

OAKVALE ROAD PUBLIC SERVICE DISTRICT

**WATER REVENUE BONDS, SERIES 1996
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE ISSUER'S WATERWORKS FACILITIES BOND AND GRANT ANTICIPATION NOTES, SERIES 1996, AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$12,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; PROVIDING FOR INTERIM CONSTRUCTION FINANCING; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF OAKVALE ROAD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Oakvale Road Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State.

B. The Issuer presently owns and operates certain limited waterworks facilities serving the "Hall's Ridge Road" area of Mercer County, West Virginia, and wishes to expand its water services to other areas of Mercer and Summers Counties,

West Virginia. Accordingly, the Issuer has entered into an Agreement, dated May 8, 1995, as amended (the "Agreement") between the Issuer and West Virginia-American Water Company (the "Company") whereby the Company has agreed to acquire and construct a new water treatment plant, raw water intake structure, raw water line and appurtenant facilities and the Issuer has agreed to acquire and construct a water main and certain water distribution lines to be supplied by the water treatment plant to be built by the Company, all for the purpose of providing water to approximately 15,000 customers in Summers and Mercer Counties, West Virginia.

C. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain waterworks facilities of the Issuer, consisting of a water distribution main line, sidelines, pumps and related water distribution facilities in Mercer and Summers Counties, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the supplying of water services (the existing public waterworks facilities, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

D. The Issuer has heretofore temporarily financed a portion of the costs of acquisition and construction of a portion of the Project with the proceeds of its Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, issued on February 15, 1996, in the original principal amount of \$12,600,000, of which \$8,585,851.96 principal amount remains outstanding (the "Notes"). The Issuer intends to pay a portion of the outstanding principal of and interest accrued on the Notes with a portion of the proceeds of the Series 1996 Bonds (as hereinafter defined) to be sold to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act. The Issuer intends to repay the remaining outstanding principal of and interest accrued on the Notes with a portion of the proceeds of its Construction Notes (as hereinafter defined). The Issuer also intends to permanently finance a portion of the remaining costs of acquisition and construction of the Project from the balance of proceeds of the Series 1996 Bonds.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than \$12,700,000 (the "Series 1996 Bonds"), to be initially represented by a single bond, to pay a portion of the outstanding principal of and interest accrued on the Notes and to permanently finance a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of refunding the Notes; the cost of all property rights, easements and franchises deemed necessary or convenient therefor; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the

enterprise; administrative expense; commitment fees; fees and expenses of the Authority; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1996 Bonds; and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1996 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 1996 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are no outstanding bonds or obligations of the Issuer which will rank either prior to or on a parity with the Series 1996 Bonds as to liens, pledge, source of and security for payment. However, the Issuer intends to obtain a revolving line of credit from a bank or other financial institution in an amount not to exceed \$3,000,000, and to maintain such line of credit until the Project is complete. Costs of the Project will be paid initially through a draw upon such revolving line of credit, and proceeds of the Series 1996 Bonds will thereafter be applied to reimbursement of such draw and interest accrued thereon. The Issuer also contemplates issuance of the Series 1997 Bonds at a later date. When issued, the Series 1997 Bonds will be on a parity with the Series 1996 Bonds. Repayment of the line of credit will be made from proceeds of the Series 1996 Bonds, proceeds of the Series 1997 Bonds and the Grants.

I. The Issuer will receive all of its revenues under and pursuant to the Agreement, and is not expected to have any other source of revenues. The revenues to be paid by the Company to the Issuer under the Agreement at all times will be sufficient to pay all costs of operation and maintenance of said System not otherwise paid by the Company, to pay the principal of and interest on the Series 1996 Bonds (and the Series 1997 Bonds, when issued), and to make payments into all funds and accounts and other payments provided for herein, all as such terms are hereinafter defined.

J. In lieu of a funded debt service reserve, the Company has agreed to provide a Letter of Credit in the amount of \$1,093,391.20, for the benefit of the Authority, to be drawn upon in the event that at any time payments under the Agreement are inadequate to provide funds for the District to make all payments required hereunder.

K. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1996 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity, if necessary, and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1996 Bonds or such final order will not be subject to appeal or rehearing.

L. Pursuant to the Act, the West Virginia Infrastructure and Jobs Development Council (the "Council") has approved the Project and has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1996 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1996 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Agreement" means the Agreement, dated May 8, 1995, by and between the Issuer and the Company, as it may be amended from time to time.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1996 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bonds" means, collectively, the Series 1996 Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1996 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1996 Bonds from the Authority.

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

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

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

"Construction Notes" means the Issuer's Waterworks Facilities Construction Notes, Series 1996, to be issued and dated concurrently with the Series 1996 Bonds, in the maximum aggregate principal amount of \$3,000,000.

"Consulting Engineers" means Stafford Consultants, Princeton, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however,

that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

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

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

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

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

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

"Grants" means all moneys received by the Issuer on account of any Grant.

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Oakvale Road Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Mercer and Summers Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means the Letter of Credit No. 96064, issued December 4, 1996, in the stated amount of \$1,093,391.20, by One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Authority and the Issuer, providing for the purchase of the Series 1996 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1996 Bonds, plus accrued interest and premium, if any.

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

"Notes" means the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, issued on and dated February 15, 1996, in the form of a line of credit in the original principal amount of not to exceed \$12,600,000.

"Notes Resolution" means collectively, the Notes Resolution adopted by the Issuer on February 13, 1996, as supplemented and amended by the Supplemental and Amendatory Notes Resolution, adopted by the Issuer concurrently herewith, authorizing issuance of the Construction Notes.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the

generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 1996 Bonds by the Issuer in the Supplemental Resolution.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of a water distribution main line, sidelines, pumps and related water distribution facilities in Mercer and Summers Counties, together with all appurtenant facilities, and including items Nos. 1 through 10, as set forth in EXHIBIT A to the Notes Resolution.

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are

rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

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

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

"Series 1996 Bonds" means the not more than \$12,700,000 in aggregate principal amount of Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1996 Bonds Sinking Fund" means the Series 1996 Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) anticipated to be issued in 1997 in the aggregate principal amount of approximately \$2,000,000, to pay the District's share of funding for additional waterworks facilities for the System, which are currently under design, but for which construction will not commence until 1997. The Series 1997 Bonds will be issued on a parity with the Series 1996 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1996 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1996 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds including any reserve account which may hereafter be established.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$17,680,318, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1996 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council.

The cost of the Project is estimated not to exceed \$17,680,318, of which approximately \$12,700,000 will be obtained from proceeds of the Series 1996 Bonds, \$990,318 from a grant by the Appalachian Regional Commission, \$3,000,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and \$990,000 from a grant by the United States Economic Development Administration.

The Issuer also contemplates the issuance of its Series 1997 Bonds to fund the local share portion of the costs of additional water distribution lines for the System. In the event the Series 1997 Bonds are not issued, the facilities to be funded thereby will not be acquired or constructed, but failure to issue the Series 1997 Bonds will have no effect on the Project, the adequacy of payments to be paid by the Company to the Issuer under the Agreement or the resulting ability of the Issuer to pay the principal of and interest on the Series 1996 Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of refunding a portion of the Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1996 Bonds of the Issuer. The Series 1996 Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 1996 (West Virginia Infrastructure Fund)", in the principal amount of not more than \$12,700,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1996 Bonds remaining after refunding a portion of the Notes shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1996 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1996 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1996 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1996 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1996 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1996 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1996 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1996 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1996 Bonds shall cease to be such officer of the Issuer before the Series 1996 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1996 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1996 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1996 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1996 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1996 Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1996 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1996 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1996 Bonds or transferring the registered Series 1996 Bonds are exercised, all Series 1996 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1996 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1996 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1996 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1996 Bonds or, in the case of any proposed redemption of Series 1996 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1996 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1996 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. The Issuer has no taxing power.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 1996 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1996 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1996 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate,

register and deliver the Series 1996 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1996 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1996 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement;

E. A copy of the Letter of Credit; and

F. The unqualified approving opinion of bond counsel on the Series 1996 Bonds.

Section 3.10. Form of Series 1996 Bonds. The text of the Series 1996 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1996 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1996
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$12,700,000

KNOW ALL MEN BY THESE PRESENTS: That Oakvale Road Public Service District, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWELVE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$12,700,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on the unpaid principal balance at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on EXHIBIT B attached hereto.

On February 20, 1997, the Authority will determine the amount of principal advanced hereunder, will calculate the quarterly installments of principal of and interest hereon to be paid on June 1, September 1 and December 1, 1997, and will attach a new EXHIBIT B reflecting such amounts, hereto. On December 20, 1997, the Authority will redetermine the amount of principal advanced hereunder, will recalculate the quarterly installments of principal of and interest hereon to be paid on March 1, 1998, and each quarter thereafter, until the maturity hereof and will attach a new EXHIBIT B reflecting such amounts, hereto. If not previously paid, all principal of and interest on this Bond shall be payable on December 1, 2036.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed

to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated December 4, 1996.

This Bond is issued (i) to refund a portion of the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, dated February 15, 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on December 4, 1996, and a Supplemental Resolution duly adopted by the Issuer on December 4, 1996 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 1996 Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, unexpended proceeds of the Bonds and proceeds of the Letter of Credit No. 96064, issued December 4, 1996, in the stated amount of \$1,093,391.20, by One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority. (the "Letter of Credit"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with

other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System not otherwise paid, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the 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.

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

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

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

IN WITNESS WHEREOF, OAKVALE ROAD PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated December 4,
1996.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 1996.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1996 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Interim Construction Financing. In order to pay the balance of the Notes outstanding not being paid from proceeds of the Series 1996 Bonds, certain Costs of the Project and costs of additional waterworks facilities for the System pending receipt of proceeds of the Grants and advances of principal of the Series 1996 Bonds and the Series 1997 Bonds, the Issuer will issue and sell its interim construction notes in an aggregate principal amount not to exceed \$3,000,000 (the "Construction Notes"). The Notes shall be in the form of a revolving line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a loan agreement or similar agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Notes Resolution.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 1996 Bonds, proceeds of the Series 1997 Bonds and the Grants. 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 of the Issuer, if any, is pledged for the payment of the Notes. (The Issuer has no taxing power). 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 Net Revenues except as set forth herein.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund; and
- (2) Bond Construction Trust Fund

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

- (1) Series 1996 Bonds Sinking Fund.

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

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

(2) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of interest on the Series 1996 Bonds for which interest has not been capitalized or as required in the Loan Agreement, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1996 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly

interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1996 Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1996 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) 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 of the System.

(5) So long as the Letter of Credit is in place no debt service reserve fund shall be required for the Series 1996 Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer may, at the option of the Council, be required to establish a debt service reserve fund for the Series 1996 Bonds, in an amount to be determined by the Council.

Moneys in the Series 1996 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 Bonds as the same shall become due. All investment earnings on moneys in the Series 1996 Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1996 Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 1996 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1996 Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1996 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1996 Bonds Sinking Fund created hereunder, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1996 Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof. The Series 1996 Bonds Sinking Fund shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1996 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1996 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due.

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

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

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

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

H. All Tap Fees, if any, received by the Issuer shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1996 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1996 Bonds, there shall first be paid to the Holders of the Notes the sum of \$8,470,686.40, being a portion of the outstanding principal of the Notes and the interest accrued thereon.

B. Next, from the proceeds of the Series 1996 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1996 Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project or repayment of Construction Notes in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1996 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall, by the 15th day of each month, provide the Council with a requisition for the costs incurred for the Project, together with documentation as to payment of such costs from proceeds of the Construction Notes and such other documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Bonds hereby authorized, which shall be made upon request of the Issuer) shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer, the Consulting Engineers and an appropriate official of Region I Planning and Development Council, stating:

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

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

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

(D) That payment for each of the items proposed has either been made from proceeds of the Construction Notes or is then due and owing.

All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1996 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1996 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1996 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 1996 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1996 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1996 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1996 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN and such rates are hereby ratified.

Section 7.05. Sale of the System. So long as the Series 1996 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Bond Legislation in accordance with Article X hereof.

The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1996 Bonds, immediately be remitted to the Commission for deposit in the Series 1996 Bonds Sinking Fund and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1996 Bonds. Any balance remaining after the payment of all the Series 1996 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the 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. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, 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, with the written consent of the Authority and the Council, be remitted by the Issuer to the Commission for deposit in the Series 1996 Bonds Sinking Fund. Such payment of such proceeds into the Series 1996 Bonds Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 66 2/3% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1996 Bonds. All obligations issued by the Issuer after the issuance of the Series 1996 Bonds and payable from the revenues of the System, except Parity Bonds issued under the conditions set forth in Section 7.07 hereof, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1996 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided in Section 7.07 hereof, 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 1996 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1996 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1996 Bonds pursuant to this Bond Legislation, except upon written consent thereto by the Authority and the Council.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1996 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System, paying claims against the Issuer or refunding the Series 1996 Bonds issued pursuant hereto, or any combination of such purposes.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance,

shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1996 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1996 Bonds.

