

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(RISER RIDGE/LAUREL FORK EXTENSION PROJECT)
SERIES 2011 A
Date of Closing: April 15, 2011



CLAYWOOD PARK PUBLIC SERVICE DISTRICT
RESOLUTION AUTHORIZING THE ISSUANCE OF A \$2,530,000
WATER REVENUE BOND (RISER RIDGE/LAUREL FORK EXTENSION PROJECT),
SERIES 2011 A

TABLE OF CONTENTS

ARTICLE I
STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01.	Authority for This Resolution.....	1
Section 1.02.	Definitions	1
Section 1.03.	Findings and Determinations.....	6
Section 1.04.	Resolution to Constitute Contract.....	9

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF SERIES 2011 A BOND

Section 2.01.	Authorization of Series 2011 A Bond	9
Section 2.02.	Description of Series 2011 A Bond.....	10
Section 2.03.	Negotiability, Registration, Transfer and Exchange of Series 2011 A Bond.....	10
Section 2.04.	Registrar.....	10
Section 2.05.	Execution of Series 2011 A Bond	10
Section 2.06.	Mutilated, Destroyed, Stolen or Lost Series 2011 A Bond	10
Section 2.07.	Series 2011 A Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer.....	11
Section 2.08.	Series 2011 A Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds.....	11
Section 2.09.	Form of Series 2011 A Bond.....	11

ARTICLE III
INTERIM CONSTRUCTION FINANCING

Section 3.01.	Authorization and General Terms	16
Section 3.02.	Terms of and Security for Notes; Trust Indenture.....	16
Section 3.03.	Notes are Special Obligations.....	16
Section 3.04.	Letters of Credit.....	16

ARTICLE IV
BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 4.01.	Bond Proceeds; Project Construction Account	16
Section 4.02.	Covenants of the Issuer as to Revenues and Funds	17

ARTICLE V
GENERAL COVENANTS

Section 5.01.	General Statement.....	24
Section 5.02.	Bonds and Notes not to be Indebtedness of the Issuer	24
Section 5.03.	Series 2011 A Bond Secured by Pledge of Net Revenues	24
Section 5.04.	Rates	25
Section 5.05.	Statutory Mortgage	25
Section 5.06.	Conditions Precedent Fulfilled; Interim Financing	25
Section 5.07.	Investments	25
Section 5.08.	Wetlands Covenant.....	26
Section 5.09.	Operation and Maintenance	26
Section 5.10.	Sale of the System	26
Section 5.11.	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	27
Section 5.12.	Parity Bonds	28
Section 5.13.	Insurance and Bonds.....	29
Section 5.14.	No Free Services.....	30
Section 5.15.	Enforcement of Collections	30
Section 5.16.	No Competing Franchise	30
Section 5.17.	Books and Records	30
Section 5.18.	Operating Budget.....	31

ARTICLE VI
RATES, ETC.

Section 6.01.	Initial Schedule of Rates and Charges; Rules.....	32
---------------	---	----

ARTICLE VII
DEFAULT AND REMEDIES

Section 7.01.	Events of Default.....	32
Section 7.02.	Remedies	32
Section 7.03.	Appointment of Receiver.....	33

ARTICLE VIII
PAYMENT OF BONDS

Section 8.01. Payment of Series 2011 A Bond.....	34
--	----

ARTICLE IX
MISCELLANEOUS

Section 9.01. Modification or Amendment	34
Section 9.02. Delivery of Series 2011 A Bond.....	34
Section 9.03. Severability of Invalid Provisions	34
Section 9.04. Conflicting Provisions Repealed	35
Section 9.05. Table of Contents and Headings.....	35
Section 9.06. Covenant of Due Procedure, etc	35

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (RISER RIDGE/LAUREL FORK EXTENSION PROJECT), SERIES 2011 A, OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,530,000 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, THE SERIES 2006 BONDS AND THE SERIES 2008 BOND AND SENIOR TO THE SERIES 2010 A 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 2011 A BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE SERIES 2011 A 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. Claywood Park Public Service District (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. In addition to the definitions of certain terms set forth elsewhere in this Resolution, the following terms shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means United Bank, Inc. with respect to the Revenue Fund and the Operation and Maintenance Fund, WesBanco Bank, Inc. with respect to the Reserve Fund relating to the Series 1975 Bonds and the Series 1979 Bonds, Community Bank with respect to the Repair and Replacement 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, each such bank being 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 2011 A 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, the Series 2006 Bonds and the Series 2008 Bond.

"Chairman" means Chairman of the public service board of the Issuer.

"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.

"Event of Default" means any occurrence or event specified in Section 7.01.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

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

"Herein" means in this Resolution.

"Independent Accountants" shall mean any public accountant or certified public accountant or firm of public accountants or certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the

accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means 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.

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

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

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Project Costs, fees and expenses, if any, of the Bank, the Purchaser and the Registrar (all as herein defined), payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that “Operating Expenses” does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Series 2010 A Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Prior Resolutions” means the 1975 Resolution, the 1979 Resolution the 1993 B Resolution, the 1995 Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution, the 2008 Resolution and the Series 2010 A Resolution.

