

\$2,900,000.00

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

WATER REVENUE BOND (WATER SYSTEM IMPROVEMENTS
PROJECT), SERIES 2008

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
RESOLUTION AUTHORIZING THE ISSUANCE OF A \$5,045,000
WATER REVENUE BOND (WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2008

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RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2008, OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,900,000 ON A PARITY WITH THE SERIES 1975 BOND, THE SERIES 1979 BOND, THE SERIES 1993 B BOND, THE SERIES 1995 BOND, THE SERIES 1997 A BOND, THE SERIES 1998 BOND, THE SERIES 2002 BOND, THE SERIES 2003 BONDS, AND THE SERIES 2006 BONDS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE SERIES 2008 BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE SERIES 2008 BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law, and a resolution (the "Prior Resolution") of Claywood Park Public Service District (the "Issuer") adopted on December 27, 1979. The Issuer is a public service district of Wood and Wirt Counties, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the meanings set forth in the Prior Resolution, and in addition the following terms shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means WesBanco Bank, Inc., Parkersburg, West Virginia, a member of the FDIC, or any other bank which is a member of the FDIC that is subsequently designated by the Issuer to serve as the Bank as set forth in a supplemental resolution adopted by the Issuer.

"Bonds" means collectively the Series 2008 Bond, the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2003 Bonds and the Series 2006 Bonds.

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

"Construction Account" means the Claywood Park Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Herein" means in this Resolution.

"Issuer" means Claywood Park Public Service District, of Wood and Wirt Counties, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"Prior Resolution" means the Resolution adopted by the Claywood Park Public Service District on December 27, 1979, authorizing the Series 1979 Bond.

"Prior Resolutions" means the Prior Resolution, the 1993 B Resolution, the 1995 Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution and the 2006 Resolution.

"Project" means the acquisition and construction of additions and improvements to the existing water system of the Issuer known as the Water System Improvements Project to be financed with the proceeds of the sale of the Series 2008 Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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) 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" from Moody's Investors Service, Inc. or Standard & Poor's Corporation; and

(I) 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.

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

“Series 1975 Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 1979 Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 1993 B Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 1995 Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 1997 A Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 1998 Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 2002 Bond shall have the meaning provided in Section 1.03(G) hereof.

“Series 2003 Bonds” shall have the meaning provided in Section 1.03(G) hereof.

“Series 2006 Bonds” means the Series 2006 A Bonds, the Series 2006 B Bonds and the Series 2006 C Bonds.

“Series 2006 A Bonds” shall have the meaning provided in Section 1.03(G) hereof.

“Series 2006 B Bonds” shall have the meaning provided in Section 1.03(G) hereof.

“Series 2006 C Bonds” shall have the meaning provided in Section 1.03(G) hereof.

“1993 B Resolution” means the Resolution adopted by the Issuer on December 1, 1993, authorizing the issuance of the Series 1993 B Bond.

“1995 Resolution” means the Resolution adopted by the Issuer on April 3, 1995, authorizing the issuance of the Series 1995 Bond.

“1997 A Resolution” means the Resolution adopted by the Issuer on August 18, 1997, authorizing the issuance of the Series 1997 A Bond.

“1998 Resolution” means the Resolution adopted by the Issuer on January 23, 1998, authorizing the issuance of the Series 1998 Bond.

“2002 Resolution” means the Resolution adopted by the Issuer on December 17, 2002, authorizing the issuance of the Series 2002 Bond.

“2003 Resolution” means the Bond Resolution adopted by the Issuer on May 20, 2003, authorizing issuance of the Series 2003 Bonds.

"2006 Resolution" means the Bond Resolution adopted by the Issuer on June 26, 2006, authorizing issuance of the Series 2006 Bonds.

"Series 2008 Bond" means the \$2,900,000 Water Revenue Bond (Water System Improvements Project), Series 2008, authorized hereby.

"Series 2008 Bond Reserve Account" means the Water Revenue Bond (Water System Improvements Project), Series 2008 Reserve Account created and established by Section 4.02(B) hereof.

"Series 2008 Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Series 2008 Bond in the then current or any fiscal year thereafter.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.03. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a water system which requires improvements.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Claywood Park Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed additions and improvements to the existing water system of the Issuer, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its water revenue bond, in the principal amount of \$2,900,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$2,900,000, the total amount of which will be obtained from the proceeds of the sale of the Series 2008 Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 2008 Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Series 2008 Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and

such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) The only outstanding obligations of the Issuer which will rank on a parity with the Series 2008 Bond as to liens and source of and security for payment are the following:

Waterworks Revenue Bond, Series 1975, dated March 3, 1975 ("Series 1975 Bond"), issued in the original principal amount of \$685,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1979, dated January 7, 1979 ("Series 1979 Bond"), issued in the original principal amount of \$1,100,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1993 B, dated December 1, 1993 ("Series 1993 B Bond"), issued in the original principal amount of \$410,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1995, dated April 3, 1995 ("Series 1995 Bond"), issued in the original principal amount of \$190,000, bearing interest at the rate of 4.5% per annum;

Water Revenue Bond, Series 1997 A, dated August 18, 1997 ("Series 1997 A Bond"), issued in the original principal amount of \$145,000, bearing interest at the rate of 5.5% per annum; and

Water Revenue Bond, Series 1998, dated January 23, 1998 ("Series 1998 Bond"), issued in the original principal amount of \$750,000, bearing interest at the rate of 5.25% per annum.

Water Revenue Bond, Series 2002, dated December 19, 2002 ("Series 2002 Bond") issued in the original principal amount of \$1,250,000, bearing interest at the rate of 4.625% per annum.

Water Refunding Revenue Bonds, Series 2003, dated June 1, 2003 ("Series 2003 Bonds"), issued in the original principal amount of \$975,000, bearing interest at rates from 3.5% to 5.5% per annum.

Water Revenue Bond, Series 2006 A, dated June 28, 2006 ("Series 2006 A Bond"), issued in the original principal amount of \$4,175,000, bearing interest at the rate of 4.375% per annum.

Water Revenue Bond, Series 2006 B, dated June 28, 2006 ("Series 2006 B Bond"), issued in the original principal amount of \$870,000, bearing interest at the rate of 4.25% per annum.

Water Revenue Bond, Series 2006 C, dated June 28, 2006 ("Series 2006 C Bond"), issued in the original principal amount of \$2,563,000, bearing interest at the rate of 4.375% per annum.

(H) The Issuer has complied with all requirements of the law of West Virginia and the Prior Resolutions relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 2008 Bond, or will have so complied prior to issuance of the Series 2008 Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of Section 4.04 of the Prior Resolution, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) Under the provisions of Section 6.08 of the 2003 Resolution, additional parity bonds may be issued by the Issuer only upon receipt of certain certifications by the Independent Accounts and Consulting Engineers, as such terms are defined in the 2003 Resolution, which certifications have been obtained and are filed in the office of the Issuer.

(K) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Series 2008 Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Series 2008 Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Series 2008 Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF SERIES 2006 BONDS

Section 2.01. Authorization of Series 2008 Bond. Subject and pursuant to the provisions hereof, the Series 2008 Bond of the Issuer, to be known as "Water Revenue Bond (Water System Improvements Project), Series 2008", is hereby authorized to be issued in the principal amount of \$2,900,000, for the purpose of financing the costs of the acquisition and construction of the Project.

Section 2.02. Description of Series 2008 Bond. The Series 2008 Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Series 2008 Bond shall bear interest from date, payable monthly at the rate of 4.375% per annum, and shall be sold at the par value thereof. The Series 2008 Bond

shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Series 2008 Bond. The Series 2008 Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but any Series 2008 Bond, and the right to the principal of, and stated interest on, such Series 2008 Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever any Series 2008 Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new bond or bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of any Series 2008 Bond shall be permitted to be made after the 15th day next preceding any installment payment date on such Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Series 2008 Bond, and, upon presentation for such purpose, the Secretary shall register the Series 2008 Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of any Series 2008 Bond as hereinbefore provided.

Section 2.05. Execution of Series 2008 Bond. The Series 2008 Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Series 2008 Bond. In case any Series 2008 Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Series 2008 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2008 Bond or in lieu of and substitution for the Series 2008 Bond destroyed, stolen or lost, and upon the holder of such Series 2008 Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2008 Bond so surrendered shall be canceled and held for the account of the Issuer. If such Series 2008 Bond shall have matured or be about to mature, instead of issuing a substitute Series 2008 Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Series 2008 Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Series 2008 Bond shall not be or constitute an

indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Series 2008 Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Series 2008 Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2003 Bonds and the Series 2006 Bonds, in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2008 Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Series 2008 Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2008 Bond as the same become due.