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

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

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

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

accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 1996 Bonds, and shall mail in each year to any Holder or Holders of the Series 1996 Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1996 Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 1996 Bonds. Such audit report submitted to the Authority and the Council, shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1996 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1996 Bonds. The Issuer shall not reduce the rates or charges for services set forth in the rate Resolution described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 15th day of each month.

Section 7.11. Engineering Services and Operating Personnel.

The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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

law. If the sewer facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the sewer service provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1996 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the

System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and shall, by Supplemental Resolution, approve such additional terms and conditions set forth in the Loan Agreement. The Issuer also agrees to comply with all applicable laws, rules and regulations

issued by the Authority, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Authority.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1996 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 1996 Bonds.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often if reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1996 Bonds are Outstanding.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1996 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1996 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1996 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1996 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

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

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the

System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1996 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1996 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1996 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1996 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1996 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1996 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1996 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1996 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1996 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1996 Bonds, shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Series 1996 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1996 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1996 Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1996 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 1996 Bonds.

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

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

ISSUER:

Oakvale Road Public Service District
Post Office Box 1061
Athens Road
Princeton, West Virginia 24740
Attention: Manager

COMPANY:

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

AUTHORITY:

Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064
Attention: Executive Director

COUNCIL:

West Virginia Infrastructure Council
1320 One Valley Square
Charleston, West Virginia 25301
Attention: Executive Secretary

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

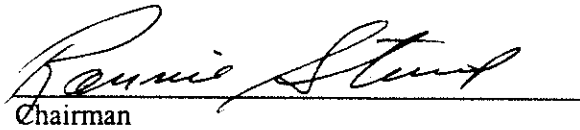
Section 11.06. Conflicting Provisions Repealed. All orders and resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 4th day of December, 1996.


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly enacted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 4th day of December, 1996.

Dated: December 4, 1996.

[SEAL]

Hillis Warren
Secretary

12/02/96
OVJ.A7
667990/96001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1996(WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE OPERATING AGREEMENT ENTERED INTO BY AND BETWEEN THE DISTRICT AND WEST VIRGINIA-AMERICAN WATER COMPANY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Oakvale Road Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 4, 1996 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE ISSUER'S WATERWORKS FACILITIES BOND AND GRANT ANTICIPATION NOTES, SERIES 1996, AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$12,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE

RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS PROVIDING FOR INTERIM CONSTRUCTION FINANCING; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 1996 Bonds"), in an aggregate principal amount not to exceed \$12,700,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the Agreement between the Issuer and West Virginia-American Water Company, as amended, be approved and authorized by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale

price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF OAKVALE ROAD PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$12,700,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2036, and shall bear interest at the rate of 3.0% per annum. Principal of and interest on the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, and ending December 1, 2036, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The initial "Schedule X" shall reflect the full principal amount of the Bonds, being \$12,700,000. On February 20, 1997 and December 20, 1997, "Schedule X" will be amended to reflect the actual principal amounts advanced as of such dates. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds.

On February 20, 1997, the Authority shall determine the amount of principal advanced under the Bonds, and shall calculate the quarterly installments of principal of and interest hereon to be paid on June 1, September 1 and December 1, 1997. On December 20, 1997, the Authority shall redetermine the amount of principal advanced under the Bonds, and shall recalculate the quarterly installments of principal of and interest on the Bonds to be paid on March 1, 1998, and each quarter thereafter, until the maturity thereof. If not previously paid, all principal of and interest on the Bonds shall be payable on December 1, 2036.

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

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

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit in lieu of a funded debt service reserve fund for the Bonds, and acknowledges that the Authority may hereafter require that a debt service reserve account be established and funded in the event the Letter of Credit is reduced or terminated;

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

Section 6. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 7. The Issuer does hereby appoint One Valley Bank of Mercer County, Princeton, West Virginia, as Depository Bank under the Bond Resolution.

Section 8. Series 1996 Bonds proceeds in the amount of \$8,470,686.40 shall be deposited in the Bond Construction Trust Fund and immediately applied to pay a portion of the outstanding principal of and interest accrued on the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of the Project. (The balance of the principal of and interest accrued on the Notes, being \$217,170.30, are to be paid concurrently from proceeds of the Construction Notes.)

Section 9. Series 1996 Bonds proceeds in the amount of \$ -0- shall be deposited in the Series 1996 Bonds Sinking Fund as capitalized interest.

Section 10. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about December 4, 1996.

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

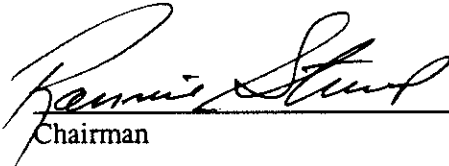
Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 1996 Bonds Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer is hereby authorized and approval is given, if such authorization and approval has not previously been given, to enter into the Agreement with West Virginia-American Water Company, whereby West Virginia-American Water Company will operate and maintain the System for the Issuer.

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

Adopted this 4th day of December, 1996.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

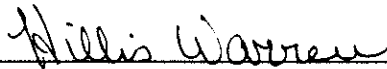

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 4th day of December, 1996.

Dated: December 4, 1996.

[SEAL]


Secretary, Public Service Board

12/02/96
OVJ.B4
667990/96001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION AMENDING CERTAIN PROVISIONS OF THE BOND RESOLUTION ADOPTED DECEMBER 4, 1996, AUTHORIZING THE ISSUANCE OF THE WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT.

WHEREAS, Oakvale Road Public Service District (the "Issuer") has heretofore issued its Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996 (the "Bonds"), pursuant to a bond resolution adopted by the Issuer on December 4, 1996 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE ISSUER'S WATERWORKS FACILITIES BOND AND GRANT ANTICIPATION NOTES, SERIES 1996, AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$12,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS PROVIDING FOR INTERIM CONSTRUCTION FINANCING; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides that no material modification or amendment of the Bond Resolution shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then outstanding;

WHEREAS, the West Virginia Water Development Authority (the "Authority"), the sole Registered Owner of the Bonds, has consented in writing to the amendment of the Bond Resolution as set forth herein; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Bond Resolution be amended as set forth herein;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF OAKVALE ROAD PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to Section 11.01 of the Bond Resolution, the Issuer hereby amends Section 5.03A.(5) and adds Section 5.03A.(6) of the Bond Resolution as follows:

(5) So long as the Letter of Credit is in place, no debt service reserve account shall be required for the Series 1996 Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish the Series 1996 Bonds Reserve Account for the Series 1996 Bonds, in compliance with the requirements of the Loan Agreement, unless waived by the Council.

(6) So long as the Letter of Credit is in place, no renewal and replacement fund shall be required for the Series 1996 Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish a Renewal and Replacement Fund for the Series 1996 Bonds, in compliance with the

requirements of the Loan Agreement, unless waived by the Council.

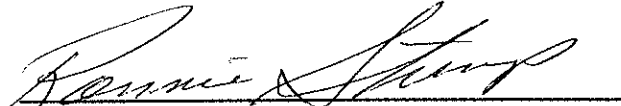
Section 2. Pursuant to Section 11.01 of the Bond Resolution, the Issuer hereby amends Section 7.09 of the Bond Resolution as follows:

Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest on the Series 1996 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1996 Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Section 4.1(b)(ii) of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of May, 1999.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

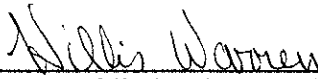

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 18th day of May, 1999.

Dated: May 18, 1999.

[SEAL]


Secretary, Public Service Board

04/22/99
667990/96001



State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive
Charleston WV 25311-1571

Telephone (304) 558-3612
Telecopier (304) 558-0299

May 18, 1999

Oakvale Road Public Service District
Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund) (the "Bonds"), of Oakvale Road Public Service District (the "Issuer"), hereby consents to the amendment of Sections 5.03A.(5), 5.03A.(6) and 7.09 of the Bond Resolution of the Issuer adopted December 4, 1996, authorizing the Bonds, as set forth in the Supplemental Resolution of the Issuer adopted May 18, 1999.


Authorized Representative

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the governmental agency designated below (the "Governmental Agency").

OAKVALE ROAD PUBLIC SERVICE DISTRICT
(Governmental Agency)

WITNESSETH:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

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

ARTICLE IV

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

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

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency,

the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

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

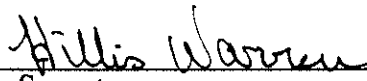
OAKVALEROADPUBLICSERVICEDISTRICT

(SEAL)

By: 
Its: Chairman

Attest:

Date: December 4, 1996


Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: 
Director

Attest:

Date: December 4, 1996


Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____
_____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this __ day of ____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

	<u>ITEM</u>	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>DIFFERENCE</u>
1.	Gross Revenues Collected				
2.	Operation and Maintenance Expense				
3.	Other Bond Debt Payments (including Reserve Fund deposits)				
4.	Bond Payments (include Reserve Fund deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this __ day of ____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$12,700,000
Purchase Price of Bonds	\$12,700,000

Interest on the Bonds shall be zero percent from the date of delivery to and including March 1, 1997. Principal and interest on the Bonds is payable quarterly, commencing June 1, 1997, at a rate of 3 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and Council's understanding that the Governmental Agency has no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds.

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission with instructions that the West Virginia Municipal Bond Commission will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the Bond Commission in writing by the Authority. The Governmental Agency shall instruct the Bond Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and interest and such Bonds shall grant the Authority a first lien on the net revenues of the Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and Council. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Local Government on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y
INFRASTRUCTURE FUND
1996 SERIES B

Oakvale Road PSD \$12,700,000.00 3% interest DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/1997	73,173.90	3.00000%	63,500.00	136,673.90
9/01/1997	41,972.70	3.00000%	94,701.20	136,673.90
12/01/1997	42,287.50	3.00000%	94,386.40	136,673.90
3/01/1998	42,604.65	3.00000%	94,069.24	136,673.89
6/01/1998	42,924.19	3.00000%	93,749.73	136,673.90
9/01/1998	43,246.12	3.00000%	93,427.78	136,673.90
12/01/1998	43,570.46	3.00000%	93,103.43	136,673.89
3/01/1999	43,897.24	3.00000%	92,776.65	136,673.89
6/01/1999	44,226.47	3.00000%	92,447.42	136,673.89
9/01/1999	44,558.17	3.00000%	92,115.73	136,673.90
12/01/1999	44,892.36	3.00000%	91,781.54	136,673.90
3/01/2000	45,229.05	3.00000%	91,444.85	136,673.90
6/01/2000	45,568.27	3.00000%	91,105.63	136,673.90
9/01/2000	45,910.03	3.00000%	90,763.87	136,673.90
12/01/2000	46,254.35	3.00000%	90,419.54	136,673.89
3/01/2001	46,601.26	3.00000%	90,072.63	136,673.89
6/01/2001	46,950.77	3.00000%	89,723.12	136,673.89
9/01/2001	47,302.90	3.00000%	89,370.99	136,673.89
12/01/2001	47,657.67	3.00000%	89,016.22	136,673.89
3/01/2002	48,015.11	3.00000%	88,658.79	136,673.90
6/01/2002	48,375.22	3.00000%	88,298.68	136,673.90
9/01/2002	48,738.03	3.00000%	87,935.86	136,673.89
12/01/2002	49,103.57	3.00000%	87,570.33	136,673.90
3/01/2003	49,471.85	3.00000%	87,202.05	136,673.90
6/01/2003	49,842.89	3.00000%	86,831.01	136,673.90
9/01/2003	50,216.71	3.00000%	86,457.19	136,673.90
12/01/2003	50,593.33	3.00000%	86,080.56	136,673.89
3/01/2004	50,972.78	3.00000%	85,701.11	136,673.89
6/01/2004	51,355.08	3.00000%	85,318.82	136,673.90
9/01/2004	51,740.24	3.00000%	84,933.66	136,673.90
12/01/2004	52,128.29	3.00000%	84,545.60	136,673.89
3/01/2005	52,519.26	3.00000%	84,154.64	136,673.90
6/01/2005	52,913.15	3.00000%	83,760.75	136,673.90
9/01/2005	53,310.00	3.00000%	83,363.90	136,673.90
12/01/2005	53,709.82	3.00000%	82,964.07	136,673.89
3/01/2006	54,112.65	3.00000%	82,561.25	136,673.90
6/01/2006	54,518.49	3.00000%	82,155.40	136,673.89
9/01/2006	54,927.38	3.00000%	81,746.52	136,673.90
12/01/2006	55,339.34	3.00000%	81,334.56	136,673.90
3/01/2007	55,754.38	3.00000%	80,919.52	136,673.90
6/01/2007	56,172.54	3.00000%	80,501.36	136,673.90
9/01/2007	56,593.83	3.00000%	80,080.06	136,673.89
12/01/2007	57,018.29	3.00000%	79,655.61	136,673.90
3/01/2008	57,445.92	3.00000%	79,227.97	136,673.89
6/01/2008	57,876.77	3.00000%	78,797.43	136,673.90