“Project” means the acquisition and construction of additions and improvements to the existing water system of the Issuer known as the Riser Ridge/Laurel Project to be financed with the proceeds of the sale of the Series 2011 A 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 Series 2011 A 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.

"Registrar" or "Bond Registrar" means the Secretary of the Issuer or other entity designated as such in a Supplemental Resolution and its successors and assigns.

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

“Secretary” means the Secretary of the Governing Body.

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

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

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

“Series 2008 Bond” shall have the meaning provided in Section 1.03(G) hereof.

“Series 2010 A Bonds” shall have the meaning provided in Section 1.03(H) hereof.

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

“1975 Resolution” means the Resolution adopted by the Issuer, authorizing the issuance of the Series 1975 Bond.

“1979 Resolution” means the Resolution adopted by the Issuer on December 27, 1979, authorizing the issuance of the Series 1979 Bond.

“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.

“2008 Resolution” means the Bond Resolution adopted by the Issuer on May 6, 2008, authorizing issuance of the Series 2008 Bonds.

“2010 A Resolution” means the Bond Resolution adopted by the Issuer on June 8, 2010, authorizing the issuance of the Series 2010 A Bonds.

“Series 2011 A Bond” means the \$2,530,000 Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A, authorized hereby.

“Series 2011 A Bond Reserve Account” means the Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A Reserve Account created and established by Section 4.02(B) hereof.

“Series 2011 A Bond Reserve Requirement” means the maximum amount of principal and interest which will come due on the Series 2011 A Bond in the then current or any fiscal year thereafter.

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

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 extensions, additions and improvements to serve the residents in the Riser Ridge, Laurel Fork and other areas of Wood and Wirt Counties.

(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 \$2,530,000 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 \$5,330,000, of which \$2,530,000 will be obtained from the proceeds of the sale of the Series 2011 A Bond herein authorized and the balance, not to exceed \$2,800,000, will be obtained from a grant from USDA - Rural Development (the "Rural Development Grant") in the amount of \$1,300,000 and a Small Cities Block Grant (the "Small Cities Grant") in the amount of \$1,500,000 (collectively, the "Grants").

(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 2011 A 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 2011 A 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 2011 A 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.

Water Revenue Bond, Series 2008, dated May 8, 2008 ("Series 2008 Bond"), issued in the original principal amount of \$2,900,000, bearing interest at the rate of 4.375% per annum.

(H) The Series 2011 A Bonds and the other Bonds will rank senior and prior to the Issuer's Water Revenue Bonds (Water Tank and Booster Station Improvements Project) Series 2010 A, dated June 21, 2010 (the "Series 2010 A Bonds") issued in the original principal

amount of \$130,000, bearing interest at the rate of 4.99% per annum (the "Series 2010 A Bonds").

(I) 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 2011 A Bond, or will have so complied prior to issuance of the Series 2011 A 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.

(J) The consent of the United States Department of Agriculture, as the holder of the outstanding Bonds other than the Series 2003 Bonds and the Series 2010 A Bonds, in writing, has been obtained and is filed in the office of the Issuer.

(K) 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.

(L) Under the provisions of Section 5.14 of the 2010 A Resolution, additional bonds senior and prior to the Series 2010 A 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.

(M) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Series 2011 A Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Series 2011 A 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 2011 A Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF SERIES 2011 A BONDS

Section 2.01. Authorization of Series 2011 A Bond. Subject and pursuant to the provisions hereof, the Series 2011 A Bond of the Issuer, to be known as "Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A", is hereby authorized to be issued in the principal amount of \$2,530,000, for the purpose of financing a portion of the costs of the acquisition and construction of the Project.

Section 2.02. Description of Series 2011 A Bond. The Series 2011 A Bond shall be issued in single form, No. AR-1, fully registered to the United States of America and shall be dated on the date of delivery. The Series 2011 A Bond shall bear interest from date, payable monthly at the rate of 3.625% per annum, and shall be sold at the par value thereof. The Series 2011 A 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 2011 A Bond. The Series 2011 A 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 2011 A Bond, and the right to the principal of, and stated interest on, such Series 2011 A 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 2011 A 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 2011 A 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 2011 A Bond, and, upon presentation for such purpose, the Secretary shall register the Series 2011 A 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 2011 A Bond. The Series 2011 A 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 2011 A Bond. In case any Series 2011 A 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 2011 A Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2011 A Bond or in lieu of and substitution for the Series 2011 A Bond destroyed, stolen or lost, and upon the holder of such Series 2011 A 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 2011 A Bond so surrendered shall be canceled and held for the account of the Issuer. If such Series 2011 A Bond shall have matured or be about to mature, instead of issuing a

substitute Series 2011 A Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Series 2011 A Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Series 2011 A 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 2011 A Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Series 2011 A 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, the Series 2006 Bonds, and the Series 2008 Bond, and senior and prior to the Series 2010 A 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 2011 A 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 2011 A Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2011 A Bond as the same become due.

