practice; and since Staff has recommended that the Commission approve the application for the Authority to construct the project along County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs, the public convenience and necessity require the project and the certificate application will be granted. Since Commission Staff also recommended that the Commission approve an Operations and Maintenance Agreement (O&M Agreement) between the Applicants, for WV-AWC to operate and maintain the water operation for the Authority and to furnish all of the water required by the project; since Staff recommended some changes to the wording of the O&M Agreement; and since WV-AWC and the Authority accepted Staff's final substantive recommendations, the ALJ will approve the O&M Agreement and require the parties to file an executed copy of the O&M Agreement containing the Staff-recommended changes. Since Staff recommended approval of the proposed financing for the project, comprised of a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC, and since letters of commitment for the financing were included with the application, the ALJ will approve the project financing. Also, the ALJ will approve the Staff-recommended rates for the Authority, which are identical to WV-AWC's tariff and which are the rates the Authority proposed, i.e., the rates contained in the publication of the Notice of Filing. Essentially, the project will not change the Authority's rates or WV-AWC's rates. As WV-AWC gets approval for new rates in its rate cases, the Authority's rates will likewise change at that time. The Staff-recommended rates would permit WV-AWC to earn a rate of return on its investment similar to the rate stipulated in Case No. 07-0998-W-42T, which has not yet been decided by the Commission. The ALJ will waive the Rule 42 filing requirement, as recommended by Staff. Since the IJDC has approved the project for funding, the ALJ will require that the Authority seek prior Commission approval before commencing construction should the plans or the scope of the project change or should the rates change. However, a change in project cost would not require separate approval if such change does not affect rates and the Authority submits an affidavit from a certified public accountant to this effect.

### FINDINGS OF FACT

1. West Virginia-American Water Company and the Webster County Economic Development Authority jointly filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County; for approval of a related Operations and Maintenance Agreement (Agreement) between the Applicants, including the ratemaking treatment set forth in the Agreement; for approval of the proposed funding for the project, comprised of a \$687,000 SCB Grant and a \$162,000 contribution from WV-AWC; for approval for the Authority to adopt and implement a tariff of rates and charges that are identical to those of WV-AWC at the time the application is approved and as such rates may be changed from time to time by Commission approval; for a waiver of the requirement to file a Rule 42 exhibit with the application; and for a

waiver of a hearing on this matter. This project has been approved by the IJDC. (See, December 7, 2007 application).

2. The Applicants caused the Notice of Filing to be published on December 19, 2007, in the *Webster Echo*, a newspaper published and generally circulated in Webster County. (See, January 10, 2008 publication affidavit).

3. No public protest has been filed. (See, Commission's file).

4. The joint project, a large portion of which will be constructed and owned by the Authority, with the remaining portion to be constructed and owned by WV-AWC, is comprised of approximately 11,500 feet of 8-inch, 1,900 feet of 6-inch and 2,100 feet of 2-inch water mainlines, together with related service lines, meters and other appurtenances, including 52 fire hydrants, to serve approximately 52 new customers. Should funding permit, Alternate Line 1, Line B, would consist of approximately 2,300 feet of 8-inch line and appurtenances, and one fire hydrant, to serve one additional new customer. (See, February 26, 2008 Staff Report).

5. WV-AWC operates a water treatment plant that is sufficient to provide the water for the operation and which is in close proximity to the project. The plans and specifications for the project conform to the Commission's rules and regulations. The water supply for the proposed new customers is inadequate in quantity and does not meet safe drinking water quality standards. The Office of Environmental Health Services has issued Permit No. 17,572 certifying the project for construction and signifying that the project has been designed in accordance with current engineering practice. (See, February 26, 2008 Staff Report).

6. The proposed financing for the project consists of a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC. Commitment letters for the financing were filed with the application. (See, February 26, 2008 Staff Report).

7. Staff recommended approval of the proposed financing for the project, comprised of a \$687,000 SCB Grant and a \$162,000 contribution from WV-AWC. (See, February 26, 2008 Staff Report).

8. Staff recommended approval of rates for the Authority that are identical to WV-AWC's tariff, which are the Authority's proposed, i.e., the rates contained in the publication of the Notice of Filing. The project will not change the Authority's rates or WV-AWC's rates. As WV-AWC gets approval for new rates in its rate cases, the Authority's rates will likewise change at that time. (See, February 26, 2008 Staff Report).

9. The Staff-recommended rates would permit WV-AWC to earn a rate of return on its investment similar to the rate stipulated in Case No. 07-0998-W-42T, which has not yet been decided by the Commission. The Authority proposes to adopt rates consisting of the same rates and charges contained in WV-AWC's tariff in effect at the time the authority is granted and for future rates to be

the same as future WV-AWC rates, with it being the responsibility of WV-AWC to notify the Authority's customers of future rate changes. (See, February 26, 2008 Staff Report).