Oakvale Road PSD
\$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2008	58,310.84	3.00000%	78,363.05	136,673.89
12/01/2008	58,748.18	3.00000%	77,925.72	136,673.90
3/01/2009	59,188.79	3.00000%	77,485.11	136,673.90
6/01/2009	59,632.70	3.00000%	77,041.19	136,673.89
9/01/2009	60,079.95	3.00000%	76,593.95	136,673.90
12/01/2009	60,530.55	3.00000%	76,143.35	136,673.90
3/01/2010	60,984.53	3.00000%	75,689.37	136,673.90
6/01/2010	61,441.91	3.00000%	75,231.99	136,673.90
9/01/2010	61,902.72	3.00000%	74,771.17	136,673.89
12/01/2010	62,367.00	3.00000%	74,306.90	136,673.90
3/01/2011	62,834.75	3.00000%	73,839.15	136,673.90
6/01/2011	63,306.01	3.00000%	73,367.89	136,673.90
9/01/2011	63,780.80	3.00000%	72,893.09	136,673.89
12/01/2011	64,259.16	3.00000%	72,414.74	136,673.90
3/01/2012	64,741.10	3.00000%	71,932.79	136,673.89
6/01/2012	65,226.66	3.00000%	71,447.24	136,673.90
9/01/2012	65,715.86	3.00000%	70,958.04	136,673.90
12/01/2012	66,208.73	3.00000%	70,465.17	136,673.90
3/01/2013	66,705.30	3.00000%	69,968.60	136,673.90
6/01/2013	67,205.59	3.00000%	69,468.31	136,673.90
9/01/2013	67,709.63	3.00000%	68,964.27	136,673.90
12/01/2013	68,217.45	3.00000%	68,456.45	136,673.90
3/01/2014	68,729.08	3.00000%	67,944.82	136,673.90
6/01/2014	69,244.55	3.00000%	67,429.35	136,673.90
9/01/2014	69,763.88	3.00000%	66,910.01	136,673.89
12/01/2014	70,287.11	3.00000%	66,386.78	136,673.89
3/01/2015	70,814.27	3.00000%	65,859.63	136,673.90
6/01/2015	71,345.37	3.00000%	65,328.52	136,673.89
9/01/2015	71,880.46	3.00000%	64,793.43	136,673.89
12/01/2015	72,419.57	3.00000%	64,254.33	136,673.90
3/01/2016	72,962.71	3.00000%	63,711.18	136,673.89
6/01/2016	73,509.93	3.00000%	63,163.96	136,673.89
9/01/2016	74,061.26	3.00000%	62,612.64	136,673.90
12/01/2016	74,616.72	3.00000%	62,057.18	136,673.90
3/01/2017	75,176.34	3.00000%	61,497.55	136,673.89
6/01/2017	75,740.16	3.00000%	60,933.73	136,673.89
9/01/2017	76,308.22	3.00000%	60,365.68	136,673.90
12/01/2017	76,880.53	3.00000%	59,793.37	136,673.90
3/01/2018	77,457.13	3.00000%	59,216.76	136,673.89
6/01/2018	78,038.06	3.00000%	58,635.84	136,673.90
9/01/2018	78,623.35	3.00000%	58,050.55	136,673.90
12/01/2018	79,213.02	3.00000%	57,460.88	136,673.90
3/01/2019	79,807.12	3.00000%	56,866.78	136,673.90
6/01/2019	80,405.67	3.00000%	56,268.22	136,673.89
9/01/2019	81,008.71	3.00000%	55,665.18	136,673.89

Oakvale Road PSD
\$12,700,000.00
3% Interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/2019	81,616.28	3.00000%	55,057.62	136,673.90
3/01/2020	82,228.40	3.00000%	54,445.49	136,673.89
6/01/2020	82,845.11	3.00000%	53,828.78	136,673.89
9/01/2020	83,466.45	3.00000%	53,207.44	136,673.89
12/01/2020	84,092.45	3.00000%	52,581.45	136,673.90
3/01/2021	84,723.14	3.00000%	51,950.75	136,673.89
6/01/2021	85,358.57	3.00000%	51,315.33	136,673.90
9/01/2021	85,998.76	3.00000%	50,675.14	136,673.90
12/01/2021	86,643.75	3.00000%	50,030.15	136,673.90
3/01/2022	87,293.58	3.00000%	49,380.32	136,673.90
6/01/2022	87,948.28	3.00000%	48,725.62	136,673.90
9/01/2022	88,607.89	3.00000%	48,066.01	136,673.90
12/01/2022	89,272.45	3.00000%	47,401.45	136,673.90
3/01/2023	89,941.99	3.00000%	46,731.90	136,673.89
6/01/2023	90,616.56	3.00000%	46,057.34	136,673.90
9/01/2023	91,296.18	3.00000%	45,377.71	136,673.89
12/01/2023	91,980.90	3.00000%	44,692.99	136,673.89
3/01/2024	92,670.76	3.00000%	44,003.14	136,673.90
6/01/2024	93,365.79	3.00000%	43,308.11	136,673.90
9/01/2024	94,066.03	3.00000%	42,607.86	136,673.89
12/01/2024	94,771.53	3.00000%	41,902.37	136,673.90
3/01/2025	95,482.32	3.00000%	41,191.58	136,673.90
6/01/2025	96,198.43	3.00000%	40,475.46	136,673.89
9/01/2025	96,919.92	3.00000%	39,753.97	136,673.89
12/01/2025	97,646.82	3.00000%	39,027.08	136,673.90
3/01/2026	98,379.17	3.00000%	38,294.72	136,673.89
6/01/2026	99,117.02	3.00000%	37,556.88	136,673.90
9/01/2026	99,860.39	3.00000%	36,813.50	136,673.89
12/01/2026	100,609.35	3.00000%	36,064.55	136,673.90
3/01/2027	101,363.92	3.00000%	35,309.98	136,673.90
6/01/2027	102,124.15	3.00000%	34,549.75	136,673.90
9/01/2027	102,890.08	3.00000%	33,783.82	136,673.90
12/01/2027	103,661.75	3.00000%	33,012.14	136,673.89
3/01/2028	104,439.22	3.00000%	32,234.68	136,673.90
6/01/2028	105,222.51	3.00000%	31,451.39	136,673.90
9/01/2028	106,011.68	3.00000%	30,662.22	136,673.90
12/01/2028	106,806.77	3.00000%	29,867.13	136,673.90
3/01/2029	107,607.82	3.00000%	29,066.08	136,673.90
6/01/2029	108,414.88	3.00000%	28,259.02	136,673.90
9/01/2029	109,227.99	3.00000%	27,445.91	136,673.90
12/01/2029	110,047.20	3.00000%	26,626.70	136,673.90
3/01/2030	110,872.55	3.00000%	25,801.35	136,673.90
6/01/2030	111,704.10	3.00000%	24,969.80	136,673.90
9/01/2030	112,541.88	3.00000%	24,132.02	136,673.90
12/01/2030	113,385.94	3.00000%	23,287.96	136,673.90

Oakvale Road PSD \$12,700,000.00 3% Interest DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/2031	114,236.33	3.00000%	22,437.56	136,673.89
6/01/2031	115,093.11	3.00000%	21,580.79	136,673.90
9/01/2031	115,956.31	3.00000%	20,717.59	136,673.90
12/01/2031	116,825.98	3.00000%	19,847.92	136,673.90
3/01/2032	117,702.17	3.00000%	18,971.72	136,673.89
6/01/2032	118,584.94	3.00000%	18,088.96	136,673.90
9/01/2032	119,474.33	3.00000%	17,199.57	136,673.90
12/01/2032	120,370.38	3.00000%	16,303.51	136,673.89
3/01/2033	121,273.16	3.00000%	15,400.73	136,673.89
6/01/2033	122,182.71	3.00000%	14,491.19	136,673.90
9/01/2033	123,099.08	3.00000%	13,574.82	136,673.90
12/01/2033	124,022.32	3.00000%	12,651.57	136,673.89
3/01/2034	124,952.49	3.00000%	11,721.41	136,673.90
6/01/2034	125,889.63	3.00000%	10,784.26	136,673.89
9/01/2034	126,833.81	3.00000%	9,840.09	136,673.90
12/01/2034	127,785.06	3.00000%	8,888.84	136,673.90
3/01/2035	128,743.43	3.00000%	7,930.45	136,673.90
6/01/2035	129,709.02	3.00000%	6,964.87	136,673.89
9/01/2035	130,681.84	3.00000%	5,992.05	136,673.89
12/01/2035	131,661.96	3.00000%	5,011.94	136,673.90
3/01/2036	132,649.42	3.00000%	4,024.48	136,673.90
6/01/2036	133,644.29	3.00000%	3,029.61	136,673.90
9/01/2036	134,646.62	3.00000%	2,027.27	136,673.89
12/01/2036	135,656.47	3.00000%	1,017.42	136,673.89
TOTAL	12,700,000.00	-	9,031,149.54	21,731,149.54

YIELD STATISTICS

Accrued Interest from 04/01/1997 to 04/01/1997...	-
Average Life.....	23.704 YEARS
Bond Years.....	301,038.32
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112892%
True Interest Cost (TIC).....	3.0112892%
Effective Interest Cost (EIC).....	3.0112892%

SCHEDULE Z

Oakvale Road Public Service District

Modifications and Additional Comments

1. Section 2.12 is hereby modified to read as follows:

“The Governmental Agency, commencing on the date that the Governmental Agency begins billing Project customers and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated hereby by reference, and forward a copy by the 15th of each month to the Authority and Council.”

2. A letter of credit from a commercial bank for the benefit of the Authority in an amount equal to two (2) years debt service shall be a substitute for the debt service reserve requirement and the renewal and replacement fund requirement in Sections 4.1(a)(ii) and (iii) and 4.1(b)(ii).
3. As long as the Agreement, dated May 8, 1995, as amended, between the Governmental Agency and West Virginia-American Water Company is in effect, the rate coverage provision of Section 4.1(b)(ii) shall be waived.
4. Schedule X shall be amended on February 20, 1997, to reflect the actual amounts drawn on the Bonds to that date. Beginning April 1, 1997, the Governmental Agency shall pay principal and interest based on the amended Schedule to and including December 1, 1997. On December 20, 1997, the Schedule shall be adjusted to reflect the total drawn under the Bonds and any repayment through December 1, 1997. Thereafter, the Governmental Agency shall follow the December 20 Schedule.

CHASFS3:54920

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1996
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$12,700,000

KNOW ALL MEN BY THESE PRESENTS: That Oakvale Road Public Service District, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWELVE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$12,700,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on the unpaid principal balance at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on EXHIBIT B attached hereto.

On February 20, 1997, the Authority will determine the amount of principal advanced hereunder, will calculate the quarterly installments of principal of and interest hereon to be paid on June 1, September 1 and December 1, 1997, and will attach a new EXHIBIT B reflecting such amounts, hereto. On December 20, 1997, the Authority will redetermine the amount of principal advanced hereunder, will recalculate the quarterly installments of principal of and interest hereon to be paid on March 1, 1998, and each quarter thereafter, until the maturity hereof and will attach a new EXHIBIT B reflecting such amounts, hereto. If not previously paid, all principal of and interest on this Bond shall be payable on December 1, 2036.

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

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This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated December 4, 1996.

This Bond is issued (i) to refund a portion of the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, dated February 15, 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on December 4, 1996, and a Supplemental Resolution duly adopted by the Issuer on December 4, 1996 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 1996 Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, unexpended proceeds of the Bonds and proceeds of the Letter of Credit No. 96064, issued December 4, 1996, in the stated amount of \$1,093,391.20, by One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority. (the "Letter of Credit"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System not otherwise paid, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively

as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the 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.

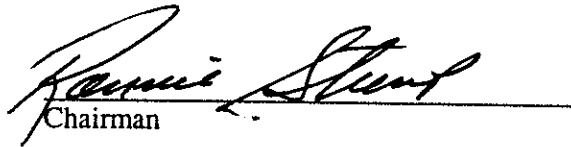
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to refund the Notes, pay the costs of the Project and costs of issuance hereof described in the Bond Legislation,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

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

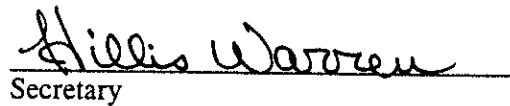
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, OAKVALE ROAD PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated December 4,
1996.