Section 2.09. Form of Series 2011 A Bond. Subject to the provisions hereof, the text of the Series 2011 A 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 2011 A Bond)

WATER REVENUE BOND (RISER RIDGE/LAUREL FORK/ OAK GROVE/GRIEVES RUN
EXTENSION PROJECT),
SERIES 2011 A

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$2,530,000

No. AR-1

Date: _____, 2011

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 \$2,530,000.00, plus interest on the unpaid principal balance at the rate of three and five-eighths per cent (3.625 %) 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 2011 A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$10,247.00, 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2011 A 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 2011 A Bond. Upon such transfer a new Series 2011 A Bond or Series 2011 A Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2011 A 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 2011 A 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, May 6, 2008, June 8, 2010, and April 13, 2011.

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 2011 A 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 2011 A 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 2011 A 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, the Series 2006 C Bond, and the Series 2008 A Bond, and senior and prior to the Series 2010 A Bonds, the foregoing bonds being further described in the Resolutions above described.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2011 A Bond will be in default should any proceeds of the Series 2011 A Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

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 2011 A Bond except by the Issuer as Registrar.)

Date of
Registration

In Whose Name
Registered

Signature of
Secretary or Registrar

_____, 2011

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 2011 A Bond and the Grants, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed \$5,330,000. 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 2011 A Bond, the Grants, 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 \$5,330,000 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 2011 A 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, Riser

Ridge/Laurel Fork Extension 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 2011 A 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 2011 A 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 2011 A Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 2011 A 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 2011 A Bond remaining unpaid, together with interest accrued and to accrue thereon; the Issuer further covenants with the holder of the Series 2011 A 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 or continued by the Prior Resolutions. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions 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 2011 A 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 2011 A 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, the Series 2006 C Bond, and the Series 2008 Bond, and senior and prior to the Series 2010 A Bonds.

(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 or continued by the Prior Resolutions 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 2011 A 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, the Series 2008 Bond, and the Series 2011 A 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”); (xi) in the Series 2008 Bond Reserve Account established by the 2008 Resolution (the “Series 2008 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 2008 Bond until the amount in the Series 2008 Bond Reserve Account is equal to the Series 2008 Bond Reserve Requirement as defined in the 2008 Resolution (the “Series 2008 Bond Reserve Requirement”); and (xii) beginning with and including the month in which the first principal installment is due upon the Series 2011 A Bond, transfer from the Revenue Fund and deposit in an account hereby designated the “Series 2011 A 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 2011 A Bond until the amount in the Series 2011 A Bond Reserve Account is equal to the Series 2011 A 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, the Series 2008 Bond Reserve Requirement has been accumulated in the Series 2008 Bond Reserve Account, and the Series 2011 A Bond Reserve Requirement has been accumulated in the Series 2011 A 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, the Series 2008 Bond Reserve Account, and the Series 2011 A 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, the Series 2008 Bond Reserve Requirement, and the Series 2011 A 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, the 2008 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 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 1995 Resolution, the 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution, the 2008 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 1997 A Resolution, the 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution, the 2008 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 1998 Resolution, the 2002 Resolution, the 2003 Resolution, the 2006 Resolution, the 2008 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 2002 Resolution, the 2003 Resolution, the 2006 Resolution, the 2008 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 2003 Resolution, the 2006 Resolution, the 2008 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 2006 Resolution, the 2008 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 2006 Resolution, the 2008 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 2006 Resolution, the 2008 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 2008 Resolution and herein, and for no other purpose.

Moneys in the Series 2011 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 2011 A Bond as the same shall become due, for prepayment of installments on the Series 2011 A Bond or for mandatory prepayment of the Series 2011 A Bond as provided herein, and for no other purpose.

(4) The Issuer shall next remit to holder(s) of the Series 2010 A Bonds or its/their registered assigns the installments of principal and interest due on the Series 2010 A Bonds on that date.

(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 Bonds or for any lawful purpose.

Whenever the money in the Series 2011 A Bond Reserve Account shall be sufficient to prepay the Series 2011 A Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2011 A 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, the Series 2008 Bond Reserve Account, and the Series 2011 A 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, the Series 2008 Bond Reserve Account, and the Series 2011 A 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, the Series 2008 Bond Reserve Account,, and the Series 2011 A 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, the Series 2008 Bond Reserve Requirement, and the Series 2011 A 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 3,695 *bona fide* users of the System, including 262 new users.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Series 2011 A Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 2011 A Bond Reserve Account a sum sufficient to prepay the entire principal of the Series 2011 A Bond 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. 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 5.03. Series 2011 A Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2011 A Bond issued hereunder shall be secured forthwith by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the Holders of the Bonds and any water revenue bond subsequently

issued by the Issuer on parity with the Bonds and senior and prior to the Series 2010 A Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Series 2011 A Bond herein authorized and to make all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2011 A Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

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 and the Series 2010 A Bonds. Such rates shall also be sufficient to make the debt service payments on the Bonds and the Series 2010 A 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, the Series 2008 Bond Reserve Account, and the Series 2011 A 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 2011 A 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 2011 A Bond for the benefit of the holder of the Series 2011 A 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, the Series 2006 Bonds, and the Series 2008 Bond and senior and prior to the Series 2010 A 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 2011 A 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 2011 A Bond, the Grants, 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 2011 A 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.