10. Staff recommended that the Commission waive the Rule 42 filing requirement. (See, February 26, 2008 Staff Report).

11. According to the O&M Agreement, WV-AWC will operate the Authority's system, perform meter reading, perform all billing and collection, maintain the system and perform all actions necessary for the operation of Authority's system. Staff recommended some changes to the wording of the O&M Agreement, and, with those changes, Staff recommended approval of the O&M Agreement. (See, February 26, 2008 Staff Report).

12. Opining that the project is needed and financially feasible, Staff recommended its approval. Staff also recommended that the Authority seek prior Commission approval before commencing construction should the plans or the scope of the project change or should the rates change. Changes in project costs or financing would not require separate approval if those changes do not affect rates and the Authority submits an affidavit from a certified public accountant to this effect. (See, February 26, 2008 Staff Report).

13. Stephen N. Chambers, counsel for WV-AWC, submitted a letter stating that WV-AWC and the Authority both wholly agree to and accept Staff's final substantive recommendations, except that the Staff-recommended tariff omitted the minimum rate for customers with 8-inch meters of \$1,337.19. (See, March 3, 2008 letter).

14. Staff corrected the error of omission regarding the \$1,337.19 monthly minimum charge for customers with 8-inch meters. (See, March 5, 2008 Staff filing).

### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed financing for the project should be approved.
3. The Staff-recommended rates for the Authority, which will change prospectively when WV-AWC receives rate changes, are sufficient, but not more than sufficient, to support the proposed project and should be approved.
4. Should the scope, plans or financing for the project change, the Authority must obtain prior Commission approval before commencing construction. Changes in project costs do not require separate approval if those changes do not affect rates and the Authority submits an affidavit from a certified public accountant to this effect.

## ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity jointly filed with the Commission on December 7, 2007, by the Webster County Economic Development Authority and West Virginia-American Water Company pursuant to *West Virginia Code §24-2-11* for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a \$687,000 SCB Grant and \$162,000 contribution from WV-AWC, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Operations and Maintenance Agreement between the Webster County Economic Development Authority and West Virginia-American Water Company, whereby WV-AWC will perform all operations of the Authority's water system and furnish water to the Authority's system, be, and hereby is, approved, as modified by Commission Staff. No later than thirty (30) days from the date that this Recommended Decision becomes final, the Webster County Economic Development Authority and West Virginia-American Water Company shall file a revised executed copy of the O&M Agreement containing the Staff-recommended changes.

IT IS FURTHER ORDERED that the rates and charges attached as Appendix A be, and hereby are, approved for all service rendered by the Webster County Economic Development Authority after this Recommended Decision becomes final.

IT IS FURTHER ORDERED that, within thirty (30) days of this Recommended Decision becoming final, the Webster County Economic Development Authority file an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

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

IT IS FURTHER ORDERED that the Applicants submit a copy of the bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the Applicants notify the Commission when the project engineer has performed the substantial completion inspection.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Applicants comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Applicants comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

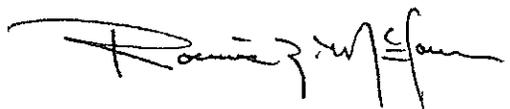
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this Recommended Decision upon the Commission by hand delivery and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

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



**Ronnie Z. McCann**  
Deputy Chief Administrative Law Judge

RZM:s  
072334aa.wpd

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

CASE NO. 07-2334-W-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY and  
WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY.

Joint application for a certificate of public convenience and necessity to construct certain extensions and other associated facilities along WV County Routes 24 and 24/3 and the Back Fork of the Elk River near Webster Springs in Webster County, and for approval of a related agreement between the parties.

**APPROVED RATES**

**APPLICABILITY**

Applicable in the entire territory served by the Webster County Economic Development Authority.

**AVAILABILITY**

Available for general domestic, commercial and industrial service.

**RATES**

	Minimum Charge
First 1,500 gallons used per month	
Next 28,500 gallons used per month	\$7.6617 per 1,000 gallons
Next 870,000 gallons used per month	\$5.0000 per 1,000 gallons
Next 8,100,000 gallons used per month	\$3.8400 per 1,000 gallons
All over 9,000,000 gallons used per month	\$2.8000 per 1,000 gallons

**MINIMUM CHARGE**

No bill will be rendered for less than the following amount according to the size of each meter installed, to-wit: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters:

3/4-inch meter or less*	\$ 17.27 per month
1-inch meter	\$ 42.33 per month
1-1/2-inch meter	\$ 84.08 per month
2-inch meter	\$ 134.22 per month
3-inch meter	\$ 251.18 per month
4-inch meter	\$ 418.24 per month

6-inch meter	\$ 835.94 per month
8-inch meter	\$1,337.19 per month

\*All residential customers shall be served through a 5/8-inch meter; provided, however, that the Authority may install a large meter when reasonably necessary. This restriction shall not apply to residential meters currently in service.