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 4, 1996.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Charlotte Morgan
Authorized Officer

RECORD OF ADVANCES

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

INFRASTRUCTURE FUND
1996 SERIES B

Oakvale Road PSD \$12,700,000.00 3% interest DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/1997	73,173.90	3.00000%	63,500.00	136,673.90
9/01/1997	41,972.70	3.00000%	94,701.20	136,673.90
12/01/1997	42,287.50	3.00000%	94,386.40	136,673.90
3/01/1998	42,604.65	3.00000%	94,069.24	136,673.89
6/01/1998	42,924.19	3.00000%	93,749.71	136,673.90
9/01/1998	43,246.12	3.00000%	93,427.78	136,673.90
12/01/1998	43,570.46	3.00000%	93,103.43	136,673.89
3/01/1999	43,897.24	3.00000%	92,776.65	136,673.89
6/01/1999	44,226.47	3.00000%	92,447.42	136,673.89
9/01/1999	44,558.17	3.00000%	92,115.73	136,673.90
12/01/1999	44,892.36	3.00000%	91,781.54	136,673.90
3/01/2000	45,229.05	3.00000%	91,444.85	136,673.90
6/01/2000	45,568.27	3.00000%	91,105.63	136,673.90
9/01/2000	45,910.03	3.00000%	90,763.87	136,673.90
12/01/2000	46,254.35	3.00000%	90,419.54	136,673.89
3/01/2001	46,601.26	3.00000%	90,072.63	136,673.89
6/01/2001	46,950.77	3.00000%	89,723.12	136,673.89
9/01/2001	47,302.90	3.00000%	89,370.99	136,673.89
12/01/2001	47,657.67	3.00000%	89,016.22	136,673.89
3/01/2002	48,015.11	3.00000%	88,658.79	136,673.90
6/01/2002	48,375.22	3.00000%	88,298.68	136,673.90
9/01/2002	48,738.03	3.00000%	87,935.86	136,673.89
12/01/2002	49,103.57	3.00000%	87,570.33	136,673.90
3/01/2003	49,471.85	3.00000%	87,202.05	136,673.90
6/01/2003	49,842.89	3.00000%	86,831.01	136,673.90
9/01/2003	50,216.71	3.00000%	86,457.19	136,673.90
12/01/2003	50,593.33	3.00000%	86,080.56	136,673.89
3/01/2004	50,972.78	3.00000%	85,701.11	136,673.89
6/01/2004	51,355.08	3.00000%	85,318.82	136,673.90
9/01/2004	51,740.24	3.00000%	84,933.66	136,673.90
12/01/2004	52,128.29	3.00000%	84,545.60	136,673.89
3/01/2005	52,519.26	3.00000%	84,154.64	136,673.90
6/01/2005	52,913.15	3.00000%	83,760.75	136,673.90
9/01/2005	53,310.00	3.00000%	83,363.90	136,673.90
12/01/2005	53,709.82	3.00000%	82,964.07	136,673.89
3/01/2006	54,112.65	3.00000%	82,561.25	136,673.90
6/01/2006	54,518.49	3.00000%	82,155.40	136,673.89
9/01/2006	54,927.38	3.00000%	81,746.52	136,673.90
12/01/2006	55,339.34	3.00000%	81,334.56	136,673.90
3/01/2007	55,754.38	3.00000%	80,919.52	136,673.90
6/01/2007	56,172.54	3.00000%	80,501.36	136,673.90
9/01/2007	56,593.83	3.00000%	80,080.06	136,673.89
12/01/2007	57,018.29	3.00000%	79,655.61	136,673.90
3/01/2008	57,445.92	3.00000%	79,227.97	136,673.89
6/01/2008	57,876.77	3.00000%	78,797.13	136,673.90

Oakvale Road PSD
\$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2008	58,310.84	3.00000%	78,363.05	136,673.89
12/01/2008	58,748.18	3.00000%	77,925.72	136,673.90
3/01/2009	59,188.79	3.00000%	77,485.11	136,673.90
6/01/2009	59,632.70	3.00000%	77,041.19	136,673.89
9/01/2009	60,079.95	3.00000%	76,593.95	136,673.90
12/01/2009	60,530.55	3.00000%	76,143.35	136,673.90
3/01/2010	60,984.53	3.00000%	75,689.37	136,673.90
6/01/2010	61,441.91	3.00000%	75,231.99	136,673.90
9/01/2010	61,902.72	3.00000%	74,771.17	136,673.89
12/01/2010	62,367.00	3.00000%	74,306.90	136,673.90
3/01/2011	62,834.75	3.00000%	73,839.15	136,673.90
6/01/2011	63,306.01	3.00000%	73,367.89	136,673.90
9/01/2011	63,780.80	3.00000%	72,893.09	136,673.89
12/01/2011	64,259.16	3.00000%	72,414.74	136,673.90
3/01/2012	64,741.10	3.00000%	71,932.79	136,673.89
6/01/2012	65,226.66	3.00000%	71,447.24	136,673.90
9/01/2012	65,715.86	3.00000%	70,958.04	136,673.90
12/01/2012	66,208.73	3.00000%	70,465.17	136,673.90
3/01/2013	66,705.30	3.00000%	69,968.60	136,673.90
6/01/2013	67,205.59	3.00000%	69,468.31	136,673.90
9/01/2013	67,709.63	3.00000%	68,964.27	136,673.90
12/01/2013	68,217.45	3.00000%	68,456.45	136,673.90
3/01/2014	68,729.08	3.00000%	67,944.82	136,673.90
6/01/2014	69,244.55	3.00000%	67,429.35	136,673.90
9/01/2014	69,763.88	3.00000%	66,910.01	136,673.89
12/01/2014	70,287.11	3.00000%	66,386.78	136,673.89
3/01/2015	70,814.27	3.00000%	65,859.63	136,673.90
6/01/2015	71,345.37	3.00000%	65,328.52	136,673.89
9/01/2015	71,880.46	3.00000%	64,793.43	136,673.89
12/01/2015	72,419.57	3.00000%	64,254.33	136,673.90
3/01/2016	72,962.71	3.00000%	63,711.18	136,673.89
6/01/2016	73,509.93	3.00000%	63,163.96	136,673.89
9/01/2016	74,061.26	3.00000%	62,612.64	136,673.90
12/01/2016	74,616.72	3.00000%	62,057.18	136,673.90
3/01/2017	75,176.34	3.00000%	61,497.55	136,673.89
6/01/2017	75,740.16	3.00000%	60,933.73	136,673.89
9/01/2017	76,308.22	3.00000%	60,365.68	136,673.90
12/01/2017	76,880.53	3.00000%	59,793.37	136,673.90
3/01/2018	77,457.13	3.00000%	59,216.76	136,673.89
6/01/2018	78,038.06	3.00000%	58,635.84	136,673.90
9/01/2018	78,623.35	3.00000%	58,050.55	136,673.90
12/01/2018	79,213.02	3.00000%	57,460.88	136,673.90
3/01/2019	79,807.12	3.00000%	56,866.78	136,673.90
6/01/2019	80,405.67	3.00000%	56,268.22	136,673.89
9/01/2019	81,008.71	3.00000%	55,665.18	136,673.89

Oakvale Road PSD
\$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/2019	81,616.28	3.00000%	55,057.62	136,673.90
3/01/2020	82,228.40	3.00000%	54,445.49	136,673.89
6/01/2020	82,845.11	3.00000%	53,828.78	136,673.89
9/01/2020	83,466.45	3.00000%	53,207.44	136,673.89
12/01/2020	84,092.45	3.00000%	52,581.45	136,673.90
3/01/2021	84,723.14	3.00000%	51,950.75	136,673.89
6/01/2021	85,358.57	3.00000%	51,315.33	136,673.90
9/01/2021	85,998.76	3.00000%	50,675.14	136,673.90
12/01/2021	86,643.75	3.00000%	50,030.15	136,673.90
3/01/2022	87,293.58	3.00000%	49,380.32	136,673.90
6/01/2022	87,948.28	3.00000%	48,725.62	136,673.90
9/01/2022	88,607.89	3.00000%	48,066.01	136,673.90
12/01/2022	89,272.45	3.00000%	47,401.45	136,673.90
3/01/2023	89,941.99	3.00000%	46,731.90	136,673.89
6/01/2023	90,616.56	3.00000%	46,057.34	136,673.90
9/01/2023	91,296.18	3.00000%	45,377.71	136,673.89
12/01/2023	91,980.90	3.00000%	44,692.99	136,673.89
3/01/2024	92,670.76	3.00000%	44,003.14	136,673.90
6/01/2024	93,365.79	3.00000%	43,308.11	136,673.90
9/01/2024	94,066.03	3.00000%	42,607.86	136,673.89
12/01/2024	94,771.53	3.00000%	41,902.37	136,673.90
3/01/2025	95,482.32	3.00000%	41,191.58	136,673.90
6/01/2025	96,198.43	3.00000%	40,475.46	136,673.89
9/01/2025	96,919.92	3.00000%	39,753.97	136,673.89
12/01/2025	97,646.82	3.00000%	39,027.08	136,673.90
3/01/2026	98,379.17	3.00000%	38,294.72	136,673.89
6/01/2026	99,117.02	3.00000%	37,556.88	136,673.90
9/01/2026	99,860.39	3.00000%	36,813.50	136,673.89
12/01/2026	100,609.35	3.00000%	36,064.55	136,673.90
3/01/2027	101,363.92	3.00000%	35,309.98	136,673.90
6/01/2027	102,124.15	3.00000%	34,549.75	136,673.90
9/01/2027	102,890.08	3.00000%	33,783.82	136,673.90
12/01/2027	103,661.75	3.00000%	33,012.14	136,673.89
3/01/2028	104,439.22	3.00000%	32,234.68	136,673.90
6/01/2028	105,222.51	3.00000%	31,451.39	136,673.90
9/01/2028	106,011.68	3.00000%	30,662.22	136,673.90
12/01/2028	106,806.77	3.00000%	29,867.13	136,673.90
3/01/2029	107,607.82	3.00000%	29,066.08	136,673.90
6/01/2029	108,414.88	3.00000%	28,259.02	136,673.90
9/01/2029	109,227.99	3.00000%	27,445.91	136,673.90
12/01/2029	110,047.20	3.00000%	26,626.70	136,673.90
3/01/2030	110,872.55	3.00000%	25,801.35	136,673.90
6/01/2030	111,704.10	3.00000%	24,969.80	136,673.90
9/01/2030	112,541.88	3.00000%	24,132.02	136,673.90
12/01/2030	113,385.94	3.00000%	23,287.96	136,673.90

Oakvale Road PSD \$12,700,000.00 3% interest DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/2031	114,236.33	3.00000%	22,437.56	136,673.89
6/01/2031	115,093.11	3.00000%	21,580.79	136,673.90
9/01/2031	115,956.31	3.00000%	20,717.59	136,673.90
12/01/2031	116,825.98	3.00000%	19,847.92	136,673.90
3/01/2032	117,702.17	3.00000%	18,971.72	136,673.89
6/01/2032	118,584.94	3.00000%	18,088.96	136,673.90
9/01/2032	119,474.33	3.00000%	17,199.57	136,673.90
12/01/2032	120,370.38	3.00000%	16,303.51	136,673.89
3/01/2033	121,273.16	3.00000%	15,400.73	136,673.89
6/01/2033	122,182.71	3.00000%	14,491.19	136,673.90
9/01/2033	123,099.08	3.00000%	13,574.82	136,673.90
12/01/2033	124,022.32	3.00000%	12,651.57	136,673.89
3/01/2034	124,952.49	3.00000%	11,721.41	136,673.90
6/01/2034	125,889.63	3.00000%	10,784.26	136,673.89
9/01/2034	126,833.81	3.00000%	9,840.09	136,673.90
12/01/2034	127,785.06	3.00000%	8,888.84	136,673.90
3/01/2035	128,743.45	3.00000%	7,930.45	136,673.90
6/01/2035	129,709.02	3.00000%	6,964.87	136,673.89
9/01/2035	130,681.84	3.00000%	5,992.05	136,673.89
12/01/2035	131,661.96	3.00000%	5,011.94	136,673.90
3/01/2036	132,649.42	3.00000%	4,024.48	136,673.90
6/01/2036	133,644.29	3.00000%	3,029.61	136,673.90
9/01/2036	134,646.62	3.00000%	2,027.27	136,673.89
12/01/2036	135,656.47	3.00000%	1,017.42	136,673.89
TOTAL	12,700,000.00	-	9,031,149.54	21,731,149.54

YIELD STATISTICS

Accrued Interest from 04/01/1997 to 04/01/1997...	-
Average Life.....	23.704 YEARS
Bond Years.....	301,038.32
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112892%
True Interest Cost (TIC).....	3.0112892%
Effective Interest Cost (EIC).....	3.0112892%

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 4, 1996

Oakvale Road Public Service District
Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

SEVENTH FLOOR, BANK ONE CENTER
P. O. BOX 1588

CHARLESTON, W. VA. 25320-1588

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

FACSIMILE (304) 598-8118

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25401-5429

(304) 263-6991

FACSIMILE (304) 263-4765

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 725-1414

FACSIMILE (304) 725-1913

THE BRYAN CENTRE

P. O. BOX 570

82 WEST WASHINGTON STREET, FOURTH FLOOR

HAGERSTOWN, MARYLAND 21740-0570

(301) 739-8600

FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING

P. O. BOX 150

14TH AND CHARLIE STREETS

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101

P. O. BOX 628

417 GRAND PARK DRIVE

PARKERSBURG, W. VA. 26102-0328

(304) 422-6463

FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, West Virginia 25301

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Oakvale Road Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$12,700,000 Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 4, 1996, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest at the rate of 3.0% per annum, and with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, and ending December 1, 2036, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) refunding a portion of the Issuer's Waterworks Facilities Bond and Grant Anticipation

//

Notes, Series 1996, dated February 15, 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) paying a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes; and (iii) paying certain costs of issuance and related costs.