Section 5.09. Operation and Maintenance. The Issuer will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Section 5.10. Sale of the System. So long as any of the Bonds other than the Series 2011 A Bond are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the respective Prior Resolutions relating to the respective Bonds outstanding. Additionally, so long as the Series 2011 A Bond is outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully the Series 2011 A Bond. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2011 A Bond, immediately be remitted to the Purchaser, and the Issuer shall direct the Purchaser to apply such proceeds to the payment of principal of and interest on the Series 2011 A Bond. Any balance remaining after the payment of the Series 2011 A Bond and interest thereon shall be retained by the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, by resolution, determine that such property comprising a

part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Repair and Replacement Fund created or continued by the Prior Resolutions. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$50,000 and not in excess of \$200,000, shall be deposited in the Repair and Replacement Fund. Such payment of such proceeds into the Repair and Replacement Fund shall not reduce the amounts required to be paid into said fund by provisions of the Prior Resolutions. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay the Series 2011 A Bond and other Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Series 2011 A Bond and the other Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2011 A Bond and other Bonds then outstanding for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 5.11. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 5.11 and in Section 5.12, so long as the Series 2011 A Bond is outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bond. All obligations issued by the Issuer after the issuance of the Series 2011 A Bond and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2011 A Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2011 A Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 A Bond and the interest thereon in this Resolution, or upon the System or any part thereof.

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

Section 5.12. Parity Bonds. So long as any of the Bonds other than the Series 2011 A Bond are outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 A Bond pursuant to this Resolution, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 A Bond, and must have the prior written consent of the Purchaser.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of the Bonds or Series 2010 A Bonds, or one or more subsequent series of Parity Bonds, or both such purposes.

So long as the Series 2011 A Bond is outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds and Series 2010 A Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution the Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owner(s) of the Series 2011 A Bond, representing 75% of the then outstanding principal indebtedness.

All covenants and other provisions of this resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2011 A Bond and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution or separate resolution authorized said parity Bonds required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2011 A Bond on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which

rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 A Bond.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2011 A Bond and other Bonds and Series 2010 A Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 5.13. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2011 A Bond remains outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Repair and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Repair and Replacement Fund.

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

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

Section 5.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 5.15. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 5.16. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 5.17. 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 any Holder of the Series 2011 A Bond shall have the right at all reasonable times to

inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting System for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting System which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Purchaser, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Purchaser, and mail to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System.

B. A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 A Bond issued pursuant to this Resolution and shall file said report with the Purchaser.

Section 5.18. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer, by the consent and approval of the Governing Body, may from time to time amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget until the Issuer shall have approved such expenditure by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and

maintenance of the System at all reasonable times to the Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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 Recommended Decision of the Public Service Commission of West Virginia entered on December 13, 2010, which became final pursuant to the Commission Order entered on February 22, 2011, and such rates are hereby adopted to be effective as provided in said Recommended Decision.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 A Bond:

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2011 A Bond; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the 2011 A Bond, set forth in this Resolution, any supplemental resolution or in the Series 2011 A Bond, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Purchaser, the Commission, the Bank or any other Holder of a Series 2011 A Bond; or

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

(4) If a default occurs under any of the other Bonds or any of the Prior Resolutions.

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of the Series 2011 A Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holder of the Series 2011 A Bond, including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not

limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2011 A Bond, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holder of the Series 2011 A Bond, and (v) by action or bill in equity enjoin any acts in violation of the Resolution with respect to the Series 2011 A Bond, or the rights of such Holder; provided that all rights and remedies of the Holder of the Series 2011 A Bond shall be on a parity with the Holders of the other Bonds and senior and prior to the Holder(s) of the Series 2010 A Bonds.

Section 7.03. Appointment of Receiver. Any Holder of a Series 2011 A Bond, may, by proper legal action, compel the performance of the duties of the Issuer under this Bond Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Series 2011 A Bond, any Holder of a Series 2011 A Bond, shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder of the Series 2011 A Bond, shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

ARTICLE VIII

PAYMENT OF BONDS

Section 8.01. Payment of Series 2011 A Bond. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2011 A Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Series 2011 A Bond only, the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Holder of the Series 2011 A Bond shall thereupon cease, terminate and become void and be discharged and satisfied. Except through such direct payment to the Holder of the Series 2011 A Bond, the Issuer may not defease the Series 2011 A Bond or otherwise provide for payment thereof by escrow or like manner.