#### POST CONSTRUCTION TAP FEE

A charge of \$300 will be assessed to customers who connect to the system after completion of construction adjacent to the customer's property line where, in order to connect the customer to the system, a utility service line and meter setting must be installed.

#### INCREMENTAL LEAK ADJUSTMENT

\$0.30 per 1,000 gallons is to be used in the calculation of leak adjustments when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

#### DELAYED PAYMENT PENALTY

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

#### RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the Authority (or its agent for billing and collecting), not to exceed \$25.00, will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

#### RECONNECTION

When it is necessary to discontinue water service to any premises on account of non-payment of charges, a charge of twenty dollars (\$20.00) will be made to cover the cost of turning on the water service. This charge will not apply where the Authority has a disconnection agreement with a sewer utility and is entitled to collect a reconnect charge from the sewer utility for such reconnection for non-payment of sewer charges. This charge may be added to a past due balance and included in the outstanding balance under a deferred payment agreement.

## FIRST AMENDMENT TO AGREEMENT

This FIRST AMENDMENT TO AGREEMENT made as of the 11th day of April, 2011, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (hereinafter "Water Company") and the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY, a public corporation established under the provisions of Chapter 7, Article 12 of the West Virginia Code of 1931, as amended (hereinafter "WCEDA");

### WITNESSETH:

THAT, WHEREAS, Water Company and WCEDA entered into an Operations and Maintenance Agreement dated as of the 12th day of October, 2007 (the "Agreement"), pursuant to which the Water Company is to operate and maintain certain water transmission and distribution facilities of WCEDA, all as more completely described therein; and

WHEREAS, under Section III of the Agreement, the term thereof was for a period of 40 years from October 12, 2007, subject to being automatically extended to the later of (i) 40 years from the date of any amendment to the Agreement (unless a different termination date is specified in such amendment); or (ii) as of the date of any determination, the date of final maturity (or, if later, the date of final payment) on all debt obligations of WCEDA secured, in whole or in part, by "WCEDA Facilities" (as defined therein) or any amounts payable by Water Company to WCEDA under the Agreement, or both, and being further subject to continuation from year to year thereafter by mutual consent of the parties; and

WHEREAS, WCEDA intends to construct certain additional WCEDA Facilities (hereinafter the "Use Fee Facilities") at an estimated cost of \$3,241,500 million, said Use Fee Facilities to be financed, in part, by a no-interest loan from the West Virginia Infrastructure and

Jobs Development Council (“IJDC”) in the amount of \$890,000, repayable over a term of 40 years (the “Loan”); and

WHEREAS, the debt service on the Loan will be funded with payments to be made by the Water Company to or on behalf of the WCEDA under the Agreement, as amended, of an annual fee (hereinafter “Use Fee”) for the use by the Water Company of the Use Fee Facilities; and

WHEREAS, the parties wish to amend the Agreement to provide for the Use Fee to be paid by the Water Company.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of the Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. As required pursuant to Section VII of the Agreement, WCEDA and the Company hereby approve the addition of the Use Fee Facilities to the WCEDA Facilities.

2. The Agreement shall be amended by adding thereto a new Section, designated Section “XVIII. Payment of Use Fee to WCEDA”, which shall state in its entirety as follows:

In exchange for the benefits to the Company of having the ability to provide water service under the Agreement, as the same may be amended from time to time, to customers of WCEDA through the Use Fee Facilities and to use the Use Fee Facilities as provided in said Agreement, Company will pay to or on behalf of WCEDA a use fee in such amount or amounts (currently estimated to be \$22,968 per year) as may be required to pay the debt service obligations (including required reserves) of WCEDA as and when such obligations become due and payable under the terms of the Loan (the “Use Fee”). The Company shall also take all necessary steps to obtain the issuance of a letter of credit to fund any reserve account established for the Loan and to secure the payment of up

to two years' debt service obligations thereunder. The Company's obligations hereunder to pay the Use Fee shall continue only until the Loan is paid in full, at which time the Use Fee will automatically terminate, unless otherwise agreed by the Company and WCEDA in writing. The Use Fee shall be paid either directly to the account of WCEDA or, at the option of the Company, may be offset against amounts due to Company from WCEDA, which said payment or offset shall occur on a monthly basis at the time of other monthly payments as provided in Section VI of the Agreement, as amended.