We have also examined an executed Letter of Credit No. 96064 (the "Letter of Credit") issued December 4, 1996, in the stated amount of \$1,093,391.20, by One Valley Bank, National Association.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 4, 1996, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 4, 1996 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

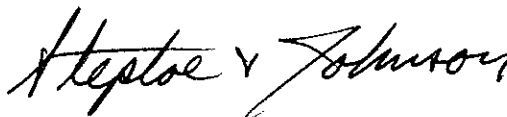
1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.
3. The Letter of Credit and issuance thereof have been duly approved by the Issuer.
4. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

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

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

Very truly yours,



STEPTOE & JOHNSON

12/03/96
OVJ.G3
667990/96001

LAW OFFICES

WILLIAM S. WINFREY, II

1608 MAIN STREET WEST

POST OFFICE BOX 1159

PRINCETON, W. VA. 24740

FILE NO.

TELEPHONE
304-487-1887

TELECOPIER
304-425-7340

93-073

December 4, 1996

Oakvale Road Public Service District
Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, West Virginia 25301

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26302

Ladies and Gentlemen:

I am counsel to Oakvale Road Public Service District, a public service district in Mercer and Summers Counties, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated December 4, 1996, including all schedules and exhibits attached thereto, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on December 4, 1996, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 4, 1996 (collectively, the "Bond Legislation"), the Agreement, dated May 8, 1995, by and between the Issuer and West Virginia-American Water Company (the "Company"), as amended (the "Agreement") and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Mercer County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the

West Virginia Infrastructure Jobs
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2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

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

5. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

7. The execution and delivery of the Bonds, the Loan Agreement and the Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, the Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

8. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the entry into the Agreement, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Mercer County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Orders of the Public Service Commission of West Virginia entered on October 28, 1994, and February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN, approving and consenting to the issuance of the Bonds, and entry into the Agreement, approving the Issuer's water rates and charges and granting to the Issuer a certificate of public convenience and necessity for construction of the Project. The time for appeal of such Orders has expired prior to the date hereof without any appeal. The Issuer has also received the Further Final Memorandum of the Public Service Commission of West

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December 4, 1996

Page 3

Virginia Staff, dated August 15, 1996, approving the acquisition and construction of additional waterworks facilities not included in the original Orders of the Public Service Commission.

9. I have ascertained that the contractors have made adequate provisions for insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy.

10. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

11. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Yours very truly,



William S. Winfrey, II

WSW/als
OVJ.H3
667990/96001

JACKSON & KELLY
ATTORNEYS AT LAW

300 FOXCROFT AVENUE
MARTINSBURG WEST VIRGINIA 25401
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN WEST VIRGINIA 26505
TELEPHONE 304-599-3000

700 EAST WASHINGTON STREET
CHARLES TOWN WEST VIRGINIA 25414
TELEPHONE 304-728-6068

412 MARKET STREET
PARKERSBURG WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

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175 EAST MAIN STREET
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1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
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*Jackson & Kelly is a member of Lex
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December 4, 1996

**West Virginia-American Water Company
Charleston, West Virginia**

**One Valley Bank, National Association
Charleston, West Virginia**

**Oakvale Road Public Service District
Princeton, West Virginia**

**West Virginia Water Development Authority
Charleston, West Virginia**

**West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia**

**Re: Oakvale Road Public Service District Water Revenue Bonds, Series
1996 (West Virginia Infrastructure Fund)**

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with an Agreement dated May 8, 1995, by and between Oakvale Road Public Service District (the "Issuer") and the Company, as amended (the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of and interest on the above-captioned Bonds (the "Bonds"). The Bonds are being issued by the Issuer under Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on December 4, 1996, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 4, 1996 (collectively, the "Bond Resolution"), for the purposes of (i) refunding the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, dated February 15, 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the

13A

West Virginia-American Water Company
Oakvale Road Public Service District
West Virginia Infrastructure and Jobs
Development Council
One Valley Bank, National Association
West Virginia Water Development Authority
December 4, 1996
Page 2

"Project"); (ii) paying a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes; and (iii) paying certain costs of issuance and related costs. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Authority"), pursuant to a Loan Agreement dated December 4, 1996. The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by letter of credit No. 96064 issued December 4, 1996, by One Valley Bank, National Association, for the account of the Issuer (the "Letter of Credit") that may be drawn upon by the Authority in the event Net Revenues are insufficient or unavailable to pay the Bonds when due.

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

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

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State

West Virginia-American Water Company
Oakvale Road Public Service District
West Virginia Infrastructure and Jobs
Development Council
One Valley Bank, National Association
West Virginia Water Development Authority
December 4, 1996
Page 3

of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

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

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

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

Very truly yours,


JACKSON & KELLY

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

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TELEPHONE 304-599-3000

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CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

December 4, 1996

West Virginia-American Water Company
Charleston, West Virginia

One Valley Bank, National Association
Charleston, West Virginia

Oakvale Road Public Service District
Princeton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Re: Oakvale Road Public Service District Water Revenue Bonds, Series
1996 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with the issuance by One Valley Bank, National Association (the "Bank"), of its letter of credit No. 96064, dated December 4, 1996 (the "Letter of Credit") in an amount up to \$1,093,391.20, for the account of the Oakvale Road Public Service District (the "Issuer") relating to payment of the above-captioned Bonds (the "Bonds").

The Bonds have been sold to the West Virginia Water Development Authority (the "Purchaser") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"). The Purchaser is the beneficiary of the Letter of Credit. The Company has entered into an Application and Agreement for Standby Letter of Credit with Bank dated December 4, 1996 (the "LOC Agreement") and has executed a Note and Security Agreement dated December 4, 1996 (the "Note") in favor of Bank.

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West Virginia-American Water Company
Oakvale Road Public Service District
West Virginia Infrastructure and Jobs
Development Council
One Valley Bank, National Association
West Virginia Water Development Authority
December 4, 1996
Page 2

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

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

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

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

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or

West Virginia-American Water Company
Oakvale Road Public Service District
West Virginia Infrastructure and Jobs
Development Council
One Valley Bank, National Association
West Virginia Water Development Authority
December 4, 1996
Page 3

finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

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

Very truly yours,


JACKSON & KELLY

LOH/tp
55132

BOWLES RICE
McDAVID GRAFF & LOVE

ATTORNEYS AT LAW

600 QUARRIER STREET
POST OFFICE BOX 1386
CHARLESTON, WEST VIRGINIA 25325-1386
TELEPHONE 304-347-1100
FACSIMILE 304-343-2867

WRITER'S DIRECT DIAL NUMBER
(304) 347-1124
(304) 343-3058 ★ Fax

December 4, 1996

E-MAIL
dsink@bowlesrice.com

Oakvale Road Public Service District
Princeton, West Virginia

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25604

Ladies and Gentlemen:

We have served as counsel to One Valley Bank, National Association (the "Bank") in connection with the issuance by the Bank of its Letter of Credit, No. 96064 in the amount of \$1,093,391.20 (the "Letter of Credit"), for the account of Oakvale Road Public Service District (the "District"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, the beneficiary of which Letter of Credit is West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council.

The Letter of Credit is provided in lieu of a funded debt service reserve and secures the payment of up to two (2) years' debt service on the District's Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, in the principal amount of \$12,700,000. The Letter of Credit has been delivered by the Bank pursuant to an Application and Note and Security Agreement, dated December 4, 1996 (collectively, the "Application").

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Letter of Credit, the Application and such other documents and certificates and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of all documents and certificates submitted to us as originals, the conformity to originals of all documents and certificates submitted to us as copies, and the due authorization, execution and delivery of all such documents and certificates by other parties thereto, if any.

14

BOWLES RICE
MCDAVID GRAFF & LOVE

Oakvale Road Public Service District
West Virginia-American Water Company
West Virginia Water Development Authority
December 4, 1996
Page 2

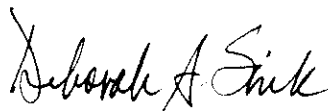
Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bank is a national banking association under the laws of the United States of America and qualified to do business in the State of West Virginia, with the power and authority to issue and deliver the Letter of Credit under applicable provisions of law.

2. The Letter of Credit has been duly authorized, executed and delivered by the Bank, and constitutes the valid and binding obligation of the Bank, enforceable upon the Bank in accordance with its terms, except as may be limited by the laws of the bankruptcy, receivership, or other similar laws affecting the enforcement of creditors' rights generally, by the application of public policy, or by the exercise of judicial discretion.

Very truly yours,

BOWLES RICE MCDAVID GRAFF & LOVE

By: 
Deborah A. Sink

DAS/bal

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND RESOLUTION,
SUPPLEMENTAL RESOLUTION AND
SUPPLEMENTAL AND AMENDATORY NOTES RESOLUTION

I, HILLIS WARREN, SECRETARY of the Public Service Board of Oakvale Road Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Oakvale Road Public Service District met in special session, pursuant to notice duly posted, on the 4th day of December, 1996, in Princeton, West Virginia, at the hour of 8:30 a.m.

PRESENT:	Ronnie Stump	-	Chairman and Member
	Hillis Warren	-	Secretary and Member
	Richard Nowlin	-	Treasurer and Member

Ronnie Stump, Chairman presided, and Hillis Warren, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was now open for any business properly before it. Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE ISSUER'S WATERWORKS FACILITIES BOND AND GRANT ANTICIPATION NOTES, SERIES 1996, AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF \$12,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING

EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; PROVIDING FOR INTERIM CONSTRUCTION FINANCING AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1996(WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE OPERATING AGREEMENT ENTERED INTO BY AND BETWEEN THE DISTRICT AND WEST VIRGINIA-AMERICAN WATER COMPANY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed Supplemental and Amendatory Notes Resolution in writing entitled:

**SUPPLEMENTAL AND AMENDATORY RESOLUTION
SUPPLEMENTING AND AMENDING THE NOTES
RESOLUTION OF OAKVALE ROAD PUBLIC SERVICE
DISTRICT ADOPTED FEBRUARY 13, 1996, ENTITLED:**

**"RESOLUTION AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF WATERWORKS FACILITIES OF
OAKVALE ROAD PUBLIC SERVICE DISTRICT, AND THE
TEMPORARY FINANCING OF THE COSTS, NOT
OTHERWISE PROVIDED, THEREOF THROUGH THE
ISSUANCE BY THE DISTRICT OF \$12,600,000 IN
AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS
FACILITIES BOND AND GRANT ANTICIPATION NOTES,
SERIES 1996; PROVIDING FOR THE RIGHTS AND
REMEDIES OF AND SECURITY FOR THE HOLDERS OF
SUCH NOTES; AUTHORIZING THE SALE AND
PROVIDING FOR THE TERMS AND PROVISIONS OF
SUCH NOTES; AND ADOPTING OTHER PROVISIONS
RELATING THERETO."**

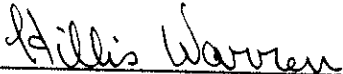
and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental and Amendatory Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of a special meeting of said Public Service Board held December 4, 1996, and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 4th day of December, 1996.



Secretary, Oakvale Road Public Service
District, Public Service Board

11/26/96
OVJM.L2
667990/96001

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: December 4, 1996

(See Reverse for Instructions)

OAKVALE ROAD PUBLIC SERVICE DISTRICT
ISSUE: Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund)

ADDRESS: P. O. Box 1061, Athens Road, Princeton, WV 24740 COUNTY: Mercer

PURPOSE New Money ☒ Refunding ☐ Refunds issue(s) dated: _____

ISSUE DATE: December 4, 1996 CLOSING DATE: December 4, 1996

ISSUE AMOUNT: \$ 12,700,000 RATE: 3%

1st DEBT SERVICE DUE: June 1, 1997 1st PRINCIPAL DUE: June 1, 1997

1st DEBT SERVICE AMOUNT: Indeterminate PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: (304)624-8161

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esq.
Phone: (304)340-1318

CLOSING BANK:

Contact Person: _____
Phone: _____

ESCROW TRUSTEE:

Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Carlyle Huntington
Position: Manager
Phone: 487-2750 FAX: 487-2750

OTHER: Infrastructure Council

Contact Person: Susan J. Riggs, Esq.
Function: Executive Secretary
Phone: 558-4607 FAX: 558-4609

DEPOSITS TO MBC AT CLOSE:

By Wire NONE
Check

Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire NONE
Check
IGT

To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES: Payment amounts to be determined Feb. 20, 1997, and redetermined December 20, 1997.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
REQUIRED: _____
TRANSFERS
REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

**OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATERWORKS FACILITIES BOND AND
GRANT ANTICIPATION NOTES,
SERIES 1996 A**

SUPPLEMENTAL AND AMENDATORY NOTES RESOLUTION

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

SUPPLEMENTAL AND AMENDATORY RESOLUTION
SUPPLEMENTING AND AMENDING THE NOTES
RESOLUTION OF OAKVALE ROAD PUBLIC SERVICE
DISTRICT ADOPTED FEBRUARY 13, 1996, ENTITLED:

"RESOLUTION AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF WATERWORKS FACILITIES OF
OAKVALE ROAD PUBLIC SERVICE DISTRICT, AND THE
TEMPORARY FINANCING OF THE COSTS, NOT
OTHERWISE PROVIDED, THEREOF THROUGH THE
ISSUANCE BY THE DISTRICT OF \$12,600,000 IN
AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS
FACILITIES BOND AND GRANT ANTICIPATION NOTES,
SERIES 1996; PROVIDING FOR THE RIGHTS AND
REMEDIES OF AND SECURITY FOR THE HOLDERS OF
SUCH NOTES; AUTHORIZING THE SALE AND
PROVIDING FOR THE TERMS AND PROVISIONS OF
SUCH NOTES; AND ADOPTING OTHER PROVISIONS
RELATING THERETO."