ARTICLE VIX

MISCELLANEOUS

Section 9.01. 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 9.02. Delivery of Series 2011 A Bond. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause the Series 2011 A Bond No. AR-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 9.03. 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 2011 A Bond.

Section 9.04. 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 9.05. 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 9.06. 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 April 13, 2011.

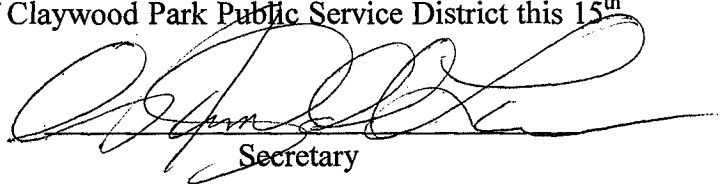


Chairman, Public Service Board

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 April 13, 2011, authorizing the Claywood Park Public Service District's Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A.

Given under my hand and seal of Claywood Park Public Service District this 15th day of April, 2011.



Secretary

[SEAL]

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
\$2,530,000 WATER REVENUE BOND
(RISER RIDGE/LAUREL FORK EXTENSION PROJECT)
SERIES 2011 A**

ENGINEER'S CERTIFICATE

I, Dominick P. Cerrone, Registered Professional Engineer, West Virginia Registration No. 14750, 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 and Wirt Counties, 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.

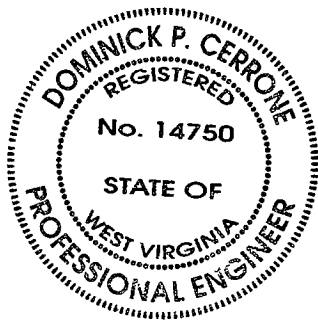
I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals and permits for the construction thereof have been obtained or can be obtained.

WITNESS my signature on this 15th day of April, 2011.

CERRONE ASSOCIATES, INC.

By:


Dominick P. Cerrone



BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS
1156 SOUTH MAIN STREET
MILTON, WEST VIRGINIA 25541
Phone: (304) 743-5573 FAX: (304) 743-1150

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(RISER RIDGE/LAUREL FORK EXTENSION PROJECT)
SERIES 2011 A**

April 15, 2011

United States Department of Agriculture
Rural Development
1550 Earl Core Road, Suite 101
Morgantown, West Virginia 26505

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 December 13, 2010, which became the Final Order of the Public Service Commission of West Virginia pursuant to the Commission Order entered on February 22, 2011, in Case No. 10-1165-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 (Riser Ridge/Laurel Fork Extension Project) Series 2011 A (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 or junior and subordinate to 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, the Water Revenue Bond, Series 2006 C, the Water Revenue Bond, Series 2008, and the Water Revenue Bonds, Series 2011 A (collectively, 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 Bond, 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 Bond.

The Net Revenues referenced above in the immediately preceding paragraph have been adjusted by adding to such Net Revenues the amount of \$170,521, 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 December 13, 2010, which became the Final Order of the Public Service Commission of West Virginia pursuant to the Commission Order entered on February 22, 2011, in Case No. 10-1165-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 cursive script, appearing to read "Bassett & Zure".

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(RISER RIDGE/LAUREL FORK EXTENSION PROJECT)
SERIES 2011 A**

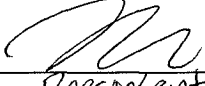
CERTIFICATE OF CONSULTING ENGINEER

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 April 15, 2011 (the "Certificate"), to which this Certificate is to be attached, are reasonable and accurate.

Dated: April 15, 2011.

CERRONE ASSOCIATES, INC.

By: 
Its: President.



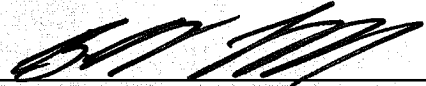
**United States Department of Agriculture
Rural Development
West Virginia State Office**

**CLAYWOOD PARK PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (RISER RIDGE/LAUREL FORK EXTENSION PROJECT),
SERIES 2011 A**

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"); (x) Water Revenue Bond, Series 2006 C (the "Series 2006 C Bond"); and (xi) Water Revenue Bond, Series 2008 (the "Series 2008 Bond"), hereby consents to the issuance of the Issuer's Water Revenue Bond, Series 2011 A in an aggregate principal amount not to exceed \$2,530,000 (the "Series 2011 A 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, the Series 2006 C Bond, and the Series 2008 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 2011 A 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 2011 A Bond; and agrees that the Prior Bonds, the Series 2003 Bonds and the Series 2011 A 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 15th day of April, 2011.