3. That except as amended and modified herein, the Agreement shall remain in full force and effect.

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

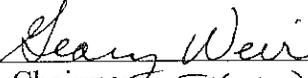
[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, West Virginia-American Water Company, a West Virginia corporation, and the Webster County Economic Development Authority, a public corporation, have caused this Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER  
COMPANY

By:  \_\_\_\_\_  
Its: \_\_\_\_\_

WEBSTER COUNTY ECONOMIC  
DEVELOPMENT AUTHORITY

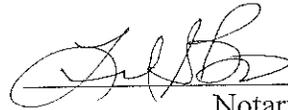
By:  \_\_\_\_\_  
Its: ~~Chairman~~ EXEC. DIRECTOR

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of April, 2011, by Douglas Amos, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires 9/30/20.



Notary Public

STATE OF WEST VIRGINIA,

Kanawha

COUNTY OF ~~WEBSTER~~, to-wit:

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of April, 2011, by Gary Wei, Executive Director ~~Chairman~~ of the Webster County Economic Development Authority, a public corporation, on behalf of said corporation.

My commission expires 9/30/20.



Notary Public





JPMorgan Chase Bank, N.A.  
Global Trade Services  
131 South Dearborn, 5th Floor  
Mail Code: IL1-0236  
Chicago, IL 60603-5506

APR 1, 2011  
OUR L/C NO.: TFTS-917531

TO:  
WEST VIRGINIA MUNICIPAL BOND  
COMMISSION, ATTN: SARA BOARDMAN  
(REFER TO LC TEXT FOR FULL DETAILS)  
1207 QUARRIER STREET, SUITE 401  
CHARLESTON, WV 25301

APPLICANT:  
AMERICAN WATER CAPITAL CORP  
ON BEHALF OF WEST VIRGINIA-AMERICAN  
WATER COMPANY  
1600 PENNSYLVANIA AVENUE  
CHARLESTON, WV 25302-3932

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR  
AS DETAILED HEREIN SUBJECT TO ISP98

DOCUMENTARY CREDIT NUMBER: TFTS-917531

FURTHER IDENTIFICATION: ISSUE

DATE OF ISSUE: APRIL 1, 2011

BENEFICIARY: WEST VIRGINIA MUNICIPAL BOND  
COMMISSION, ATTN: SARA BOARDMAN  
(REFER TO LC TEXT FOR FULL DETAILS)  
1207 QUARRIER STREET, SUITE 401  
CHARLESTON, WV 25301

APPLICANT: AMERICAN WATER CAPITAL CORP  
ON BEHALF OF WEST VIRGINIA-AMERICAN  
WATER COMPANY  
1600 PENNSYLVANIA AVENUE  
CHARLESTON, WV 25302-3932

DATE AND PLACE OF EXPIRY: APRIL 11, 2012  
AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD45,936.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.  
TAMPA, FLORIDA  
BY PAYMENT



JPMorgan Chase Bank, N.A.  
Global Trade Services  
131 South Dearborn, 5th Floor  
Mail Code: 01-0236  
Chicago, IL 60603-5506

APR 1, 2011  
OUR L/C NO.: TFTS-917531

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO YOU VIA SWIFT, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF APRIL 11, 2021. UPON SUCH NOTICE TO YOU, YOU MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING AS FOLLOWS:

QUOTE

THE AMOUNT OF THIS DRAWING USD ..... UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER TFTS-917531 REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TFTS-917531 AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

UNQUOTE

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

- I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR
  - II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF,
- SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS OTHERWISE STATED.

ADDITIONAL DETAILS:

BENEFICIARY FULL NAME AND ADDRESS:

WEST VIRGINIA MUNICIPAL BOND COMMISSION  
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY  
AS REGISTERED OWNER OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT  
AUTHORITY WATER REVENUE BONDS, SERIES 2011A  
(WEST VIRGINIA INFRASTRUCTURE FUND)



JPMorgan Chase Bank, N.A.  
Global Trade Services  
131 South Dearborn, 5th Floor  
Mail Code: H.1-0236  
Chicago, IL 60603-5506

APR 1, 2011  
OUR L/C NO.: TFTS-917531

ATTN: SARA BOARDMAN, EXECUTIVE DIRECTOR  
1207 QUARRIER STREET, SUITE 401  
CHARLESTON, WV 25301

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A. AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON JPMORGAN CHASE BANK, N.A., WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

"THE AMOUNT OF THIS DRAWING, USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. TFTS-917531 REPRESENTS FUNDS DUE US AS WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY IS IN MONETARY DEFAULT OF THOSE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY WATER REVENUE BONDS, SERIES 2011A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 11, 2011 (THE "BONDS") DUE TO ITS FAILURE TO MAKE DEBT SERVICE PAYMENTS 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 NUMBER TFTS-917531 DOES NOT EXCEED THE AMOUNT OF SUCH MONETARY DEFAULT."