Section 2.09. Form of Series 2008 Bond. Subject to the provisions hereof, the text of the Series 2008 Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Series 2008 Bond)

WATER REVENUE BOND (WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2008

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$ _____

No. R-1

Date: _____, 2008

CLAYWOOD PARK PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of \$ _____, plus interest on the unpaid principal balance at the rate of [_____ per cent (_____ %)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Series 2008 Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Series 2008 Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made hereon shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Series 2008 Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Series 2008 Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the holder.

While this Series 2008 Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a

calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in or near its community for loans for similar purposes and periods of time.

This Series 2008 Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing all or part of the costs of construction of repairs, replacements, expansions and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Series 2008 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2008 Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Series 2008 Bond. Upon such transfer a new Series 2008 Bond or Series 2008 Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2008 Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Series 2008 Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act") and Resolutions of the Issuer adopted on December 27, 1979, December 1, 1993, April 3, 1995,

August 18, 1997, January 23, 1998, December 17, 2002, May 20, 2003, June 26, 2006, and _____, 2008.

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Series 2008 Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Series 2008 Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

This Series 2008 Bond is issued on a parity in all respects with the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2003 Bonds, the Series 2006 A Bond, the Series 2006 B Bond and the Series 2006 C Bond described in the Resolutions above described.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Attest:

Secretary, Public Service Board

By:

Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL . . . \$			

(No writing on this Series 2008 Bond except by the Issuer as Registrar.)

Date of
Registration

In Whose Name
Registered

Signature of
Secretary or Registrar

_____, 2008

United States of America
Post Office Box 678
Morgantown, West Virginia 26505

ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By:

(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Project Costs pending receipt of the gross proceeds of the Series 2008 Bond, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed \$2,900,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2008 Bond, the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed \$2,900,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2008 Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Claywood Park Public Service District, Water System Improvements Project Construction Account". The moneys in the Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Bank by the pledge of Government Obligations or otherwise in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Construction Account shall be expended by the Issuer solely for the purposes provided herein. Until so used, the Purchaser shall have a lien thereon for securing payment of the Series 2008 Bond and the interest thereon.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Construction Account and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Series 2008 Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Construction Account shall be used solely to pay the Project Costs upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Series 2008 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 2008 Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2008 Bond remaining unpaid, together with interest accrued and to accrue thereon;; the Issuer further covenants with the holder of the Series 2008 Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the Prior Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolution and herein and shall be

kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Series 2008 Bond shall have a lien on and a pledge, hereby granted, of all the Net Revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Series 2008 Bond remains unpaid, on a parity in all respects with the holders of the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2003 Bonds, the Series 2006 A Bond, the Series 2006 B Bond and the Series 2006 C Bond.

(B) Disposition of Revenues. 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 transfer from the Revenue Fund and pay into the Operation and Maintenance Fund established by the 1967 Resolution such sum as the Issuer may determine, in accordance with its budget, to be necessary to pay all current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) pay to the National Finance Office designated in the Series 2008 Bond the amount required to pay the interest on the Bonds, other than the Series 2003 Bonds, and to amortize the principal of the Bonds, other than the Series 2003 Bonds, over the lives of the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2006 A Bond, the Series 2006 B Bond, the Series 2006 C Bond and the Series 2008 Bond, respectively; (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2003 Bonds, remit to the Commission for deposit in the Series 2003 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2003 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2003 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2003 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2003 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2003 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2003 Bonds Sinking Fund, and (iii) beginning on the first day of that month which is 12 months prior to the first principal payment date or mandatory redemption date of the Series 2003 Bonds, remit to the Commission for deposit in the Series 2003 Bonds Sinking Fund, and in the Series 2003 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2003 Bonds on the next ensuing principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2003 Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory redemption date is less than or greater than 12 months, then such

monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2003 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously deposit pro rata (i) in the Reserve Fund established by the 1967 Resolution (the "Reserve Fund"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1975 Bonds and Series 1979 Bonds outstanding until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the Prior Resolution (the "Minimum Reserve"); (ii) in the Series 1993 B Bond Reserve Account established by the 1993 B Resolution (the "Series 1993 B Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1993 B Bond until the amount in the Series 1993 B Bond Reserve Account is equal to the Series 1993 B Bond Reserve Requirement as defined in the 1993 B Resolution (the "Series 1993 B Bond Reserve Requirement"); (iii) in the Series 1995 Bond Reserve Account established by the 1995 Resolution (the "Series 1995 Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1995 Bond until the amount in the Series 1995 Bond Reserve Account is equal to the Series 1995 Bond Reserve Requirement as defined in the 1995 Resolution (the "Series 1995 Bond Reserve Requirement"); (iv) in the Series 1997 A Bond Reserve Account established by the 1997 A Resolution (the "Series 1997 A Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1997 A Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement as defined in the 1997 A Resolution (the "Series 1997 A Bond Reserve Requirement"); (v) in the Series 1998 Bond Reserve Account established by the 1998 Resolution (the "Series 1998 Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1998 Bond until the amount in the Series 1998 Bond Reserve Account is equal to the Series 1998 Bond Reserve Requirement as defined in the 1998 Resolution (the "Series 1998 Bond Reserve Requirement"); (vi) in the Series 2002 Bond Reserve Account established by the 2002 Resolution (the "Series 2002 Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 2002 Bond until the amount in the Series 2002 Bond Reserve Account is equal to the Series 2002 Bond Reserve Requirement as defined in the 2002 Resolution (the "Series 2002 Bond Reserve Requirement"); (vii) in the Series 2003 Bonds Reserve Account established by the 2003 Resolution (the "Series 2003 Bonds Reserve Account"), if not fully funded upon the issuance of the Series 2003 Bonds, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 2003 Bond until the amount in the Series 2003 Bonds Reserve Account is equal to the Series 2003 Bonds Reserve Requirement, as defined in the 2003 Resolution (the "Series 2003 Bonds Reserve Requirement"); (viii) in the Series 2006 A Bond Reserve Account established by the 2006 Resolution (the "Series 2006 A Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 2006 A Bond until the amount in the Series 2006 A Bond Reserve Account is equal to the Series

2006 A Bond Reserve Requirement as defined in the 2006 Resolution (the "Series 2006 A Bond Reserve Requirement"); (ix) in the Series 2006 B Bond Reserve Account established by the 2006 Resolution (the "Series 2006 B Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 2006 B Bond until the amount in the Series 2006 B Bond Reserve Account is equal to the Series 2006 B Bond Reserve Requirement as defined in the 2006 Resolution (the "Series 2006 B Bond Reserve Requirement"); (x) in the Series 2006 C Bond Reserve Account established by the 2006 Resolution (the "Series 2006 C Bond Reserve Account"), one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 2006 C Bond until the amount in the Series 2006 C Bond Reserve Account is equal to the Series 2006 C Bond Reserve Requirement as defined in the 2006 Resolution (the "Series 2006 C Bond Reserve Requirement"); and (xi) beginning with and including the month in which the first principal installment is due upon the Series 2008 Bond, transfer from the Revenue Fund and deposit in an account hereby designated the "Series 2008 Bond Reserve Account" which is hereby established with the Commission, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 2008 Bond until the amount in the Series 2008 Bond Reserve Account is equal to the Series 2008 Bond Reserve Requirement.

After the Minimum Reserve has been accumulated in the Reserve Fund, the Series 1993 B Bond Reserve Requirement has been accumulated in the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Requirement has been accumulated in the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Requirement has been accumulated in the Series 1998 Bond Reserve Account, the Series 2002 Bond Reserve Requirement has been accumulated in the Series 2002 Bond Reserve Account, the Series 2003 Bonds Reserve Requirement has been accumulated in the Series 2003 Bonds Reserve Account, the Series 2006 A Bond Reserve Requirement has been accumulated in the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Requirement has been accumulated in the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Requirement has been accumulated in the Series 2006 C Bond Reserve Account, and the Series 2008 Bond Reserve Requirement has been accumulated in the Series 2008 Bond Reserve Account, respectively, the Issuer shall deposit monthly pro rata into the Reserve Fund, the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account, the Series 2002 Bond Reserve Account, the Series 2003 Bonds Reserve Account, the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Account and the Series 2008 Bond Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve, the Series 1993 B Bond Reserve Requirement, the Series 1995 Bond Reserve Requirement, the Series 1997 A Bond Reserve Requirement, the Series 1998 Bond Reserve Requirement, the Series 2002 Bond Reserve Requirement, the Series 2003 Bond Reserve Requirement; the Series 2006 A Bond Reserve Requirement, the Series 2006 B Bond Reserve Requirement, the Series 2006 C Bond Reserve Requirement and the Series 2008 Bond Reserve Requirement, respectively.

Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1975 Bond and the Series 1979 Bond, as the same shall become due, for prepayments of installments on the Series 1975 Bond and the Series 1979 Bond or for mandatory prepayment of the Series 1975 Bond and the Series 1979 Bond, as provided in the Prior Resolution, the 1993 B Resolution, the 1995 Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 1993 B Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1993 B Bond as the same shall become due, for prepayment of installments on the Series 1993 B Bond or for mandatory prepayment of the Series 1993 B Bond as provided in the Prior Resolution, the 1993 B Resolution, the 1995 Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 1995 Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1995 Bond as the same shall become due, for prepayment of installments on the Series 1995 Bond or for mandatory prepayment of the Series 1995 Bond as provided in the Prior Resolution, the 1995 Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1997 A Bond as the same shall become due, for prepayment of installments on the Series 1997 A Bond or for mandatory prepayment of the Series 1997 A Bond as provided in the Prior Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 1998 Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the 1998 Bond as the same shall become due, for prepayment of installments on the 1998 Bond or for mandatory prepayment of the 1998 Bond as provided in the Prior Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 2002 Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2002 Bond as the same shall become due, for prepayment of installments on the Series 2002 Bond or for mandatory prepayment of the Series 2002 Bond as provided in the Prior Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 2003 Bonds Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2003 Bonds as the same shall become due, for prepayment of installments on the Series 2003 Bonds or for mandatory prepayment of the Series 2003 Bonds as provided in the Prior Resolution, the 2003 Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 2006 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2006 A Bond as the same shall become due, for prepayment of installments on the Series 2006 A Bond or for mandatory prepayment of the Series 2006 A Bond as provided in the Prior Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 2006 B Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2006 B Bond as the same shall become due, for prepayment of installments on the Series 2006 B Bond or for mandatory prepayment of the Series 2006 B Bond as provided in the Prior Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 2006 C Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2006 C Bond as the same shall become due, for prepayment of installments on the Series 2006 C Bond or for mandatory prepayment of the Series 2006 C Bond as provided in the Prior Resolution, the 2006 Resolution and herein, and for no other purpose.

Moneys in the Series 2008 Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2008 Bond as the same shall become due, for prepayment of installments on the Series 2008 Bond or for mandatory prepayment of the Series 2008 Bond as provided in the Prior Resolution and herein, and for no other purpose.

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

Whenever the money in the Series 2008 Bond Reserve Account shall be sufficient to prepay the Series 2008 Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2008 Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account and the Series 2002 Bond Reserve Account as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Commission is hereby designated as Fiscal Agent for the administration of the Series 2003 Bonds Reserve Account, the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Account and the 2008 Bond Reserve Account as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser and the holders of the Series 2003 Bonds shall have a lien thereon for further securing payment of the Bonds and the interest thereon, provided that, with respect to the respective sinking funds and reserve accounts described in this Section, only the holder of the respective series of Bonds payable therefrom or secured thereby shall have a lien thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, by the pledge of Government Obligations or otherwise in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank or the Commission shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Bank shall keep the moneys in the Reserve Fund, the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account and the Series 2002 Bond Reserve Account invested and reinvested to the fullest extent practicable in Qualified Investments. Earnings upon moneys in the Reserve Fund, the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account and the Series 2002 Bond Reserve Account, as long as the Minimum Reserve, the Series 1993 B Bond Reserve Requirement, the Series 1995 Bond Reserve Requirement, the Series 1997 A Bond Reserve Requirement, the Series 1998 Bond Reserve Requirement, and the Series 2002 Bond Reserve Requirement are on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Bank.

The Commission shall keep the moneys in the Series 2003 Bonds Reserve Account, the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Account and the Series 2008 Bond Reserve Account invested and reinvested to the fullest extent possible in Qualified Investments. Earnings upon moneys in the Series 2003 Bonds Reserve Account, the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Account and the Series 2008 Bond Reserve Account, as long as the Series 2003 Bonds Reserve Requirement, the Series 2006 A Bond Reserve Requirement, the Series 2006 B Bond Reserve Requirement, the Series 2006 C Bond Reserve Requirement and the Series 2008 Bond Reserve Requirement are on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Commission.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account and the Series 2002 Bond Reserve Account if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer has at least 3,492 *bona fide* users of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Series 2008 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account, the Series 2002 Bond Reserve Account, the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Account and the Series 2008 Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds, other than the Series 2003 Bonds, remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.05 shall not be applied to the Notes.

Section 5.02. Covenants of Prior Resolution Applicable. All covenants and provisions of the Prior Resolution except for any and all covenants relating to arbitrage and those covenants specifically herein modified shall apply equally and ratably to the Series 2008 Bond. Without limiting the generality of the foregoing sentence, such covenants and provisions of the Prior Resolution shall remain fully effective notwithstanding the payment of the Series 1979 Bonds authorized by the Prior Resolution.

Section 5.03. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.04. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds. Such rates shall also be sufficient to make the debt service payments on the

Bonds, to make all payments required herein into the Reserve Fund, the Series 1993 B Bond Reserve Account, the Series 1995 Bond Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1998 Bond Reserve Account, the Series 2002 Bond Reserve Account, the Series 2003 Bonds Reserve Account, the Series 2006 A Bond Reserve Account, the Series 2006 B Bond Reserve Account, the Series 2006 C Bond Reserve Account and the Series 2008 Bond Reserve Account and to pay all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.05. Statutory Mortgage. For the further protection of the holder of the Series 2008 Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2008 Bond for the benefit of the holder of the Series 2008 Bond on a parity with the Series 1975 Bonds, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2003 Bonds and the Series 2006 Bonds.

Section 5.06. Conditions Precedent Fulfilled; Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 2008 Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from proceeds of the Series 2008 Bond, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.07. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank and the Commission to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.07. The Issuer may direct the Bank and the Commission in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank or 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank or the Commission shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Section 5.08. Wetlands Covenant. The Issuer shall not use any Series 2008 Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 4.07 of the Prior Resolution.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Commission Order of the Public Service Commission of West Virginia which became final November 28, 2007, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Series 2008 Bond. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause the Series 2008 Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2008 Bond.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and the Prior Resolutions.

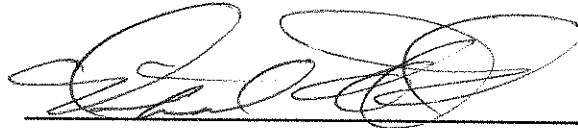
Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have

happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted May 6, 2008.

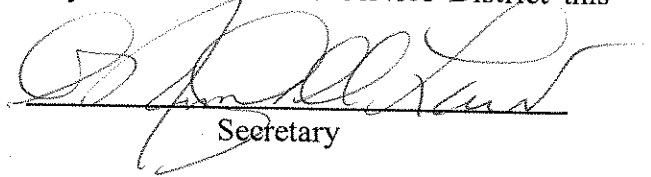
A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

Chairman, Public Service Board

CERTIFICATION

I, C. Randall Law, Secretary of the Public Service Board of the Claywood Park Public Service District, Wood and Wirt Counties, West Virginia, do hereby certify that the attached is a true and accurate copy of the Resolution adopted by the Public Service Board on May 6, 2008, authorizing the Claywood Park Public Service District's Water Revenue Bond (Water System Improvements Project), Series 2008.

Given under my hand and seal of Claywood Park Public Service District this 8th day of May, 2008.


Secretary

[SEAL]

Cerrone Associates, Inc.
401 Main Street
Wheeling, WV 26003
Phone: 304.232-5550
Fax: 304.233.2512
E-mail: mail@cerrone1.com



CERRONE
Associates • Consulting Engineers

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
\$2,900,000 WATER REVENUE BOND
(WATER SYSTEM IMPROVEMENTS PROJECT)
SERIES 2008**

ENGINEER'S CERTIFICATE

I, Manning H. Frymier, Registered Professional Engineer, West Virginia Registration No. 8497, of Cerrone Associates, Inc., Consulting Engineers, Wheeling, West Virginia, hereby certify that my firm is engineer for the construction of the water system improvements (herein called the "Project") of the Claywood Park Public Service District to be constructed in Wood County, West Virginia, which construction is being financed by the above-captioned Water Revenue Bond of the District.

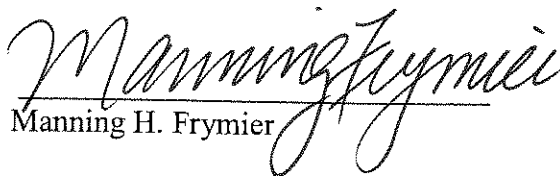
I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that such system is situate wholly or chiefly within the boundaries of said District.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals and permits for the construction thereof have been obtained or can be obtained.

WITNESS my signature on this 8th day of May, 2008.

CERRONE ASSOCIATES, INC.