By: 

Its: State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

GENERAL CERTIFICATE

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project),
Series 2011 A

CERTIFICATE OF:

1. Award of Series 2011 A 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 (Riser Ridge/Laurel Fork Extension Project), Series 2011 A, dated on the date hereof, in the principal amount of \$2,530,000, bearing interest at the rate of 3.625% per annum, as follows:

1. Award of Series 2011 A Bond: The entire issue of the Series 2011 A Bond has been duly awarded to the United States of America pursuant to a Letter of Conditions, from the Department of Agriculture and as further described in Section 2.02 of the Resolution authorizing the issuance of the Series 2011 A 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 2011 A Bond, nor questioning the proceedings and authority by which the District authorized the issuance and sale of the Series 2011 A Bond, nor in any manner affecting the validity or enforceability of the Series 2011 A 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 2011 A 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 2011 A 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 \$133,675.41;

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 \$444,990.77;

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 \$327,081.62;

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 \$152,640.41;

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 \$107,167.55;

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 \$655,786.99;

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 \$1,248,713.07;

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 \$760,000.

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 \$4,032,132.32;

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 \$840,835.44;

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 \$2,417,514.60; and

Water Revenue Bond, Series 2008, dated May 3, 2008, ("Series 2008 Bond"), issued in the original principal amount of \$2,900,000, bearing interest at the rate of 4.375% per annum, the current unpaid balance of which is \$2,860,326.38.

The Series 2011 A Bond will be issued on parity with the prior bonds enumerated above as to liens and source of and security for payment.

The Series 2011 A Bond and the foregoing bonds will rank senior and prior to the following bond as to liens and source of and security for payment:

Water Revenue Bonds (Water Tank and Booster Station Improvement Project), Series 2010 A, dated June 21, 2010, (the "Series 2010 A Bonds"), issued in the original principal amount of \$130,000, bearing interest at the rate of 4.99% per annum, the current unpaid balance of which is approximately \$125,180.96.

All of these obligations are held by FmHA, its successors or assigns with the exception that the Series 2003 Bonds and the Series 2010 A 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.

5. Signatures, etc.: The undersigned Chairman and Secretary, for the District on the date hereof, officially executed and sealed the Series 2011 A 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 2011 A 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 January 11, 2011

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 April 13, 2011

Minutes on adoption of the Bond Resolution

Recommended Decision of the Public Service Commission of West Virginia, entered December 13, 2010, which became final pursuant to the Commission Order entered on February 22, 2011, 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, 2008	November 1, 2014
Secretary	C. Randall Law	November 1, 2006	November 1, 2012
Member	Edna Summers	November 1, 2010	November 1, 2016

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 2011 A Bond No. AR-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 2011 A 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 2011 A Bond, the amount of \$146,500 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 2011 A 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.

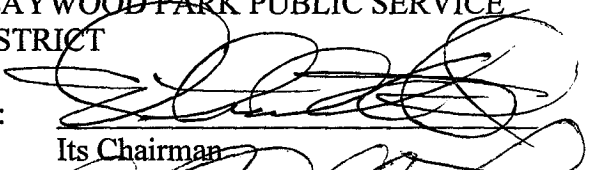
11. Contractors' Insurance, etc.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of FmHA and the Bond Resolution.

WITNESS our signatures and the official corporate seal of CLAYWOOD PARK PUBLIC SERVICE DISTRICT on the 15th day of April, 2011.

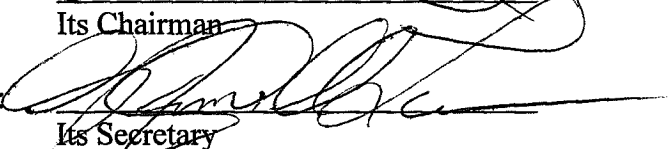
[SEAL]

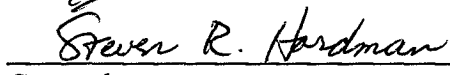
CLAYWOOD PARK PUBLIC SERVICE
DISTRICT

By:


Its Chairman

By:

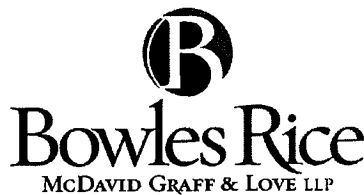

Its Secretary


Counsel

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

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

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507-1639
(859) 252-2202



ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

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

www.bowlesrice.com

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

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

April 15, 2011

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

Re: \$2,530,000 Water Revenue Bond
(Riser Ridge/Laurel Fork Extension Project)
Series 2011 A

Ladies and Gentlemen:

We have examined a record of the proceedings relating to the issue of the Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A, of Claywood Park Public Service District, Wood and Wirt Counties, West Virginia (the "District"), in the principal amount of \$2,530,000 dated on the date hereof, bearing interest from the date of delivery (the "Series 2011 A Bond"). The Series 2011 A Bond bears interest at the rate of 3.625% per annum and is represented by a single bond numbered AR-1.

The Series 2011 A Bond has been authorized by Resolution duly enacted on April 13, 2011, by the Public Service Board of the District, which is the governing body of the District (the "Bond Resolution").

Interest only on the Series 2011 A Bond is payable in monthly installments for the first 24 months after delivery; and thereafter, principal of and interest on the Series 2011 A Bond are payable in monthly installments of \$10,247.00 to and including the 480th month after the date of the Series 2011 A 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 2011 A Bond are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Series 2011 A Bond provide that the issue is for the purpose of financing the costs of construction and acquisition of additions and

Claywood Park Public Service District
April 15, 2011
Page 2

improvements to the existing water distribution system of the District (herein called the "System").