PLEASE ADDRESS ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER TO:  
JPMORGAN CHASE BANK, N.A.

C/O JPMORGAN TREASURY SERVICES  
STANDBY LETTER OF CREDIT DEPT., 4TH FL  
10420 HIGHLAND MANOR DRIVE,  
TAMPA, FLORIDA 33610

CUSTOMER SERVICE NUMBER IS TOLL FREE 1-800-634-1969 AND CHOOSE  
OPTION 1 OR E-MAIL ADDRESS: GTS.CLIENT.SERVICES@JPMCHASE.COM  
PLEASE INCLUDE OUR LETTER OF CREDIT NUMBER IN ALL CORRESPONDENCE.

THIS LETTER OF CREDIT IS NOT AVAILABLE FOR DRAWING UNTIL APRIL 11, 2011.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK  
MUST BE QUOTED ON ALL DRAFTS REQUIRED.

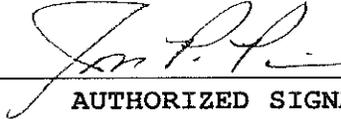


JPMorgan Chase Bank, N.A.  
Global Trade Services  
131 South Dearborn, 5th Floor  
Mail Code: IL1-0236  
Chicago, IL 60603-5506

APR 1, 2011  
OUR L/C NO.: TFTS-917531

EXCEPT AS OTHERWISE SPECIFIED HEREIN, THE LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

  
\_\_\_\_\_  
AUTHORIZED SIGNATURE  
Jon P. Pierson  
Assistant Vice President

# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301  
Telephone (304) 558-2981

### PERMIT

**PROJECT:** (Water) Diana Water Line Extension **PERMIT NO.:** 18,337  
**LOCATION:** Diana **COUNTY:** Webster **DATE:** 6-29-2009

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

**West Virginia American Water Company**  
**P. O. Box 1906**  
**Charleston, West Virginia 25327**

is hereby granted approval to: install approximately 69,000 LF of 8", 95,000 LF of 6" and 28,000 LF of 2" water line; one (1) 100 G.P.M. duplex water booster station with provisions for booster chlorination; three (3) 2"/6" pressure reducing stations; one (1) 152,000 gallon water storage tank and one (1) 104,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

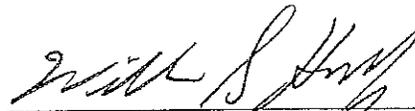
Facilities serve approximately 478 customers in the Diana, Grassy Creek and Jumbo areas in Webster County.

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

The Office of Environmental Health Services **OEHS-Philippi District Office**, (304) 457-2296, is to be notified when construction begins.

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

FOR THE DIRECTOR



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

WSH:cls

pc: Terradon Corporation  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, PSC  
Webster County Health Department  
OEHS-EED Philippi District Office

**GRANT AGREEMENT**  
(2008W-1027)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY (the "Governmental Agency").

**RECITALS**

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$639,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

**TERMS**

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

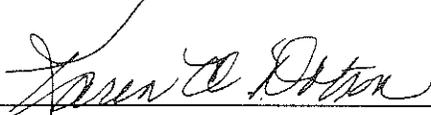
7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant 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.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

By:   
Its: President  
Date: April 11, 2011

(SEAL)

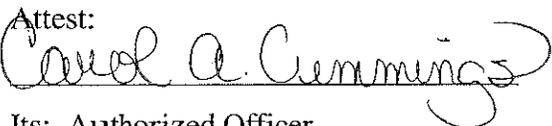
Attest: 

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By:   
Its: Executive Director  
Date: April 11, 2011

(SEAL)

Attest: 

Its: Authorized Officer

## **Exhibit A**

### **Project Description**

The Project consists of construction and installation of water mains, fire hydrants and three pressure reducing stations along State Routes 15 and 20 from the end of the Miller Mountain Project to Diana Elementary School to serve 162 potential users, together with all appurtenant facilities.