By:


Manning H. Frymier

BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS
1156 SOUTH MAIN STREET
MILTON, WEST VIRGINIA 25541
Phone: (304) 743-5573 FAX: (304) 743-1150
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e-mail: rlowe@bassettlowe.com

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(WATER SYSTEM IMPROVEMENTS PROJECT)
SERIES 2008**

May 8, 2008

United States Department of Agriculture
Rural Development
Federal Building
75 High Street, Room 320
Morgantown, West Virginia 26525

Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, West Virginia 25301

Claywood Park Public Service District
Post Office Box 127
Parkersburg, West Virginia 26102

Ladies and Gentlemen:

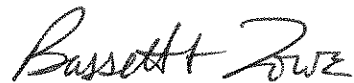
Based upon the rates and charges approved in the Recommended Decision of the Public Service Commission of West Virginia entered on November 8, 2007, which became the Final Order of the Public Service Commission of West Virginia on November 28, 2007, in Case No. 07-0850-PWD-CN, for the waterworks system (the "System") of the Claywood Park Public Service District (the "Issuer"), and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the System, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bond (Water System Improvements Project) Series 2008 (the "Bond"), to be issued to the United States Department of Agriculture and all other obligations secured by or payable from the revenues of the System on a parity with the Bond, including the Issuer's Waterworks Revenue Bond, Series 1975, the Water Revenue Bond, Series 1979, the Water Revenue Bond, Series 1993 B, the Water Revenue Bond, Series 1995, the Water Revenue Bond, Series 1997 A, the Water Revenue Bond, Series 1998, the Water Revenue Bond, Series 2002, the Water Refunding Revenue Bonds, Series 2003, the Water Revenue Bond, Series 2006 A, the Water Revenue

Bond, Series 2006 B and the Water Revenue Bond, Series 2006 C (collectively as the "Prior Bonds").

Further, based upon information (including financial information) provided to us by the Issuer, and further based upon the certificate of Cerrone Associates, Inc., Consulting Engineers for the Issuer, which certificate is attached hereto, it is our opinion that the Net Revenues actually derived from the System during 12 consecutive months within the 18 months immediately preceding the date hereof, plus 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 the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Bonds.

The Net Revenues referenced above in the immediately preceding paragraph have been adjusted by adding to such Net Revenues the amount of \$263,800, which is the amount of the additional Net Revenues which, in our opinion, would have been received during the 12 consecutive months within the 18 months immediately preceding the date hereof on account of the increased rates and charges for the Issuer's waterworks system approved in the Recommended Decision of the Public Service Commission of West Virginia entered on November 8, 2007, which became the Final Order of the Public Service Commission of West Virginia on November 28, 2007, in Case No. 07-0850-PWD-CN, the period for appeal of which has expired prior to the date hereof, if said rates had been in effect during the entirety of the said 12 consecutive month period.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Bassett & Lowe", written in a cursive style.

Bassett & Lowe

Cerrone Associates, Inc.
401 Main Street
Wheeling, WV 26003
Phone: 304.232-5550
Fax: 304.233.2512
E-mail: mail@cerrone1.com



C E R R O N E
Associates • Consulting Engineers

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(WATER SYSTEM IMPROVEMENTS PROJECT)
SERIES 2008**

CERTIFICATE OF CONSULTING ENGINEER

The undersigned authorized representative of Cerrone Associates, Inc., Consulting Engineers for the Claywood Park Public Service District (the "Issuer"), hereby certifies as follows:

We, having conducted such investigation as we have deemed necessary, believe the projected operation and maintenance expenses and anticipated customer usage referenced in the Certificate of Bassett & Lowe, Certified Public Accountants, dated May 8, 2008 (the "Certificate"), to which this Certificate is to be attached, are reasonable and accurate.

Dated: May 8, 2008.

CERRONE ASSOCIATES, INC.

By: Manning J. Jymmi
Its: President



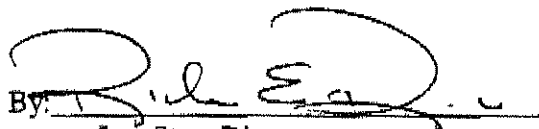
United States Department of Agriculture
Rural Development
West Virginia State Office

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008**

TO WHOM IT MAY CONCERN:

United States of America acting through the Rural Utilities Service, United States Department of Agriculture (formerly the United States of America, Farmers Home Administration), as sole present holder of the Claywood Park Public Service District (the "Issuer") (i) Waterworks Revenue Bond, Series 1975 (the "Series 1975 Bond"); (ii) Water Revenue Bond, Series 1979 (the "Series 1979 Bond"); (iii) Water Revenue Bond, Series 1993 B (the "Series 1993 B Bond"); (iv) Water Revenue Bond, Series 1995 (the "Series 1995 Bond"); (v) Water Revenue Bond, Series 1997 A (the "Series 1997 A Bond"); (vi) Water Revenue Bond, Series 1998 (the "Series 1998 Bond"); (vii) Water Revenue Bond, Series 2002 (the "Series 2002 Bond"); (viii) Water Revenue Bond, Series 2006 A (the "Series 2006 A Bond"); (ix) Water Revenue Bond, Series 2006 B (the "Series 2006 B Bond"); and (x) Water Revenue Bond, Series 2006 C (the "Series 2006 C Bond"), hereby consents to the issuance of the Issuer's Water Revenue Bond, Series 2008 in an aggregate principal amount not to exceed \$2,900,000 (the "Series 2008 Bond"), on parity with respect to liens, pledges and sources of and security for payment, with the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2006 A Bond, the Series 2006 B Bond and the Series 2006 C Bond (collectively, the "Prior Bonds"), together with the Issuer's Water Refunding Revenue Bonds, Series 2003 (the "Series 2003 Bonds"), under the terms of the Bond Resolution authorizing such Series 2008 Bond and hereby waives any requirements imposed by the Prior Bonds or the respective Resolutions authorizing the same, regarding the issuance of parity bonds which are not met by the Series 2008 Bond; and agrees that the Prior Bonds, the Series 2003 Bonds and the Series 2008 Bond will be on parity and of equal priority with each other as to their lien on the net revenues of the Claywood Park Public Service District water system and the statutory mortgage lien thereon.

Dated this 8th day of May, 2008.

By: 
Its: State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
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GENERAL CERTIFICATE

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Water Revenue Bond (Water System Improvements Project), Series 2008

CERTIFICATE OF:

1. Award of Series 2008 Bond
2. No Litigation
3. Governmental Approvals
4. No Adverse Financial Change; Indebtedness
5. Signatures, etc.
6. Certification of Copies of Documents
7. Incumbency and Official Name
8. Delivery and Payment
9. Land and Rights of Way
10. Meetings, etc.
11. Contractors' Insurance, etc.

We, the undersigned Chairman and Secretary of the Public Service Board of Claywood Park Public Service District, of Wood and Wirt Counties, West Virginia (the "District"), and the undersigned Counsel for the District, hereby certify in connection with the Claywood Park Public Service District Water Revenue Bond (Water System Improvements Project), Series 2008, dated on the date hereof, in the principal amount of \$2,900,000, bearing interest at the rate of 4.375% per annum, as follows:

1. Award of Series 2008 Bond: The entire issue of the Series 2008 Bond has been duly awarded to the United States of America pursuant to a Letter of Conditions, from the Department of Agriculture and as appears in Section 2.02 of the Resolution authorizing the issuance of the Series 2008 Bond.

2. No Litigation: No controversy or litigation of any nature is now pending, or to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2008 Bond, nor questioning the proceedings and authority by which the District authorized the issuance and sale of the Series 2008 Bond, nor in any manner affecting the validity or enforceability of the Series 2008 Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the District or the title of the members and officers of the Public Service Board thereof to their respective offices; nor questioning the construction and acquisition of additions and improvements to the water system of the District (the "Project"), construction of which is being financed out of the proceeds of the sale of the Series 2008 Bond; nor questioning the rates and charges for the services of the Water System.

3. Governmental Approvals: All applicable approvals and certificates required by law for construction and operation of the Project have been duly and timely obtained and remain in full force and effect.

4. No Adverse Financial Change; Indebtedness: There has been no adverse financial change in the financial condition of the District since the approval by RUS of a loan to assist in construction and acquisition of the Project.

The only outstanding obligations of the Issuer which will rank on a parity with the Series 2008 Bond as to liens and source of and security for payment are the following:

Waterworks Revenue Bond, Series 1975, dated March 3, 1975 ("Series 1975 Bond"), issued in the original principal amount of \$685,000, bearing interest at the rate of 5% per annum, the current unpaid balance of which is \$227,734.30;

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of \$1,100,000, bearing interest at the rate of 5% per annum, the current unpaid balance of which is \$564,870.45;

Water Revenue Bond, Series 1993 B, dated December 1, 1993 ("Series 1993 B Bond"), issued in the original principal amount of \$410,000, bearing interest at the rate of 5% per annum, the current unpaid balance of which is \$349,741.96;

Water Revenue Bond, Series 1995, dated April 3, 1995 ("Series 1995 Bond"), issued in the original principal amount of \$190,000, bearing interest at the rate of 4.5% per annum, the current unpaid balance of which is \$163,137.09;

Water Revenue Bond, Series 1997 A, dated August 18, 1997 ("Series 1997 A Bond"), issued in the original principal amount of \$145,000, bearing interest at the rate of 5.5% per annum, the current unpaid balance of which is \$115,748.27;

Water Revenue Bond, Series 1998, dated January 23, 1998, ("Series 1998 Bond"), issued in the original principal amount of \$750,000, bearing interest at the rate of 5.25% per annum, the current unpaid balance of which is \$685,315.45;

Water Revenue Bond, Series 2002, dated December 19, 2002, ("Series 2002 Bond"), issued in the original principal amount of \$1,350,000, bearing interest at the rate of 4.625% per annum, the current unpaid balance of which is \$1,296,290.37;

Water Refunding Revenue Bonds, Series 2003, dated June 1, 2003 ("Series 2003 Bonds"), issued in the original principal amount of \$975,000, bearing interest at rates from 3.5% to 5.5% per annum, the current unpaid balance of which is approximately \$860,000.00.