WHEREAS, Oakvale Road Public Service District (the "Issuer") presently owns and operates certain limited waterworks facilities serving the "Hall's Ridge Road" area of Mercer County, West Virginia, and has undertaken an expansion of its water services to other areas of Mercer and Summers Counties, West Virginia. In furtherance of this expansion, the Issuer has heretofore entered into an Agreement dated May 8, 1995, as amended (the "Agreement") between the Issuer and West Virginia-American Water Company (the "Company") whereby the Company has agreed to acquire and construct a new water treatment plant, raw water intake structure, raw water line and appurtenant facilities and the Issuer has agreed to acquire and construct a water main and certain water distribution lines to be supplied by the water treatment plant to be built by the Company, to serve areas of Summers and Mercer Counties, West Virginia (the "Project");

WHEREAS, the Issuer has heretofore adopted a resolution (the "Original Resolution") authorizing the issuance of its Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 (the "Prior Notes"), in an aggregate principal amount of \$12,600,000, to temporarily finance a portion of the Costs of the Project and the Costs of Issuance (both terms as hereinafter defined), pending the availability of permanent financing, to be obtained from a loan to be made to the Issuer by the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and

Jobs Development Council (the "Infrastructure Council") and to be evidenced by the issuance of revenue bonds of the Issuer to the Infrastructure Council;

WHEREAS, the Issuer has commenced construction of the Project and has used proceeds of the Prior Notes to temporarily finance a portion of the costs thereof, and is now prepared to issue its Waterworks Facilities Revenue Bonds, Series 1996 (West Virginia Infrastructure Council) (the "Series 1996 Bonds") to the Authority, on behalf of Infrastructure Council, to permanently finance such costs;

WHEREAS, all capitalized terms used herein and not otherwise defined will have the meanings set forth in the Original Resolution;

WHEREAS, the Prior Notes were issued and delivered on February 15, 1996, and \$8,585,851.96 principal amount thereof, plus accrued interest in the amount of \$102,004.74 remain outstanding thereon, and the Issuer is now prepared to issue its Series 1996 Bonds and to apply a portion thereof to payment of a portion of the Prior Notes;

WHEREAS, under the Original Resolution, the Issuer is permitted to request an extension of the maturity of the Prior Notes for a period of up to one year, and the Issuer has done so;

WHEREAS, in order to permit timely payment of the remaining Costs of the Expanded Project (hereinafter defined) pending receipt of advances of proceeds of the Series 1996 Bonds and the Series 1997 Bonds (hereinafter defined), to repay the balance of the Prior Notes representing the portion thereof applied to certain Costs of the Project which will not be permanently financed from proceeds of the Series 1996 Bonds, and to pay certain other costs relating to issuance of a letter of credit partially securing the Series 1996 Bonds, it is in the best interests of the Issuer that its Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 A, in the (maximum) aggregate principal amount of \$3,000,000 (the "Series 1996 A Notes"), be sold to the Original Purchaser pursuant to the Amended Commitment (as hereinafter defined) as soon after the adoption of this Supplemental and Amendatory Resolution as may be practicable and authorized and permitted by applicable law;

WHEREAS, the amount of credit available to the Issuer under the Series 1996 A Note as of any date shall be the lesser of (i) \$3,000,000 or (ii) the difference

between the amount of principal of the Series 1996 Bonds advanced to the Issuer as of such date and the sum of \$14,700,000;

WHEREAS, upon issuance and delivery of the Series 1996 A Notes, the Prior Notes will be paid in full and there will be no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1996 A Notes as to lien or source of and security for payment;

WHEREAS, the Issuer has complied with all requirements of West Virginia law relating to the authorization of the acquisition and construction of the Project and the operation of the System, or will have so complied prior to issuance of the Notes commencement of construction of the Project, including the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired (or have been waived by all parties) and the approval of the Project and proposed financing thereof by the Infrastructure Council; and

WHEREAS, all provisions of the Original Resolution except as amended hereby, are incorporated herein and shall apply in full force and effect with respect to the Series 1996 A Notes.

NOW THEREFORE, THE PUBLIC SERVICE BOARD OF OAKVALE ROAD PUBLIC SERVICE DISTRICT HEREBY RESOLVES:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section I.01. Definitions. All capitalized terms defined in the Original Resolution shall have the same meanings in this Supplemental and Amendatory Resolution, except as may be otherwise set forth herein. In addition, the following terms shall have the following meanings in this Supplemental and Amendatory Resolution unless the context expressly requires otherwise.

"Closing Date" means the date of original issuance and delivery of the Series 1996 A Notes to the Original Purchaser, expected to be December 4, 1996.

"Commitment" means the letter of the Original Purchaser to the Issuer and the Company dated February 15, 1996, as amended by the Amended Commitment Letter of the Original Purchaser dated December 4, 1996 (the "Amended Commitment"), whereby the Original Purchaser has committed to purchase the Series 1996 A Notes, subject to compliance by the Issuer and the Company with the conditions and limitations stated therein.

"Costs of Issuance" means all items of fees and expenses, directly or indirectly payable or reimbursable by or to the Issuer and related to the authorization, sale and issuance of the Series 1996 A Notes, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, origination fees and charges of the Original Purchaser or Registrar, fees and expenses of bond counsel, counsel to the Issuer, counsel to the Original Purchaser and counsel to the Company, fees and expenses of engineers, consultants and other professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of the Series 1996 A Notes and any other cost, charge or fee in connection with the original issuance of the Series 1996 A Notes.

"Guaranty" means the Guaranty dated February 15, 1996, of the Company, as ratified and confirmed by the Company, whereby the Company has absolutely and unconditionally guaranteed to pay to the Original Purchaser and any subsequent Holders of the Series 1996 Notes, the entire principal amount advanced under the Series 1996 Notes and interest accrued thereon in accordance with the terms thereof.

"Letter of Credit" means the Letter of Credit No. 96064, issued December 4, 1996, in the stated amount of \$1,093,391.20, by One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority.

"Noteholder" or "Holder of the Notes" or "Holder" or "Registered Owner" or any similar term means any person who shall be the registered owner of any Outstanding Series 1996 A Note or Series 1996 A Notes.

"Notes Legislation" or "Resolution" means the Original Resolution, as supplemented and amended by the Supplemental and Amendatory Resolution, and all further orders, ordinances and resolutions supplemental hereto or amendatory hereof.

"Outstanding," when used with reference to Series 1996 Notes and as of any particular date, describes all Series 1996 Notes theretofore and thereupon being delivered except (a) any Series 1996 Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under the Resolution and set aside for such payment (whether upon or prior to maturity); and (b) any Series 1996 Note deemed to have been paid as provided in Article VI of the Prior Resolution.

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), to be issued by the Issuer to the Infrastructure Council, on December 4, 1996, in the aggregate principal amount of \$12,700,000, pursuant to a Bond Resolution of the Issuer to provide for the refinancing of a portion of the Prior Notes and the permanent financing of a portion of the Project.

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), of the Issuer, anticipated to be issued in 1997 by the Issuer to the Infrastructure Council to provide financing for certain additional waterworks facilities for the System.

"Series 1996 Notes" means the \$3,000,000 (maximum) aggregate principal amount of Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 A, originally authorized hereby.

Additional terms and phrases are defined in this Supplemental and Amendatory Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Supplemental and Amendatory Resolution and the term "hereafter" means after the date of enactment of this Supplemental and Amendatory Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Supplemental and Amendatory Resolution so numbered.

Section 1.02. Authority for this Supplemental and Amendatory Resolution. This Supplemental and Amendatory Resolution is enacted pursuant to the provisions of the Act and other applicable provisions of the law.

Section 1.03. Series 1996 A Notes Legislation Constitutes Contract. In consideration of the acceptance of the Series 1996 A Notes by those who shall be the Registered Owners of the same from time to time, this Series 1996 A Notes Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of the Series 1996 A Notes.

ARTICLE II

AUTHORIZATION OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed \$18,380,318, in accordance with the plans and specifications prepared and to be prepared by the Consulting Engineers, heretofore filed and to be filed in the office of the Secretary of the Board. In the event of any changes in such plans and specifications in an amount greater than \$500,000, the Issuer shall promptly notify the Original Purchaser and the Company in writing of such change. No such change in excess of \$500,000 shall be made without the written consent of the Company.

ARTICLE III

THE SERIES 1996 A NOTES

Section 3.01. Authorization of the Series 1996 A Notes. For the purposes of temporarily financing a portion of the Costs of the Project and additional waterworks facilities designated as the "Back Side of Bent Mountain Road Project" (collectively, the "Expanded Project") repaying a portion of the Prior Notes, the Costs of Issuance of the Series 1996 A Notes, and costs relating to the Letter of Credit, there shall be and hereby are authorized to be issued the Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 A, of the Issuer, in the maximum aggregate principal amount of not more than \$3,000,000.

Section 3.02. Terms of Series 1996 A Notes. The Series 1996 A Notes shall be issued in fully registered form and shall be initially issued as a single Note, numbered AR-1, in the principal amount of \$3,000,000. The Notes shall be dated the Closing Date, shall bear interest at the rate of 7.43% per annum, computed on the basis of a year of 360 days, payable for the actual number of days elapsed during any portion of a month, in arrears on the last day of each calendar quarter, commencing January 1, 1997; shall mature on December 31, 1997, unless extended in accordance with the provisions for extension set forth in the Series 1996 A Notes; and shall be subject to prepayment or redemption in whole or in part at any time, without premium, at the price of 100% of the principal amount prepaid or redeemed, plus interest accrued to the date fixed for such prepayment or redemption, and shall have such other terms and provisions, all as set forth in **EXHIBIT B - FORM OF SERIES 1996 A NOTE**, attached hereto and incorporated by reference herein.

The aggregate proceeds of the Notes shall not be paid to the Issuer upon delivery of the Notes but shall be advanced to the Issuer as requested by the Issuer on a revolving line of credit basis under the conditions set forth in Section 3.05 hereof, and the Notes shall evidence only the indebtedness recorded on the Record of Advances and Repayments attached thereto and incorporated therein. Interest shall accrue on the Notes only on the amount of each advance from the actual date thereof and shall take into account all repayments as listed on said Record of Advances and Repayments. The maximum cumulative amount of principal of the Series 1996 A Notes which shall be advanced to the Issuer as of any date shall be the lesser of (i) \$3,000,000 or (ii) the difference between the amount of principal of the Series 1996 Bonds advanced from time to time to the Issuer as of such date and the sum of \$14,700,000.

The Notes shall be payable as to principal and interest at the principal office of the Original Purchaser in any coin or currency which, on the date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

Except as otherwise set forth herein and in **EXHIBIT B - FORM OF SERIES 1996 A NOTE**, all other provisions of the Series 1996 A Notes shall be as provided for the Prior Notes, as set forth in the Prior Resolution.

Section 3.03. Form of Series 1996 A Notes. The text of the Series 1996 A Notes shall be in substantially the form set forth in **EXHIBIT B - FORM OF SERIES 1996 A NOTE**, with such omissions, insertions and variations as may be necessary and desirable and authorized by a supplemental resolution adopted prior to the issuance thereof.

Section 3.04. Sale of Series 1996 A Notes. The Series 1996 A Notes shall be sold to the Original Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of this Supplemental and Amendatory Resolution.