Number of New Users: 162

Location: Diane area

[TO BE PLACED ON LETTERHEAD]

**Exhibit B**

**Wiring Instructions**

---

**Webster County Economic Development Authority  
P.O. Box 156  
Kimberly, WV 25118**

**Payor:** West Virginia Water Development Authority  
**Source:** Grant Proceeds  
**Amount:** \$ \_\_\_\_\_  
**Date:** \_\_\_\_\_  
**Form:** Electronic Funds Transfer  
**Payee:** Webster County Economic Development Authority  
**Contact Name:** \_\_\_\_\_  
**Telephone:** (304) \_\_\_\_\_  
**Bank Name:** United Bank  
**Bank Street Address:** 1 Court Square, Webster Springs, WV 26288  
**Bank Contact:** Sheryl Funk  
**Telephone:** (304) 847-5112  
**Routing No.:** 051900395  
**Account No.:** 0063470793  
**Account Name:** Series 2011 A Bonds Construction Trust Fund

Count Order  
BOOK 28 PG 20

REGULAR SESSION, WEDNESDAY, MARCH 3, 2010

IN RE: BIRCH RIVER WATER EXTENSION, DISCUSSION

The County Commission requested the Cowen PSD and engineer, the Birch River PSD, representatives from ICG and ALPHA and Region 4 to appear before them, along with several citizens from the community to have a meeting and work on a combined effort and get all involved in getting water to the Birch River area. The Commission stated that the Birch River PSD could not appear, but they had called the Commission about extending over the county line in order to extend water into Webster County. They were disappointed that there are no pre-existing mining prior to 1977 to get AML funding. Nicholas County wants to open this up for Webster County and the community wants water. The acceptance rate is in the high 90's that want water. This all helps greatly to try for funding. If they expand from Birch River, this will not happen tomorrow, it takes a long time and is a long process. The Commission asked for \$100,000 from each company, ICG and ALPHA, to put towards a project. Keith O'Dell said he would take the request back to ICG. This would be a 3 to 4 million-dollar project. The Cowen PSD looked into this to get costs and they could not burden the people with a 3 million dollar project. They wanted the people to realize they could not burden the existing customers. A preliminary spot is to catch everyone from A. J. Falls down Route 82 to Birch River. There is about 1.6 miles below A. J. Falls down to the houses. These would be a lot of additional customers. They want an extension and customers would hoop up. Everyone here is willing to extend the water, but if it fails, they will continue to work on this project and will not quit. The stimulus funding is basically for shovel ready projects. This would need to have all the environmental studies, permits, rights of way, engineering, etc. completed and this is not ready. The Birch River PSD wants to be able to go across the county line and will be ready to extend and hopes that Webster County will be ready when they get to the county line. It is approximately 7 in 8 miles up Route 82 from the Nicholas/Webster County line and probably is approximately 150 customers. They want extensions for Barnett Run and Hogg Run also. Birch River PSD is stand-alone and works with Flatwoods Commc Run. This would be more added costs for the Cowen PSD to get water. The grant the Commission has for a Countywide Study is to see how much can be used with AML post mining funding. Potesta Engineering did the study. There are forty some abandoned mines down Birch River. The Miller Mountain water project is being done with 100% AML funds. They need to keep continuing for all types of funding. They do not want to stop with the Commission, they need to go to Charleston and talk with Delegate Joe Telbort and Senators Randy White and Bill Laird. Remember that when they go to Charleston you will be competing with 54 other counties for the same type of projects. Working with the Birch River PSD is probably their best bet. It is not feasible for the PSD's to go out and get loans. It is not profitable and they just try to get water through grants. The community could go ahead and work as a group to get water user agreements and right of way agreements signed. Keep working together on the same goal. No action was taken at this time.

IN RE: DIANA PHASE I WATER EXTENSION PROJECT, PUBLIC MEETING, AND RESOLUTIONS, APPROVED

Alice King with Region 4 appeared before the County Commission for a public meeting on the Diana Phase I Water Main Extension project for a Small Cities Community Development Block Grant application. This will be a \$3 million-dollar project. This meeting was called to order by William M. Armentrout, President at 12:40 PM.

WEBSTER COUNTY COMMISSION  
PUBLIC MEETING  
SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT

A public meeting was held on Wednesday, March 3, 2010 at 12:40 pm at the Webster County Courthouse, County Commission Room. The meeting was called to order by William M. Armentrout, President.

The purpose of the meeting was to discuss an application with the West Virginia Development Office for a Small Cities Community Development Block Grant for the Diana Phase I Water Extension Project. The grant application will request \$1,500,000.00 from Small Cities for a total project cost of \$3,000,000.00.

Those in attendance are recorded on the following attendance sheet.  
It was noted for the record that notice of this public meeting was published in The Webster Echo.