The Series 2011 A 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 2011 A Bond as to liens and source of and security for payment, which are the Revenue Bonds of the District dated May 3, 2008, 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 \$5,900,00, \$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. There are also outstanding obligations of the District which rank junior and subordinate to the Series 2011 A Bond as to liens and source of and security for payment, which are the Water Revenue Bonds (Water Tank and Booster Station Improvement Project), Series 2010 A of the District dated June 21, 2010, issued in the original principal amount of \$130,000 (the "Series 2010 A Bonds"), which are held by United Bank, Inc..

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 2011 A 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 2011 A Bond and has sold and delivered the Series 2011 A Bond to the United States of America.
4. The execution and delivery of the Series 2011 A 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 2011 A 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 and senior

Claywood Park Public Service District
April 15, 2011
Page 3

and prior to the lien of the District's Series 2011 A Bond, all in accordance with the terms of the Series 2011 A Bond and the Bond Resolution.

6. The Series 2011 A 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 2011 A 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 2011 A Bond.

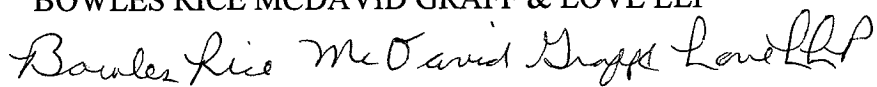
7. The Series 2011 A Bond is, by statute, exempt from all taxation by the State of West Virginia and other taxing bodies of the State.

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 July 25, 2008, 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 2011 A Bond or the issuance of the Series 2011 A Bond or the collection or pledge of the net revenues of the System therefor or for the Series 2011 A Bond.

It is to be understood that the rights of the holders of the Series 2011 A Bond and the enforceability of the Series 2011 A 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

\$2,530,000 Water Revenue Bond
(Riser Ridge/Laurel Fork Extension Project)
Series 2011 A

RECEIPT FOR SERIES 2011 A BOND AND TRANSCRIPTS

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

1. On the 15th day of April, 2011, at Parkersburg, West Virginia, the undersigned received from the Claywood Park Public Service District the single Claywood Park Public Service District Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A, No. AR-1 (the "Series 2011 A Bond"), in the principal amount of \$2,530,000 dated as of the date hereof, bearing interest at the rate of 3.625% per annum, payable in monthly installments as stated in the Series 2011 A Bond.

2. At the time of such receipt, the 2011 A Bond had been executed and sealed by the Chairman and Secretary of the Public Service Board of the District.

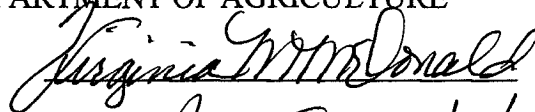
3. At the time of such receipt, there was paid to the District the sum of \$146,500.00 from the proceeds of the Series 2011 A Bond.

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 15th day of April, 2011.

UNITED STATES OF AMERICA
DEPARTMENT OF AGRICULTURE

By:



Its:


(Title)

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

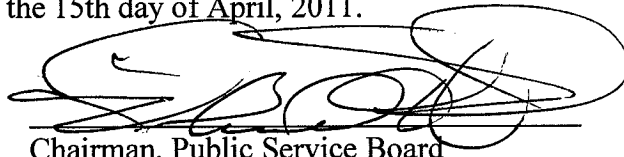
\$2,530,000 Water Revenue Bond
(Riser Ridge/Laurel Fork Extension Project)
Series 2011 A

RECEIPT FOR SERIES 2011 A BOND PROCEEDS

The undersigned, for the Claywood Park Public Service District, Wood and Wirt Counties, West Virginia, hereby certifies that on the 15th day of April, 2011, at Parkersburg, West Virginia, the undersigned received from the United States Department of Agriculture \$146,500 of the proceeds from the single Claywood Park Public Service District Water Revenue Bond (Riser Ridge/Laurel Fork Extension Project), Series 2011 A No. AR-1 (the "Series 2011 A Bond"), in the principal amount of \$2,530,000 dated as of April 15, 2011, bearing interest at the rate of 3.625% per annum, payable in monthly installments as stated in the Series 2011 A Bond.

At the time of such receipt, the Series 2011 A Bond had been executed and sealed by the Chairman and Secretary of the Public Service Board of the District.

WITNESS my signature on the 15th day of April, 2011.



Chairman, Public Service Board
Claywood Park Public Service District

WATER REVENUE BOND
(RISER RIDGE/LAUREL FORK/ OAK GROVE/GRIEVES RUN
EXTENSION PROJECT),

SERIES 2011 A

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$2,530,000

COPY
No. AR-1

Date: April 15, 2011
COPY

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 \$2,530,000.00, plus interest on the unpaid principal balance at the rate of three and five-eighths per cent (3.625%) 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 2011 A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$10,247.00, 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2011 A 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 2011 A Bond. Upon such transfer a new Series 2011 A Bond or Series 2011 A Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2011 A 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 2011 A 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 7, 2002, May 20, 2003, June 26, 2006, May 6, 2008, June 8, 2010, and April 13, 2011.