Section 3.05. Advances of Principal of Series 1996 A Notes. A. The Issuer shall request from the Original Purchaser advances of proceeds of the Series 1996 A Notes as needed, not more than once each month, to pay Costs of the Expanded Project, and such proceeds shall be paid to the Issuer or its designated payee only upon resolution of the Board approving payment of such amounts and submission to the Original Purchaser of a completed payment requisition in substantially the form set forth in **EXHIBIT C - FORM OF PAYMENT REQUISITION**, attached hereto and incorporated by reference herein, and otherwise under the terms and limitations of the Amendatory Commitment. Such proceeds shall be advanced no later than 2 Business Days following receipt by the Original Purchaser of such resolution and payment requisition. On the Closing Date, the Original Purchaser shall advance proceeds of the Series 1996 A Notes, sufficient to pay (i) the balance of the outstanding principal of and interest on the prior Notes, not paid from proceeds of the Series 1996 Bonds, being \$217,170.30; (ii) the initial Letter of Credit Fee, being \$13,667.39; and (iii) the Costs of Issuance of the Series 1996 A Notes, being \$-0- (total of \$230,837.69). All payments shall be approved by the Company. After payment of all such Costs of the Expanded Project, any Series 1996 A Notes proceeds remaining with the Issuer shall be forthwith applied to the repayment of the Series 1996 A Notes, or if no Series 1996 A Notes are then Outstanding, may be used by the Issuer for any lawful purpose of the System.

B. Repayments of principal of and interest on the Series 1996 A Notes shall be made by the Issuer in accordance with Section 4.02 hereof.

C. The initial draw under the Series 1996 A Notes shall be in the amount of \$230,837.69, as set forth in Requisition No. 1, and the payments set forth therein are hereby approved.

D. The maximum cumulative amount of principal of the Series 1996 A Notes that shall be advanced to the Issuer as of any date shall not exceed the limitations set forth in Section 3.02 hereof and in the Series 1996 A Note.

Section 3.06. Security for the Series 1996 A Notes. The principal of and interest on the Series 1996 A Notes shall be payable from and secured by a first lien on (i) the proceeds of the Series 1996 Bonds to be issued by the Issuer to permanently finance all or any portion of the Costs of the Project, (ii) all Grant Receipts received by the Issuer subsequent to the Closing Date, and (iii) the proceeds of the Series 1997 Bonds anticipated to be issued by the Issuer to permanently finance the remaining Costs of the Expanded Project.

Section 3.07. Refunding of Series 1996 A Notes. In the event proceeds of the Series 1996 Bonds, Grant Receipts and proceeds of the Series 1997 Bonds are not sufficient or available to pay the Series 1996 A Notes in full on or before the maturity date of the Series 1996 A Notes, the Issuer covenants and agrees to use its best efforts to issue and sell its refunding notes in an amount sufficient to pay the principal of and interest on the Series 1996 A Notes on the maturity date. The terms of such refunding notes shall be determined by a resolution of the Issuer. If necessary, the Issuer shall use its best efforts to increase rates and charges for use of the System so that sufficient revenues will be generated to pay such refunding notes on or prior to the final maturity thereof (subject to the prior lien thereon of the Series 1996 Bonds).

Section 3.08. Prohibition of Other Loans or Obligations. So long as the Series 1996 A Notes are Outstanding, no other bonds, notes or other evidences of indebtedness payable from proceeds of the Series 1996 Bonds, the Grant Receipts or the Series 1997 Bonds shall be issued by the Issuer; provided however, that the Issuer may issue refunding notes or bonds to pay the principal of and interest accrued on the Series 1996 A Notes in full.

Section 3.09. Covenants with Holders of Series 1996 A Notes. In order to secure the payment of the Series 1996 A Notes, the Issuer hereby covenants and agrees with the Holders of the Series 1996 A Notes, and makes provisions which shall be a part of the contract with such Holders, that the Issuer, if and so long as any of the Series 1996 A Notes are Outstanding and unpaid:

(A) Will not make or cause or permit to be made any application of the proceeds of the Series 1996 A Notes except in accordance with the provisions of Section 4.01 hereof, or of any Grant Receipts, proceeds of the Series 1996 Bonds proceeds of the Series 1997 Bonds or proceeds of the Guaranty except in accordance with the provisions of Section 4.02 hereof;

(B) Will comply in all respects with the terms and provisions of any grant agreements applicable to the Expanded Project and with all applicable

State and Federal laws and regulations governing the implementation of such grant agreements;

(C) Will, in the event the proceeds of the Series 1996 Bonds and the Grant Receipts are not sufficient or available to pay the Series 1996 A Notes, when due, issue its refunding notes or bonds and apply the proceeds of its refunding notes or bonds to the payment of the Series 1996 A Notes in accordance with the provisions of Section 3.07 hereof;

(D) Will diligently and in good faith pursue acquisition and construction of the Expanded Project and all actions necessary to meet the conditions necessary under the Infrastructure Council commitment to purchase the Series 1996 Bonds and the Series 1997 Bonds in an amount sufficient to pay the Series 1996 A Notes in full, including all interest accrued thereon, on or prior to the maturity date thereof;

(E) Will diligently and in good faith take all actions necessary to insure the timely and complete receipt of all Grant Receipts;

(F) Will fully perform and comply with the terms and conditions of: (i) the Agreement; (ii) all PSC orders and approvals relating to the Expanded Project; (iii) all requirements of the Infrastructure Council or other lending entity relating to the Series 1996 Bonds and the Series 1997 Bonds; (iv) all grants related to the Expanded Project; and (v) any other contractual regulatory or other requirements, including but not limited to easements, covenants, reservations, restrictions, building and zoning requirements and all similar matters relating to the acquisition, construction and operation of the Expanded Project; and

(G) Will provide to the Original Purchaser a balance sheet and profit and loss statement within 60 days of the end of each calendar quarter and an annual financial statement within 120 days of the end of each Fiscal Year, audited by independent certified public accountants acceptable to the Original Purchaser.

Section 3.10. Amended Commitment. The Issuer hereby authorizes the execution and delivery of the Amended Commitment, a copy of which is attached hereto as **EXHIBIT D - AMENDED COMMITMENT**, and incorporated by reference herein. The Issuer hereby covenants to comply with all provisions of the Amended Commitment.

ARTICLE IV

APPLICATION OF SERIES 1996 A NOTES PROCEEDS; REPAYMENT

Section 4.01. Application of Series 1996 A Notes Proceeds.

All proceeds derived from the sale of the Series 1996 A Notes, when disbursed, shall be applied by the Issuer solely to payment of Costs of the Expanded Project, Costs of Issuance and other costs set forth in Section 3.01 hereof, and until so expended, are hereby pledged as additional security for the Series 1996 A Notes.

Section 4.02. Repayment of Series 1996 A Notes.

There shall be paid to the Original Purchaser for the account of the Series 1996 A Notes, the following: (i) no later than 5 Business Days after receipt by the Issuer thereof from time to time, all Grant Receipts, (ii) no later than 3 Business Days after receipt, all proceeds of each advance of principal of the Series 1996 Bonds, and (iii) upon issuance of the Series 1997 Bonds, an amount of proceeds thereof sufficient to pay in full the then remaining principal of and interest accrued on the Series 1996 A Notes. All moneys so received by the Original Purchaser shall, if repaid as a scheduled quarterly payment upon the Series 1996 A Notes, be credited first to payment of interest accrued on the Series 1996 A Notes and thereafter to payment of principal thereof. All moneys so received by the Original Purchaser other than as a scheduled quarterly repayment, shall be applied to reduction of principal of the Series 1996 A Notes.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1996 A Notes:

(A) If default occurs in the due and punctual payment of any installment of principal of or interest on any Series 1996 A Notes;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1996 A Notes in this Resolution, any supplemental resolution, in the Commitment or in the Series 1996 A Notes, as the case may be, contained, and such default shall have continued for a period of 20 days after the Issuer and the Company shall have been given written notice of such default by the Original Purchaser or any other Holder of a Note;

(C) If an order for relief shall be entered against the Issuer or the Company by any United States Bankruptcy Court; or the Issuer or the Company shall generally not pay their debts as they become due (within the meaning of 11 U.S.C. §303(h) as at any time or any successor statute thereto) or make an assignment for the benefit of creditors; or the Issuer or the Company shall apply for or consent to the appointment of a custodian, receiver, trustee or similar officer for its or for all or any substantial part of its property; or such custodian, receiver, trustee or similar officer shall be appointed without the application or consent of the Issuer or the Company and such appointment shall continue undischarged for a period of sixty days; or the Issuer or the Company shall institute any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction or any such proceeding shall be instituted against the Issuer or the Company and shall remain undismissed for a period of sixty days; or any judgment, writ, warrant or attachment, execution or similar process shall be issued or levied against the substantial part of the property of the Issuer or the Company and such judgment, writ or similar process shall not be released, vacated or fully bonded within sixty days after its issue or levy;

(D) If there shall occur a material adverse change with respect to the financial condition of the Company which results in a material impairment of the prospect of repayment of the Series 1996 A Notes; or

(E) If any representation or warranty by the Issuer or the Company made in this Resolution, the Guaranty or the Commitment, or to induce the purchase of the Series 1996 A Notes, shall prove to have been false or misleading in any material respect when made.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default then, automatically, the Original Purchaser is not obligated to continue to advance principal of the Series 1996 A Notes and, at the option of the Original Purchaser, all obligations shall, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, be forthwith due and payable and the Original Purchaser may, immediately upon the expiration of any period of grace, provided for in this Resolution, enforce payment of all obligations and exercise any and all other remedies granted to it herein, in the Series 1996 A Notes or at law, in equity or otherwise and specifically, any Holder of a Note 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 the Holders of the Series 1996 A Notes including the right to require the Issuer to perform its duties under the Act and the Series 1996 A Notes Legislation relating thereto, (iii) bring suit upon the Series 1996 A Notes, (iv) enforce the Guaranty, (v) 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 Holders of the Series 1996 A Notes (subject to and subordinate to the Series 1996 Bonds), and (vi) by action or bill in equity enjoin any acts in violation of the Series 1996 A Notes Legislation with respect to the Series 1996 A Notes, or the rights of the Holders of the Series 1996 A Notes (subject to and subordinate to the Series 1996 Bonds).

ARTICLE VI

DEFEASANCE

Section 6.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 1996 A Notes 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 the pledge of and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to Holders of the Series 1996 A Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of this Supplemental and Amendatory Resolution. Prior to issuance of the Series 1996 A Notes, this Supplemental and Amendatory Resolution may be amended or supplemented in any way by adoption of a supplemental resolution. Following issuance of the Series 1996 A Notes, no modification or amendment of this Supplemental and Amendatory Resolution, or of any resolution amendatory or supplemental hereto, shall be made without the consent in writing of the Company and 100% of the Holders of the Series 1996 A Notes then Outstanding.

Section 7.02. Supplemental and Amendatory Resolution Constitutes Contract. The provisions of this Supplemental and Amendatory Resolution shall constitute a contract between the Issuer and the Holders of the Series 1996 A Notes, and no change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner, except as in this Supplemental and Amendatory Resolution provided.

Section 7.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Supplemental and Amendatory Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Supplemental and Amendatory Resolution or the Series 1996 A Notes.

Section 7.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 7.05. Conflicting Provisions Repealed. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this Supplemental and Amendatory Resolution are, to the extent of such conflict, hereby repealed, provided however, that all provisions of the original Resolution not amended hereby shall continue in full force and effect, and shall apply to the Series 1996 A Bonds.

Section 7.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and passage of this Supplemental and Amendatory 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 members 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 office.

Section 7.07. Effective Date. This Supplemental and Amendatory Resolution shall take effect immediately following adoption hereof.

Adopted this 4th day of December, 1996.


Chairman

EXHIBIT A - EXPANDED PROJECT DESCRIPTION

1. ARC C1 Knob Ridge Road, True Road and Edwards Road
2. SCBG C1-A Bellpoint Bridge Hinton South along Route 20 to Bluestone Lake Bridge to WVAWC Lake Crossing Terminus
3. SCBG C1-B From Intersection Route 18 and Route 20 near Pipestem Falls North along Route 20 to last house before Bluestone Lake Bridge (Pipestem Creek)
4. SCBG C2 From Intersection Route 18 and Route 20 South along Route 20 to Intersection of Pine Grove Road and Old Lerona Road
5. SCBG C3 Pine Grove Road
6. SCBG C4 Davies Fork Area (Near Princeton)
7. OVRPSD C1 From Intersection of Pine Grove Road and Old Lerona Road South along Route 20 to Intersection of Route 20 and Route 20/22 (Includes Speedway)
8. OVRPSD C2 From Intersection of Route 20 and Route 20/22 South/Southwest cross country to the WVAWC Princeton connection along Route 20
9. EDA C1 Portions covered in EDA Agreement
10. OVRPSD C3 New Pisgah Road
11. COE C1 Portions covered in COE Agreement

12. COE C2 Portions covered in COE Agreement
13. OVRPSD C4 Back of Bent Mountain Road

EXHIBIT B - FORM OF SERIES 1996 A NOTE

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATERWORKS FACILITIES BOND AND
GRANT ANTICIPATION NOTE, SERIES 1996 A

No. AR-1

\$3,000,000

KNOW ALL MEN BY THESE PRESENTS: That OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer") for value received, hereby promises to pay, but only from the sources provided therefor, as hereinafter set forth, to the order of

- ONE VALLEY BANK, NATIONAL ASSOCIATION -

or registered assigns (the "Registered Owner"), on the 31st day of December, 1997 (unless extended in accordance with the provision for extension set forth herein), the principal sum of THREE MILLION DOLLARS (\$3,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances and Repayments attached hereto and incorporated herein by reference as a part hereof, together with interest on such advances from the date thereof at the rate of 7.43% per annum. All scheduled repayments of advances hereunder shall be applied first to payment of interest accrued hereon and thereafter to payment of principal hereof. All repayments other than scheduled repayments shall be applied to reduction of principal, but any such partial repayments shall not defer payment of or reduce any regularly scheduled payments. Interest shall be computed on the basis of a year of 360 days, payable for the actual number of days elapsed during any portion of a month, and shall be payable in arrears, on the last day of each calendar quarter, commencing January 1, 1997. In the event any payment of principal of or interest on this Note is not made within 25 days of the date upon which it is due, a late charge of 5% of the amount of such delinquency shall be payable by the Issuer.