COMMENTS AND/OR DISCUSSION: The public meeting was delayed due to prolonged discussions in the County Commission's agenda. The project was briefly discussed. The status of the funding was reviewed. WVAWC's contribution is \$114,000 (committed), County Commission - \$50,000 (committed), and the LIDC grant/loan is eligible. Upon commitment of SCBG, then WCEDA can proceed to secure those LIDC funds. The Water Company's commitment also states that they will remit directly to the Municipal Board Commission a use fee equivalent to the debt service on the LIDC loan of \$300,000. The County Commission noted that a Webster County delegation recently met to discuss the proposed Diana water project with various state and federal officials including Governor Manchin, Senator Randy White and Senator Bill Laird, Delegate Joe Telbort and Congressman Nick Rahall. The meetings were held and the delegation received favorable responses from those officials.

It was noted that the project is "shovel ready".  
Meeting adjourned at 12:45 pm.

/s/ WILLIAM M. ARMENTROUT, President  
Name and Title

WEBSTER COUNTY COMMISSION  
PUBLIC MEETING  
ATTENDANCE SHEET  
March 3, 2010

- |                          |                |
|--------------------------|----------------|
| 1. William M. Armentrout | Co. Commission |
| 2. Sam Burger            | Co. Commission |
| 3. Terry J. Payne        | Co. Clerk      |
| 4. Alice M. King         | Region 4 PDC   |

On motion being made by Sam Burger and duly seconded by William M. Armentrout, the Commission unanimously approved to adopt the Resolution by the Webster County Commission authorizing an application for Small Cities Community Development Block Grant Funds. Motion carried.  
On motion being made by Sam Burger and duly seconded by William M. Armentrout, the Commission unanimously approved to adopt the Resolution formalizing a Fair Housing Program for Webster County. Motion carried.  
On motion being made by Sam Burger and duly seconded by William M. Armentrout, the Commission unanimously approved to adopt the Resolution by the Webster County Commission for a Citizen Participation Plan. Motion carried.

September 23, 2010

Commissioner William Armentrout  
President  
Webster County Commission  
2 Court Square, Room G-1  
Webster Springs, West Virginia 26288

Dear Commissioner Armentrout:

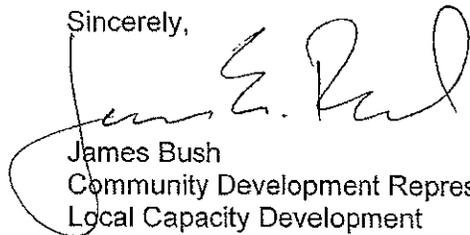
Congratulations on the approval of an Appalachian Regional Commission (ARC) grant of \$1,500,000 for the Diana Phase 1 Water Main Extension, Webster County program submitted by the Webster County Commission. A copy of the approval letter and official ARC project description are enclosed. Please keep this information with your project files.

Should there be a need for any changes in the scope of the project, or project funding, a request should be made to the West Virginia Development Office.

Please be aware that ARC funds are considered to be the last source of funding committed to a project. Should there be a cost under-run, the funds not used are considered ARC funds and would be returned to the Commission.

If you should have any questions, please feel free to contact me at 304-558-2234.

Sincerely,



James Bush  
Community Development Representative  
Local Capacity Development

JEB:mm

Enclosures

cc: Region 4 Planning and Development Council



APPALACHIAN  
REGIONAL  
COMMISSION

*A Proud Past,  
A New Vision*

**To:** Earl F. Gohl, Federal Co-Chair  
**Subject:** Diana Phase I Water Main Extension  
WV-16738-214-10

**Grantee:** Webster County Commission  
Webster Springs, West Virginia

**County:** Distressed: Webster

**Basic Agency:** Housing and Urban Development (HUD)

**Goal:** ARC Goal 3, Objective 2. State Strategy: Assist community and regional water supply and sewage disposal projects that will address serious health/environmental compliance issues or that constitute a barrier to private investment leading to job creation or retention or community revitalization.

**Purpose:** Provide potable water for the residents in the community of Diana

<b>Funding:</b>	ARC	\$ 1,500,000 (DC)	50%
	State	445,000	15%
	Local	1,055,000	35%
	<b>Total</b>	<b>\$3,000,000</b>	<b>100%</b>

**Description**

The Webster County Commission through this project will provide potable water to the residents of Diana in Webster County. The proposed water main is part of a phased program to extend water service into the rugged northern half of Webster County. The new connection will utilize an existing water system that serves Back Fork Elk River and Miller Mountain. Once completed, the new water infrastructure will be operated and maintained by West Virginia American Water. The new water service will provide potable water to the 160 residents of Diana along with eight businesses and one school.