If at any time it shall appear to the Purchaser that the 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 2011 A 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 2011 A 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 2011 A 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, the Series 2006 C Bond, and the Series 2008 A Bond, and senior and prior to the Series 2010 A Bonds, the foregoing bonds being further described in the Resolutions above described.

[Rest of page intentionally left blank]

COPY

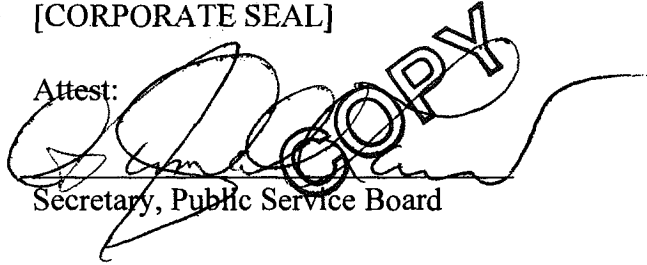
In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2011 A Bond will be in default should any proceeds of the Series 2011 A Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

CLAYWOOD PARK
PUBLIC SERVICE DISTRICT

By: 

Chairman, Public Service Board

[CORPORATE SEAL]

Attest: 

Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$146,500.00	April 15, 2011	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL . . . \$			

(No writing on this Series 2011 A Bond except by the Issuer as Registrar.)

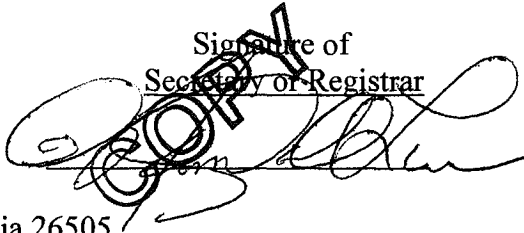
Date of
Registration

April 15, 2011

In Whose Name
Registered

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

Signature of
Secretary or Registrar



ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By: _____

(Title)

**WEST VIRGINIA MUNICIPAL BOND COMMISSION
NEW ISSUE REPORT FORM**

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

Date of Report: April 15, 2011

ISSUE: Claywood Park Public Service District Water Revenue Bond
(Riser Ridge/Laurel Fork Extension Project) Series 2011 A

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

PURPOSE OF ISSUE: New Money ☒ Refunding ☐
ISSUE DATE April 15, 2011 Refunds issue(s) dated: _____
CLOSING DATE: April 15, 2011

ISSUE AMOUNT: \$ 2,530,000 RATE: 3.625%
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 2011 A 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: _____

kwiktag®

069 128 253



WATER REVENUE BOND
(RISER RIDGE/LAUREL FORK/ OAK GROVE/GRIEVES RUN
EXTENSION PROJECT),
SERIES 2011 A
CLAYWOOD PARK PUBLIC SERVICE DISTRICT

\$2,530,000

Date: April 15, 2011

No. AR-1

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 \$2,530,000.00, plus interest on the unpaid principal balance at the rate of three and five-eighths per cent (3.625%) 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 2011 A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$10,247.00, 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A 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 2011 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2011 A 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 2011 A Bond. Upon such transfer a new Series 2011 A Bond or Series 2011 A Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2011 A 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 2011 A 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, May 6, 2008, June 8, 2010, and April 13, 2011.

If at any time it shall appear to the Purchaser that the 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 2011 A 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 2011 A 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 2011 A 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, the Series 2006 C Bond, and the Series 2008 A Bond, and senior and prior to the Series 2010 A Bonds, the foregoing bonds being further described in the Resolutions above described.

[Rest of page intentionally left blank]

COPY

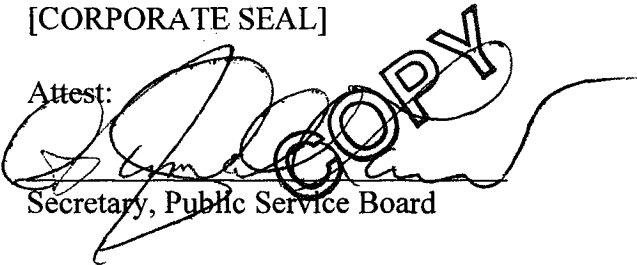
In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2011 A Bond will be in default should any proceeds of the Series 2011 A Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

CLAYWOOD PARK
PUBLIC SERVICE DISTRICT

By: 

Chairman, Public Service Board

[CORPORATE SEAL]

Attest: 

Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$146,500.00	April 15, 2011	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL \$			

(No writing on this Series 2011 A Bond except by the Issuer as Registrar.)

Date of
Registration

April 15, 2011

In Whose Name
Registered

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

Signature of
Secretary or Registrar

ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By: _____

(Title)