Water Revenue Bond, Series 2006 A, dated June 28, 2006, ("Series 2006 A Bond"), issued in the original principal amount of \$4,175,000, bearing interest at the rate of 4.375% per annum, the current unpaid balance of which is \$4,171,600.63;

Water Revenue Bond, Series 2006 B, dated June 28, 2006, ("Series 2006 B Bond"), issued in the original principal amount of \$870,000, bearing interest at the rate of 4.25% per annum, the current unpaid balance of which is \$870,384.64;

Water Revenue Bond, Series 2006 C, dated June 28, 2006, ("Series 2006 C Bond"), issued in the original principal amount of \$2,563,000, bearing interest at the rate of 4.375% per annum, the current unpaid balance of which is \$2,096,401.03;

All of these obligations are held by FmHA, its successors or assigns with the exception that the Series 2003 Bonds are held by others. The District is not in default in any of the terms contained in the above described bonds nor the resolutions authorizing them.

The Series 2008 Bond will be issued on parity with the prior bonds enumerated above as to liens and source of and security for payment

5. Signatures, etc.: The undersigned Chairman and Secretary, for the District on the date hereof, officially executed and sealed the Series 2008 Bond with the official corporate seal of the District, an impression of which seal is on this certificate above our signatures and the undersigned Chairman and Secretary are the duly elected, qualified and serving officials as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2008 Bond for the District.

6. Certification of Copies of Documents: The copies of the documents listed below, attached hereto or delivered herewith or heretofore 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 or amended or changed in any way unless modification appears from later documents also listed below:

Minutes of the Board Meeting organizing the District for the current year, on February 12, 2008

Final Order of the County Commission of Wood County creating the District

Final Orders of the County Commissions of Wood and Wirt Counties enlarging the boundaries of the District

Orders of the County Commission of Wood County appointing the members of the Public Service Board of the District and their Oaths of Office

Rules of Procedure of the District

Bond Resolution adopted by the Public Service Board on May 6, 2008

Minutes on adoption of the Bond Resolution
1979 Resolution

Recommended Decision of the Public Service Commission
of West Virginia, entered November 8, 2007 which became final
on November 28, 2007, granting the Certificate of Convenience
and Necessity

7. Incumbency and Official Name: The proper corporate title of the District is "Claywood Park Public Service District" and its principal office and place of business are in Wood County, West Virginia. The governing body of the District is its Public Service Board consisting of three members and their respective offices, dates of commencement and termination of current terms of office are as follows:

<u>Office</u>	<u>Name</u>	<u>Date of Commencement of Term</u>	<u>Date of Expiration of Term</u>
Chairman	Michael A. Miller	November 1, 2002	November 1, 2008
Secretary	C. Randall Law	November 1, 2006	November 1, 2012
Member	Edna Summers	November 1, 2004	November 1, 2010

All of the foregoing officers took, subscribed to and filed their oaths of office in accordance with law prior to entering upon their official duties; all of those required to give bonds or undertakings filed such bonds or undertakings at the place and in the manner required by law; all of them have otherwise duly qualified for office and were or are the acting officers for their respective periods above stated; and no proceedings for the removal from office of any such officer have been taken or are pending or threatened.

The duly appointed Counsel for the District is Steven R. Hardman, Esquire, of Bowles Rice McDavid Graff & Love LLP, of Parkersburg, West Virginia.

8. Delivery and Payment: On the date hereof, Series 2008 Bond No. R-1 was delivered to United States Department of Agriculture at Parkersburg, West Virginia, by the undersigned Chairman, and at the time of such delivery, the Series 2008 Bond had been duly and fully executed and sealed on behalf of the District in accordance with the Bond Resolution.

At the time of delivery of the Series 2008 Bond, the amount of \$230,000 was received by the undersigned Chairman.

9. Land and Rights of Way: All land in fee simple and all rights of way and easements necessary for the construction, operation and maintenance of the Water System and the Project have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the District 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 the undersigned, within the ability of the District to pay for the same without jeopardizing the security of or payments on the Series 2008 Bond.

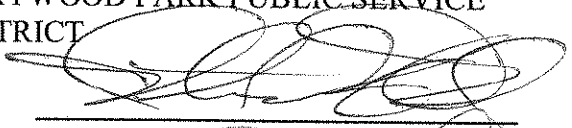
10. Meetings, etc.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the District in any way connected with the construction, operation and financing of the Water System and the Project were authorized or adopted at meetings of the Public Service Board duly and regularly called and held pursuant to the Rules of Procedure of the District and all applicable statutes, and a quorum of duly elected, qualified and acting members of the Board was present and acting at all times during all such meetings.

11. Contractors' Insurance, etc.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of FmHA and the Bond Resolution.

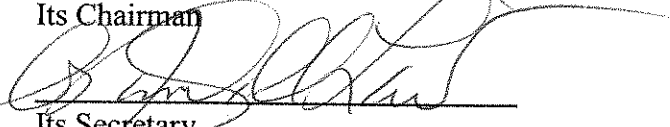
WITNESS our signatures and the official corporate seal of CLAYWOOD PARK PUBLIC SERVICE DISTRICT on the 8th day of May, 2008.

[SEAL]

CLAYWOOD PARK PUBLIC SERVICE
DISTRICT

By: 

Its Chairman

By: 

Its Secretary


Steven R. Hardman

Counsel

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1979

Bond Anticipation Notes, Series 1979

BOND AND NOTE RESOLUTION

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CLAYWOOD PARK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$1,100,000 WATER REVENUE BOND, SERIES 1979, BOND ANTICIPATION NOTES OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS FOR THE WATERWORKS OF THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND AND THE NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Claywood Park Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Wood County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a public waterworks.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements for the existing waterworks of the Issuer consisting of a water intake facility on Little Kanawha River, a water treatment plant, additional transmission lines and water storage tanks, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$1,100,000 to finance a portion of the cost of such construction in the manner hereinafter provided and, prior to delivery of the Bond, it is necessary for the Issuer to issue its bond anticipation notes in the same principal amount.

(D) The estimated maximum cost of the construction of the Project is \$2,100,000 of which \$1,100,000 will be obtained from the proceeds of sale of the Bond herein authorized, and the balance from a grant of \$1,000,000 from the Purchaser.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the BAN prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorizing hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond or the BAN as to lien and source of and security for payment except the following all held by the Purchaser:

The Promissory Note (the "Note") of Claywood Park Water Association dated April 11, 1963, payable to the order of the Purchaser and assumed by the Issuer, in the original principal amount of \$330,000, to finance the original waterworks of the Issuer; and

The Water-Works System Revenue Bond, Series A, dated March 23, 1967 (the "1967 Bond") in the original principal amount of \$85,000; and

The Water Revenue Bond, Series 1975, dated February 19, 1975. (the "1975 Bonds") in the original principal amount of \$685,000.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the BAN, or will have so complied prior to issuance of the Bond or the BAN, including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The interim financing by the BAN shall also be so approved prior to delivery thereof.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser and of the BAN by the purchasers thereof, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder and the holders of the BAN and the

covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond and for the holders of the BAN.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"BAN" means the Bond Anticipation Notes hereinafter provided for and any refunding bond anticipation note or notes hereafter issued.

"Bond" means the Water Revenue Bond, Series 1979, authorized hereby to be issued and also means and includes the BAN unless the context clearly would exclude the BAN.

"1967 Bond" means the Water-Works System Revenue Bond, Series A, described in Section 1.02(G).

"1975 Bond" means the Water Revenue Bond, Series 1975, described in Section 1.02(G).

"Bond Legislation" means this Resolution and all resolutions supplemental hereto.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Cerrone & Vaughn, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Issuer" means Claywood Park Public Service District, of Wood County, West Virginia, and, where appropriate, also means the Governing Body.

"Facilities" or "water facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the waterworks by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond and, unless the context clearly would exclude the BAN, also means the holders of the BAN.