**Rationale/Benefits:**

- Residents of Diana currently source their water from on-site water supplies such as wells, springs and cisterns. These water sources do not provide adequate volume needed and do not meet current drinking water standards. In many cases these on-site water sources contain harmful bacteria. The new water service will provide adequate, safe and reliable drinking water for the residents and businesses of Diana.
- Webster County is largely undeveloped due to its rugged hills which makes developable land scarce. Some of the most desired developable land parallels the two major State Routes 15 and 20. The proposed water infrastructure that will serve Diana follows portions of State Routes 15 and 20 and will help to encourage development along these corridors.

WV-16738-214-10

**Performance Measurements:**

Outputs:

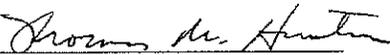
- Outputs include 50,000 linear feet of water main, 30 fire hydrants, 3 pressure reducing stations and water storage tank.

Outcomes:

- Outcomes include new water service to 160 residents, one school and eight businesses.

This project will have a primary impact on distressed counties. The project is consistent with the ARC Act and Code and is recommended for funding.

**RECOMMENDED:**



Thomas M. Hunter  
Executive Director

From: Dan.Bickerton@amwater.com  
Sent: Wednesday, April 16, 2008 11:13 PM  
To: wcda@websterwv.com  
Cc: gfacemyer@elrobinson.com; Wayne.Morgan@amwater.com; Mark.Sankoff@amwater.com  
Subject: WCEDA - Diana Phase I PPP Project

Geary,

West Virginia American Water ("WVAW") is pleased to participate with the Webster County Economic Development Authority and the Webster County Commission to extend water service to the Diana community. WVAW is willing to commit a direct \$1,000 investment per customer per signed user agreement plus an annual use fee of \$22,750 to support a 0%, 40-year WVIJDC loan of \$890,000. This commitment is contingent on obtaining at least 110 (80%) signed user agreements and additional project funding which includes a \$1,500,000 Small Cities grant.

If you have any questions, please call.

Sincerely,

Dan Bickerton

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Daniel P. Bickerton  
Manager, Business Development  
American Water  
4002 Ohio River Road  
Huntington, WV 25702  
(866) 583-2247 Office  
(304) 529-1553 Fax  
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Charleston, WV 25326-1588  
(304) 353-8000 (304) 353-8180 Fax  
www.steptoel-johnson.com

Writer's Contact Information

## CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** April 11, 2011  
**Re:** Webster County Economic Development Authority  
Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)

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1. DISBURSEMENTS TO WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY

Payor: West Virginia Infrastructure and Jobs Development Council  
Source: Series 2011 A Bonds Proceeds  
Amount: \$23,000  
Form: Wire  
Payee: Webster County Economic Development Authority  
ABA No: 051900395  
Account No: 0063470793  
Bank: United Bank, Inc., 1 Court Street, Webster Springs, WV 26288  
Contact: Sheryl Funk (304) 847.5112  
Account: Series 2011 A Bonds Construction Trust Fund

2008W-1027

**RESOLUTION OF THE WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
APPROVING INVOICES RELATING TO SERVICES FOR THE  
DIANA WATER SYSTEM IMPROVEMENT PROJECT  
AND AUTHORIZING PAYMENT THEREOF,**

**WHEREAS**, the Webster County Economic Development Authority, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded by the WV Infrastructure & Jobs Development Council (IJDC); Small Cities Block Grant (SCBG), the Webster County Commission (County) and WV American Water Company (WVAWC) and find as follows:

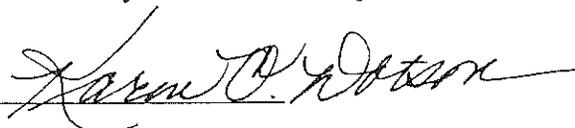
- a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.
- b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.
- c) That each of such costs has been otherwise properly incurred.
- d) That the payment for each of the items proposed is due and owing.

**NOW, THEREFOR, BE IT RESOLVED** the Webster County Economic Development Authority by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC Loan	IJDC Grant	SCBG	County	WVAWC
Steptoe & Johnson	15,000.00	15,000.00	0.00	0.00	0.00	0.00
Huntington Bank	500.00	0.00	0.00	0.00	500.00	0.00
Steptoe & Johnson (PSC)	8,000.00	8,000.00	0.00	0.00	0.00	0.00
Total	23,500.00	23,000.00	0.00	0.00	500.00	0.00

**ADOPTED BY** the Webster County Economic Development Authority, at the meeting held on the 6th day of April, 2011.

Webster County Economic Development Authority

By: 

Its: Chairman