"Issuer" means Claywood Park Public Service District and includes the Governing Body.

"Net Revenues" or "net revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of Operating Expenses, as defined below.

"Note" means the promissory note described in Section 1.02(G).

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Outstanding Obligations" means collectively the Note, the 1967 Bond and the 1975 Bond.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"1967 Resolution" means the resolution providing for issuance of the 1967 Bonds.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the existing waterworks of the Issuer as expanded by the Project, and includes the complete waterworks of the Issuer and all facilities owned by the Issuer in connection with its waterworks and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks after completion of the Project.

"Trustee" - wherever herein reference is made to Commercial Banking & Trust Company, Parkersburg, West Virginia, as Trustee, such reference shall be construed to mean that said Bank is the depository of the BAN Note Repayment Account, and the Waterworks

qualified under west virginia law to serve as a Trustee.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

BOND ANTICIPATION NOTES

Section 1.01 A. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Bond to the Purchaser, bond anticipation notes ("BAN") of the Issuer shall be issued and sold in the amount of \$1,100,000.

Each BAN shall be designated "Waterworks Bond Anticipation Note, Series 1979," shall be dated on the date of delivery thereof, shall be numbered 1 upward, shall be in such denominations as the Governing Body shall determine by the Supplemental Resolution, shall be negotiable, in bearer form, shall bear interest from the date of delivery payable and at the rate or rates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in such Supplemental Resolution. The BAN shall contain the provisions shown in the form of BAN set forth in Section 1.12 A below.

The BAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Secretary.

The BAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and Underwriters pursuant to such Supplemental Resolution.

Section 1.02 A. Deposit of BAN Proceeds. The amount received upon the sale of the BAN, less interest to become due until the maturity thereof, shall be deposited on receipt by or for the Issuer in Commercial Banking & Trust Company, Parkersburg, West Virginia (the "Trustee"), a member of the Federal Deposit Insurance Corporation ("FDIC"), in the Waterworks Project Construction Account established by Section 3.01 hereof; provided, that the Issuer may designate any other bank in West Virginia as Trustee if the above-named Trustee should refuse or be unable to serve.

The balance received from the proceeds from the sale of the BAN shall be for payment of the interest on the BAN as such interest becomes due, and shall be directly deposited on receipt by or for the Issuer with the Trustee in a special segregated account designated "Claywood Park Public Service District Waterworks BAN Repayment Account," as more particularly described and upon the further terms and conditions of Section 1.06 A hereof.

Section 1.03 A. Security for the BAN. The BAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the obligation of the Purchaser to make the loan to the Issuer in the amount of \$1,100,000 (the "Loan") by purchasing the Bond, (ii) the proceeds of the sale of the Bond when received from the Purchaser, (iii) all moneys and securities in the Waterworks BAN Repayment Account, (iv) the proceeds from the sale of the BAN until expended as herein authorized, (v) the proceeds of sale of the BAN refunding notes, if any, and (vi) the Net Revenues of the System until payment of the BAN, and said pledge by the District for the benefit of the holders of the BAN, to the extent of the aggregate principal

pledge and liens in favor of the Outstanding Obligations as to the Net Revenues, is hereby made and granted. The Issuer will execute such financing statements, security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the BAN in connection with the execution of all financing statements and other instruments necessary under applicable laws in order to fully perfect the interests of the holders of the BAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith. The BAN shall also be secured by a statutory mortgage lien on the System as provided in the Act.

Section 1.04 A. Payment of BAN. The Issuer will immediately deposit with the Trustee all proceeds from the sale of the Bond and of any refunding BAN to pay the BAN, to be placed by the Trustee directly into the Waterworks BAN Repayment Account held by the Trustee. Upon maturity of the BAN, the Trustee will pay to the Paying Agents all principal and interest owing on the BAN.

Section 1.05 A. BAN Are Limited Obligations. The BAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the BAN, the principal of which is payable from the source described in Section 1.03 A above, or, the principal of and interest on which are payable, on a parity with the Outstanding Obligations, from the Net Revenues of the Issuer arising from ownership and operation of the System in the event that the Purchaser shall not purchase the Bond in accordance with its agreement to do so.

Section 1.06 A. Trustee; Waterworks BAN Repayment Account. The Trustee shall segregate all funds and securities in the Waterworks BAN Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the Issuer, including the Waterworks Project Construction Account. All moneys in the Waterworks BAN Repayment Account, until payment in full of all principal and interest owing on the BAN at maturity, shall be held by the Trustee for the holders of the BAN, and the District shall have no rights with respect thereto. All moneys in the Waterworks BAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal obligations shall mature at least 1 day prior to need for the funds for payment of interest on or principal of the BAN. At or prior to any interest payment date and the maturity of the BAN, the Trustee shall transfer to the Paying Agents in immediately available funds the amount of interest or principal and interest owing on the BAN. Upon such transfer the Trustee shall pay to the Issuer any excess amounts remaining in the Waterworks BAN Repayment Account, and the Issuer shall deposit any such amounts in the Waterworks Project Construction Account. The Trustee is hereby authorized, upon payment of all principal and interest owing on the BAN, to execute UCC termination statements indicating the termination of the security interest of the holders of the BAN in the assets referred to in Section 1.03 A hereof.

The Issuer shall pay to the Trustee from time to time reasonable compensation for all services rendered by the Trustee under the Bond Legislation and all reasonable expenses, charges, counsel

and other disbursements incurred by the Trustee in connection with its performance of its functions hereunder. The Issuer shall from time to time have the right to appoint a successor Trustee provided that such successor Trustee be a bank or trust company or national banking association insured by the FDIC. The Trustee shall signify its acceptance of the duties and obligations hereby imposed by executing and delivering to the Issuer a written acceptance thereof.

Section 1.07 A. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association. The Underwriters shall pay to each Paying Agent from time to time reasonable compensation for all services rendered hereunder and all reasonable expenses, charges, counsel fees, and other disbursements incurred in connection with the performance of its obligations hereunder.

Section 1.08 A. Covenants. The Issuer agrees that prior to the occurrence of any Event of Default (as hereinafter defined) and until payment in full of the principal and interest owing on the BAN when due, the covenants contained in Article IV for the benefit of the Bondholder (the term "Bondholder" when used in this Article I A means and includes the holders of the Bond and the Outstanding Obligations) shall inure to the benefit of the holders of the BAN. Upon the occurrence of an Event of Default, the holders of the BAN shall continue to be entitled to the benefit of all covenants contained in Article IV as if the holders of the BAN were the Bondholder.

In addition, the Issuer covenants to issue and sell the Bond to the Purchaser not later than one business day before the maturity of the BAN and to take all actions necessary to cause the Purchaser to purchase the Bond on or before such date, payment for the Bond to be in Federal funds available on date of the Bond delivery.

Section 1.09 A. Refunding BAN. The Issuer covenants that in the event the Bond is not issued and sold not later than one day prior to the due date of the BAN, it will use its best efforts to sell one or more series of its Bond Anticipation Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the BAN, accrued interest thereon to maturity and the expense of issuing the Bond Anticipation Refunding Notes. The proceeds of the Bond Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the Waterworks BAN Repayment Account and used solely for the payment of the principal of and accrued interest on the BAN.

All Bond Anticipation Refunding Notes shall be in substantially the same form as the BAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental resolution authorizing such Bond Anticipation Refunding Notes.

SECTION 1.10 A. EVENTS OF DEFAULT AND ENFORCEMENT. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest owing on the BAN at due date or maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer for the benefit of the holders of the BAN as hereinabove provided.

On the happening of any Event of Default, then, and in each such case, the holders of the BAN or any one or more of such holders shall be entitled to proceed against all assets pledged for payment of the BAN held, and shall have and are hereby given all further rights and remedies as are granted hereby to the Bondholder. Each holder of a BAN shall be deemed to be a Bondholder upon such default.

In the event that the BAN are not paid when due, the interest rate on the BAN after maturity until payment thereof in full shall be ____% per annum, and the Issuer will pay the holders of the BAN not paid when due the principal amount of the BAN together with interest at the rate shown on the BAN from the date of the BAN until the due date thereof, and plus interest on the principal of the BAN at the rate of ____% per annum from the due date of the BAN until payment thereof in full.

Section 1.11 A. Defeasance of BAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the BAN at maturity or of Federal Obligations, the principal of and interest on which will be sufficient to pay the BAN at maturity, the BAN shall be considered to have been paid in full pursuant hereto except as provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the BAN shall, upon such deposit, be entitled to payment of the BAN and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the BAN, and shall be applied solely to the payment of the BAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof. All moneys remaining on deposit with the Trustee at the close of business on the earlier of (A) the expiration of six months after the latest maturity date of the BAN issued hereunder or (B) the date on which all BAN have been paid in full, shall be released to the Issuer upon its written request and the Trustee shall have no further obligation in respect of the payment of such BAN and thereafter the holder of any BAN shall look to the Issuer for payment.

Section 1.12 A. Supplemental Resolution. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 1.01 A, the Issuer, if it be so advised, will adopt a Supplemental Resolution, which Supplemental Resolution will provide, among other things, the interest rate or rates on the BAN, the interest payment dates, the maturity date and the sale price of the BAN and such other matters as shall be required or desired in connection with issuance of the BAN.

SECTION 1.13 of FORM 100-10 shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the BAN:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATERWORKS BOND ANTICIPATION NOTES, SERIES 1979

No.

\$

CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district in Wood County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of

, without option of prior redemption, on _____, 19____, with interest at the rate of _____ per cent (_____ %) per year payable at maturity. Both principal and interest are payable in lawful money of the United States of America at the principal office of Commercial Banking & Trust Company, Parkersburg, West Virginia, or at the option of the holder, at _____, New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of \$1,100,000 duly authorized by the Issuer and issued in anticipation of the issuance of the Water Revenue Bond, Series 1979 (the "Bond"), of the Issuer in the principal sum of \$1,100,000 for aiding in the construction of additions, extensions and improvements for the existing Waterworks (collectively called the "System") of the Issuer.

Farmers Home Administration of the United States Department of Agriculture has agreed to purchase the Bond at least one day prior to the due date of the Issuer of Notes of which this Note is one.

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of sale of the Bond and certain proceeds, if any, from the sale of refunding notes, and, if Farmers Home Administration should not purchase the Bond as agreed, from the Net Revenues of the System defined in the Resolution mentioned below, but as to such Net Revenues on a parity with the Outstanding Obligations also defined in said Resolution. The proceeds of sale of the Bond and certain proceeds, if any, from the sale of the refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with Commercial Banking & Trust Company, Parkersburg, West Virginia, as Trustee.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the Notes and certain proceeds from the sale of refunding notes and other sources which have been provided by the Resolution authorizing issuance of the Notes and the Bond.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, CLAYWOOD PARK PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated:

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

[SEAL]

By _____

Chairman

ATTEST:

Secretary

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1979," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Million One Hundred Thousand Dollars (\$1,100,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be cancelled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond and BAN Secured by Pledge of Revenues. The payment of the debt service of the Bond and the BAN shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the BAN, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond and the BAN as the same become due, all on a parity with the Outstanding Obligations.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

WATER REVENUE BOND, SERIES 1979

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$1,100,000

No. 1

Date: _____

FOR VALUE RECEIVED, CLAYWOOD PARK PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million One Hundred Thousand Dollars (\$1,100,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$5,401, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or,

to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements for the waterworks system (all called the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and Resolutions of the Borrower.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers

future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the Outstanding Obligations described in the Resolution authorizing the Bond.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Route 5, Box 39
(P.O. Box No. or Street Address)

Parkersburg, West Virginia 26101
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
 FARMERS HOME ADMINISTRATION

By _____

 (Title)

BAN PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. BAN Proceeds; Waterworks Project Construction Account. The proceeds of sale of the BAN, less the respective sums representing interest on the BAN to the respective maturities thereof, shall be deposited on receipt by the Issuer in Commercial Banking & Trust Company, Parkersburg, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Claywood Park Public Service District Waterworks Construction Account" (herein called the "Waterworks Project Construction Account"). The moneys in the Waterworks Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Waterworks Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Waterworks Project Construction Account and pay to the Government on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Waterworks Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Waterworks Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Waterworks Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Sewer Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the Revenue Fund" is hereby established initially with the Bank named in Section

separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. 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 transfer into the Operation and Maintenance Fund established by the 1967 Resolution with said Bank such sum as the Issuer may determine, in accordance with its budget, to be necessary to pay current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, simultaneously with transfers from the Revenue Fund required for the Outstanding Obligations pay from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the monthly installment required, pursuant to the Bond, to amortize the principal of and the interest on the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund established by the 1967 Resolution, 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond and the Outstanding Obligations in any year until the amount in the Reserve Fund equals the sum of \$135,000, such sum being herein called the "Minimum Reserve," and the "Minimum Reserve" defined in the 1967 Resolution, as amended, being hereby increased accordingly. The Issuer may reduce each monthly payment into the Reserve Fund by 1/120th of the amount on deposit in the Reserve Fund on the date of delivery of the Bond. After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond, for transfers into the Bond Fund, and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments into the Bond Fund and of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Repair and Replacement Fund established by the 1967 Resolution with said Bank, the sum of not less than \$2,525 until there has been accumulated in the Repair and Replacement Fund the aggregate sum of \$43,500 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Repair and Replacement Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond and the Outstanding Obligations as the same become due, and next to restore to the Repair and Replacement Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Repair and

improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond and the Outstanding Obligations in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond and the Outstanding Obligations at the earliest practical date and in accordance with applicable provisions hereof and the resolutions authorizing the Outstanding Obligations.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Repair and Replacement Fund as herein provided and in the 1967 Resolution, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times required, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the Outstanding Obligations and the interest thereon, all on a parity, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinafore provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Repair and Replacement Fund invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

the extension area constituting part of the Project and must obtain user agreements and a \$100 tap fee from each such new user and deposit in the Waterworks Project Construction Account all such tap fees collected. In addition, the Issuer must have received a tap fee in the amount of \$40,000 from Mineral Wells Public Service District.

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond and the Outstanding Obligations remaining unpaid; together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and the Outstanding Obligations and to make the payments required herein into the Reserve Fund and the Repair and Replacement Fund and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond or the Outstanding Obligations are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond or the Outstanding Obligations remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

th, and not less than \$200,000 to protect the Issuer from claims or damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Sewer Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$20,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Waterworks Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond or the Outstanding Obligations are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond, and shall be on a parity with such lien in favor of the Outstanding Obligations.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The Receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the Court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond or the Outstanding Obligations are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall promptly mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond or the Outstanding Obligations are outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges:
Rules. A. The schedule of rates, charges and rules for the services and facilities of the System, set forth in the resolution authorizing the 1975 Bond and now in effect, shall be the initial schedule of such rates, charges and rules, subject to change consonant with the provisions hereof:

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

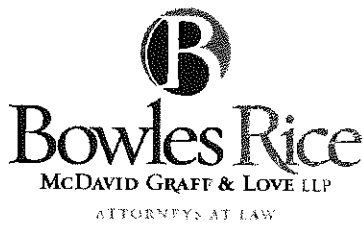
Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47); and provided further, that although this Resolution amends the 1967 Resolution and the resolution providing for the 1975 Bond, particularly to increase the amounts of reserves required, the 1967 Resolution and said resolution, except as so amended, shall continue in full force and effect.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

101 South Queen Street
Martinsburg, West Virginia 25401
(304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
(304) 285-2500

155 East Main Street, Suite 300
Lexington, Kentucky 40507
(859) 252-2202



600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

19 West Cork Street, Suite 102
Winchester, Virginia 22601
(540) 723-8877

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
(304) 485-8500

May 8, 2008

Claywood Park Public Service District
Post Office Box 127
Parkersburg, West Virginia 26102

Re: \$2,900,000 Water Revenue Bond
(Water System Improvements Project)
Series 2008

Ladies and Gentlemen:

We have examined a record of the proceedings relating to the issue of the Water Revenue Bond (Water System Improvements Project), Series 2008, of Claywood Park Public Service District, Wood and Wirt Counties, West Virginia (the "District"), in the principal amount of \$2,900,000 dated on the date hereof, bearing interest from the date of delivery (the "Series 2008 Bond"). The Series 2008 Bond bears interest at the rate of 4.375% per annum and is represented by a single bond numbered R-1.

The Series 2008 Bond has been authorized by Resolution duly enacted on May 6, 2008, by the Public Service Board of the District, which is the governing body of the District (the "Bond Resolution").

Interest only on the Series 2008 Bond is payable in monthly installments for the first 24 months after delivery; and thereafter, principal of and interest on the Series 2008 Bond are payable in monthly installments of \$13,079 to and including the 480th month after the date of the Series 2008 Bond, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

Principal installments on the Series 2008 Bond are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the 2008 Bond provide that the issue is for the purpose of financing the costs of construction and acquisition of additions and improvements to the existing water distribution system of the District (herein called the "System").

The Series 2008 Bond has been awarded to the United States of America at par. There are outstanding obligations of the District which rank on a parity with the Series 2008

Claywood Park Public Service District
May 8, 2008
Page 2

Bond as to liens and source of and security for payment, which are the Revenue Bonds of the District dated June 28, 2006 (Series 2006 A, Series 2006 B, and Series 2006 C), June 1, 2003, December 19, 2002, January 23, 1998, August 18, 1997, April 3, 1995, December 1, 1993, January 7, 1979 and March 3, 1975, issued in the original principal amounts of \$4,175,000, \$870,000, \$2,563,000 \$975,000, \$1,250,000, \$750,000, \$145,000, \$190,000, \$410,000, \$1,100,000, and \$685,000, respectively (collectively, the "Prior Bonds"), which are held by the United States Department of Agriculture, Farmers Home Administration or its successors or assigns, except with respect to the Series 2003 Bonds dated June 1, 2003, which are held by others.

It is our opinion that:

1. The District is a duly organized and presently existing public service district and a political subdivision of the State of West Virginia with full power and authority to construct and maintain the System and issue and sell the Series 2008 Bond, all under the provisions of Chapter 16, Article 13A, of the Code of West Virginia of 1931, as amended, (the "Act") and other applicable provisions of law.
2. The members and officers of the Public Service Board of the District have been duly and properly appointed and elected, have taken the requisite oaths and are authorized to act in their respective capacities in behalf of the District.
3. The District has legally and effectively adopted the Bond Resolution and other resolutions in connection with the Series 2008 Bond and has sold and delivered the Series 2008 Bond to the United States of America.
4. The execution and delivery of the Series 2008 Bond and other documents by the District will not conflict with or cause a breach or default on the District's part under any other agreement to which the District is a party.
5. The Series 2008 Bond constitutes a valid and legally enforceable special obligation of the District secured by and payable solely from a first lien on and pledge of the net revenues of the System on a parity with the lien of the District's Prior Bonds, all in accordance with the terms of the Series 2008 Bond and the Bond Resolution.
6. The Series 2008 Bond is not being issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Series 2008 Bond is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2008 Bond.
7. The Series 2008 Bond is, by statute, exempt from all taxation by the State of West Virginia and other taxing bodies of the State.

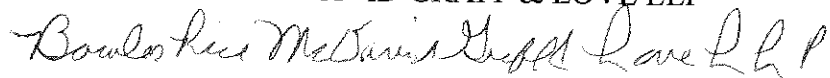
Claywood Park Public Service District
May 8, 2008
Page 3

8. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by that certain Letter of Conditions, dated June 13, 2006, from the United States Department of Agriculture to the District, the Bond Resolution, construction of the Project, operation of the System or the validity of the Series 2008 Bond or the issuance of the Series 2008 Bond or the collection or pledge of the net revenues of the System therefor or for the Series 2008 Bond.

It is to be understood that the rights of the holders of the Series 2008 Bond and the enforceability of the Series 2008 Bond, the Bond Resolution and liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Sincerely yours,

BOWLES RICE MCDAVID GRAFF & LOVE LLP



CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$2,900,000 Water Revenue Bond
(Water System Improvements Project)
Series 2008

RECEIPT FOR SERIES 2008 BOND AND TRANSCRIPTS

The undersigned, for the United States Department of Agriculture, hereby certifies as follows:

1. On the 8th day of May, 2008, at Parkersburg, West Virginia, the undersigned received from the Claywood Park Public Service District the single Claywood Park Public Service District Water Revenue Bond (Water System Improvements Project), Series 2008, No. R-1 (the "Bond"), in the principal amount of \$2,900,000 dated as of the date hereof, bearing interest at the rate of 4.375% per annum, payable in monthly installments as stated in the Series 2008 Bond.

2. At the time of such receipt, the 2008 Bond had been executed and sealed by the Chairman and Secretary of the Public Service Board of the District.

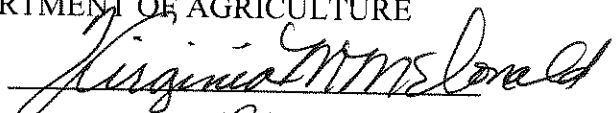
3. At the time of such receipt, there was paid to the District the sum of \$230,000.00 from the proceeds of the Series 2008 Bond.

4. At the time of such receipt, there was also received by the undersigned three sets of Bond transcript documents.

WITNESS my signature on the 8th day of May, 2008.

UNITED STATES OF AMERICA
DEPARTMENT OF AGRICULTURE

By:



Its:



(Title)

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

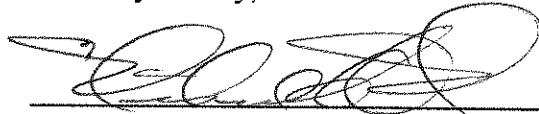
\$2,900,000 Water Revenue Bond
(Water System Improvements Project)
Series 2008

RECEIPT FOR SERIES 2008 BOND PROCEEDS

The undersigned, for the Claywood Park Public Service District, Wood and Wirt Counties, West Virginia, hereby certifies that on the 8th day of May, 2008, at Parkersburg, West Virginia, the undersigned received from the United States Department of Agriculture \$230,000.00 of the proceeds from the single Claywood Park Public Service District Water Revenue Bond (Water System Improvements Project), Series 2008, No. R-1 (the "Series 2008 Bond"), in the principal amount of \$2,900,000 dated as of May 8, 2008, bearing interest at the rate of 4.375% per annum, payable in monthly installments as stated in the Series 2008 Bond.

At the time of such receipt, the Series 2008 Bond had been executed and sealed by the Chairman and Secretary of the Public Service Board of the District.

WITNESS my signature on the 8th day of May, 2008.



Chairman, Public Service Board
Claywood Park Public Service District

WATER REVENUE BOND (WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2008

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$2,900,000.00

No. R-1

Date: May 8, 2008

CLAYWOOD PARK PUBLIC SERVICE DISTRICT (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of \$2,900,000.00, plus interest on the unpaid principal balance at the rate of four and three-eighths per cent (4.375%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Series 2008 Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$13,079, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Series 2008 Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made hereon shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Series 2008 Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Series 2008 Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the holder.

While this Series 2008 Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual

installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in or near its community for loans for similar purposes and periods of time.

This Series 2008 Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing all or part of the costs of construction of repairs, replacements, expansions and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Series 2008 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2008 Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Series 2008 Bond. Upon such transfer a new Series 2008 Bond or Series 2008 Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2008 Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Series 2008 Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (herein called the "Act") and Resolutions of the Issuer adopted on December 27, 1979, December 1, 1993, April 3, 1995, August 18, 1997, January 23, 1998, December 17, 2002, May 20, 2003, June 26, 2006 and May 6, 2008.

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Series 2008 Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Series 2008 Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

This Series 2008 Bond is issued on a parity in all respects with the Series 1975 Bond, the Series 1979 Bond, the Series 1993 B Bond, the Series 1995 Bond, the Series 1997 A Bond, the Series 1998 Bond, the Series 2002 Bond, the Series 2003 Bonds, the Series 2006 A Bond, the Series 2006 B Bond and the Series 2006 C Bond described in the Resolutions above described.

CLAYWOOD PARK PUBLIC SERVICE
DISTRICT

Attest:

Secretary, Public Service Board

By: _____

Chairman, Public Service Board

[CORPORATE SEAL]

WEST VIRGINIA MUNICIPAL BOND COMMISSION
NEW ISSUE REPORT FORM

Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

Date of Report: May 8, 2008

ISSUE: Claywood Park Public Service District Water Revenue Bond
(Water System Improvements Project) Series 2008

ADDRESS: P. O. Box 127 COUNTY: Wood and Wirt Counties
Parkersburg, West Virginia 26102

PURPOSE OF ISSUE: New Money ☒ Refunding ☐
ISSUE DATE May 8, 2008 Refunds issue(s) dated: _____
CLOSING DATE: May 8, 2008

ISSUE AMOUNT: \$ 2,900,000 RATE: 4.375%
1st DEBT SERVICE DUE: Not Applicable 1st PRINCIPAL DUE: Not Applicable
1st DEBT SERVICE AMOUNT: \$ Not Applicable PAYING AGENT: None

BOND COUNSEL: Bowles Rice McDavid UNDERWRITER'S COUNSEL: _____
Graff & Love LLP

Contact Person: Camden P. Siegrist Contact Person: _____
Phone: (304) 347-1129 Phone: _____

CLOSING BANK: WesBanco Bank, Inc. ESCROW TRUSTEE: _____
Contact Person: Joe Campbell, Vice President Contact Person: _____
Phone: (304) 480-2500 Phone: _____

KNOWLEDGEABLE ISSUE CONTACT: OTHER: _____
Contact Person: Todd Grinstead Contact Person: _____
Position: General Manager Function: _____
Phone: (304) 422-6042 Phone: _____

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
Capitalized Interest: _____
By: _____ Wire _____ Reserve Account: \$ _____
_____ Check _____ Other: _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To _____ \$ _____

NOTES: The applicable Bond Resolution, a copy of which is provided herewith, establishes the Series 2008 Bond Reserve Account with the Municipal Bond Commission. Debt service payments will be paid by the District directly to the Bondholder.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____
Transfers Required: _____