The principal of and interest on this Note are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of One Valley Bank, National Association, Charleston, West Virginia.

The maximum cumulative principal amount of this Note which may be advanced as of any date shall equal the lesser of (i) \$3,000,000 or (ii) the difference between the proceeds of the Series 1996 Bonds (as hereinafter defined) disbursed from time to time to the Issuer as of such date and the sum of \$14,700,000.

This Note is subject to prepayment of principal in whole or in part at any time, without penalty.

The loan evidenced by this Note shall be advanced to the Issuer as requested by the Issuer in accordance with the provisions set forth in the Series 1996 A Notes Legislation, as hereinafter defined, and interest shall accrue on the amount of each advance from its actual date, adjusted for any repayments thereof as shown on the Record of Advances and Repayments attached hereto as a part hereof.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of certain waterworks facilities of the Issuer (the "Project") (the existing waterworks facilities of the Issuer, the Project and any further extensions, additions, betterments or improvements thereto, are hereinafter referred to as the "System") (ii) to repay a portion of the Issuer's Series 1996 Notes, heretofore issued and outstanding, (iii) to pay initial fees for issuance of a letter of credit partially securing the Series 1996 Bonds, and (iv) to pay the costs of issuance hereof and related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Notes Resolution duly adopted by the Issuer on February 13, 1996, and a Supplemental and Amendatory Notes Resolution adopted by the Issuer on December 4, 1996 (collectively, the "Series 1996 A Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Note are payable from and secured by a first lien on (i) the proceeds of the \$12,700,000 aggregate principal amount Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Council) (the "Series 1996 Bonds"), issued by the Issuer concurrently herewith to the West Virginia Infrastructure and Jobs Development Council to permanently finance a portion of the cost of acquisition and construction of the Project, (ii) all Grant Receipts (as defined in the Series 1996 A Notes Legislation) received by the Issuer subsequent to the date of delivery of the Series 1996 A Notes, and (iii) the proceeds of additional water revenue bonds anticipated to be issued by the Issuer in 1997. The moneys from these sources shall be paid in the amounts and at the times set forth in the Series 1996 A Notes Legislation.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Series 1996 A Notes Legislation, the Issuer has entered into certain covenants with the Registered Owner, for the terms of which reference is made to said

Series 1996 A Notes Legislation. Remedies provided the Registered Owner are exclusively as provided in the Series 1996 A Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Series 1996 A Notes Legislation, only by transfer of registration upon the books of the Registrar, to be made at the request of the Registered Owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Series 1996 A Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in issuance of this Note exist, have happened and have been performed in due time, form and manner as required by law, and that the Series 1996 A Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

All provisions of the Series 1996 A Notes Legislation and the statutes under which this Note is issued shall be deemed to be a part of the contract evidenced by this Note to the same extent as if written fully herein.

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, OAKVALE ROAD PUBLIC SERVICE DISTRICT
has caused this Note to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Note to be dated December 4,
1996.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Series 1996 A Notes described in and issued under the provisions of the within-mentioned Series 1996 A Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 1996.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Authorized Officer

RECORD OF ADVANCES AND REPAYMENTS

AMOUNT OF ADVANCE/ DATE	AMOUNT OF REPAYMENT/ DATE
(1) \$	(1) \$
(2) \$	(2) \$
(3) \$	(3) \$
(4) \$	(4) \$
(5) \$	(5) \$
(6) \$	(6) \$
(7) \$	(7) \$
(8) \$	(8) \$
(9) \$	(9) \$
(10) \$	(10) \$
(11) \$	(11) \$
(12) \$	(12) \$
(13) \$	(13) \$
(14) \$	(14) \$
(15) \$	(15) \$
(16) \$	(16) \$
(17) \$	(17) \$
(18) \$	(18) \$
(19) \$	(19) \$
(20) \$	(20) \$
(21) \$	(21) \$
(22) \$	(22) \$
(23) \$	(23) \$
(24) \$	(24) \$

TOTAL \$ _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the Oakvale Road Public Service District Waterworks Facilities Bond and Grant Anticipation Note, Series 1996, in the amount of \$ _____ dated _____, _____, and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____, _____

IN THE PRESENCE OF:

EXHIBIT C - FORM OF PAYMENT REQUISITION

Oakvale Road Public Service District,
Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 A

REQUISITION NO.: _____

DATE: _____

You are authorized to disburse to Oakvale Road Public Service District (the "District") the sum of \$_____, which will be paid by the District to the payees and in the amounts set forth on the attached.

In accordance with the Resolution of the District adopted February 13, 1996, as amended and supplemented by an Amendatory and Supplemental Notes Resolution adopted December 4, 1996, pursuant to which the above-captioned Series 1996 A Notes were issued (collectively, the "Resolution"), I hereby certify as follows:

1. None of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made;
2. Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes either Costs of the Expanded Project or Costs of Issuance, as such terms are defined in the Resolution;
3. Each of such costs has been otherwise properly incurred;
4. Payment for each of the items proposed is now due and owing.
5. The District is in compliance with all provisions of the Resolution.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By _____
Its Chairman

APPROVED:

WEST VIRGINIA-AMERICAN WATER COMPANY

By _____
Its _____

STAFFORD CONSULTANTS, INC.

By _____
Its _____

EXHIBIT D - AMENDED COMMITMENT

AMENDED COMMITMENT INCLUDED IN
TRANSCRIPT AS DOCUMENT NO. _____

CERTIFICATION

Certified a true copy of a Supplemental and Amendatory Resolution duly adopted by the Public Service Board of Oakvale Road Public Service District on December 4, 1996.

Dated: December 4, 1996.

[SEAL]

Hillis Warren
Secretary

12/03/96
OVJ.V4
667990/96001

(SPECIMEN NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATERWORKS FACILITIES BOND AND
GRANT ANTICIPATION NOTE, SERIES 1996 A

No. AR-1

\$3,000,000

KNOW ALL MEN BY THESE PRESENTS: That OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer") for value received, hereby promises to pay, but only from the sources provided therefor, as hereinafter set forth, to the order of

- ONE VALLEY BANK, NATIONAL ASSOCIATION -

or registered assigns (the "Registered Owner"), on the 31st day of December, 1997 (unless extended in accordance with the provision for extension set forth herein), the principal sum of THREE MILLION DOLLARS (\$3,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances and Repayments attached hereto and incorporated herein by reference as a part hereof, together with interest on such advances from the date thereof at the rate of 7.43% per annum. All scheduled repayments of advances hereunder shall be applied first to payment of interest accrued hereon and thereafter to payment of principal hereof. All repayments other than scheduled repayments shall be applied to reduction of principal, but any such partial repayments shall not defer payment of or reduce any regularly scheduled payments. Interest shall be computed on the basis of a year of 360 days, payable for the actual number of days elapsed during any portion of a month, and shall be payable in arrears, on the first day of each month, commencing January 1, 1997. In the event any payment of principal of or interest on this Note is not made within 25 days of the date upon which it is due, a late charge of 5% of the amount of such delinquency shall be payable by the Issuer.

The principal of and interest on this Note are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of One Valley Bank, National Association, Charleston, West Virginia.

The maximum cumulative principal amount of this Note which may be advanced as of any date shall equal the lesser of (i) \$3,000,000 or (ii) the difference

between the proceeds of the Series 1996 Bonds (as hereinafter defined) disbursed from time to time to the Issuer as of such date and the sum of \$14,700,000.

This Note is subject to prepayment of principal in whole or in part at any time, without penalty.

The loan evidenced by this Note shall be advanced to the Issuer as requested by the Issuer in accordance with the provisions set forth in the Series 1996 A Notes Legislation, as hereinafter defined, and interest shall accrue on the amount of each advance from its actual date, adjusted for any repayments thereof as shown on the Record of Advances and Repayments attached hereto as a part hereof.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of certain waterworks facilities of the Issuer (the "Project") (the existing waterworks facilities of the Issuer, the Project and any further extensions, additions, betterments or improvements thereto, are hereinafter referred to as the "System") (ii) to repay a portion of the Issuer's Series 1996 Notes, heretofore issued and outstanding, (iii) to pay initial fees for issuance of a letter of credit partially securing the Series 1996 Bonds, and (iv) to pay the costs of issuance hereof and related costs. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Notes Resolution duly adopted by the Issuer on February 13, 1996, and a Supplemental and Amendatory Notes Resolution adopted by the Issuer on December 4, 1996 (collectively, the "Series 1996 A Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Note are payable from and secured by a first lien on (i) the proceeds of the \$12,700,000 aggregate principal amount Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Council) (the "Series 1996 Bonds"), issued by the Issuer concurrently herewith to the West Virginia Infrastructure and Jobs Development Council to permanently finance a portion of the cost of acquisition and construction of the Project, (ii) all Grant Receipts (as defined in the Series 1996 A Notes Legislation) received by the Issuer subsequent to the date of delivery of the Series 1996 A Notes, and (iii) the proceeds of additional water revenue bonds anticipated to be issued by the Issuer in 1997. The moneys from these sources shall be paid in the amounts and at the times set forth in the Series 1996 A Notes Legislation.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Series 1996 A Notes Legislation, the Issuer has

entered into certain covenants with the Registered Owner, for the terms of which reference is made to said Series 1996 A Notes Legislation. Remedies provided the Registered Owner are exclusively as provided in the Series 1996 A Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Series 1996 A Notes Legislation, only by transfer of registration upon the books of the Registrar, to be made at the request of the Registered Owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Series 1996 A Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in issuance of this Note exist, have happened and have been performed in due time, form and manner as required by law, and that the Series 1996 A Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

All provisions of the Series 1996 A Notes Legislation and the statutes under which this Note is issued shall be deemed to be a part of the contract evidenced by this Note to the same extent as if written fully herein.

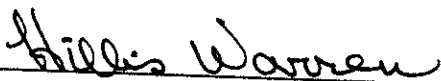
This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, OAKVALE ROAD PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated Dec. 4, 1996.

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Series 1996 A Notes described in and issued under the provisions of the within-mentioned Series 1996 A Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: December 4, 1996.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By

Charlotte Morgan
Authorized Officer

RECORD OF ADVANCES AND REPAYMENTS

<u>AMOUNT OF ADVANCE/ DATE</u>		<u>AMOUNT OF REPAYMENT/ DATE</u>	
(1)	\$	(1)	\$
(2)	\$	(2)	\$
(3)	\$	(3)	\$
(4)	\$	(4)	\$
(5)	\$	(5)	\$
(6)	\$	(6)	\$
(7)	\$	(7)	\$
(8)	\$	(8)	\$
(9)	\$	(9)	\$
(10)	\$	(10)	\$
(11)	\$	(11)	\$
(12)	\$	(12)	\$
(13)	\$	(13)	\$
(14)	\$	(14)	\$
(15)	\$	(15)	\$
(16)	\$	(16)	\$
(17)	\$	(17)	\$
(18)	\$	(18)	\$
(19)	\$	(19)	\$
(20)	\$	(20)	\$
(21)	\$	(21)	\$
(22)	\$	(22)	\$
(23)	\$	(23)	\$
(24)	\$	(24)	\$

TOTAL \$ _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the Oakvale Road Public Service District Waterworks Facilities Bond and Grant Anticipation Note, Series 1996, in the amount of \$ _____ dated _____, _____, and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____, _____

IN THE PRESENCE OF:

▼
One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

December 4, 1996

**ONE VALLEY
BANK**

Oakvale Road Public Service District
Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996A

Oakvale Road Public Service District
Princeton, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

The undersigned, purchaser of \$3,000,000 aggregate principal amount of Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996A (the "Notes"), issued by Oakvale Road Public Service District (the "Issuer") on the date hereof, hereby makes the following representations and warranties to you that:

1. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by our purchase of the Notes, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Notes.

2. We understand that the entire principal of and interest on the Notes are payable only from and secured by a first lien on (i) the proceeds of the Series 1996 Bonds to be issued by the Issuer to permanently finance all or any portion of the costs of acquisition and construction of the Project; (ii) all Grant Receipts received by the Issuer subsequent to the Closing Date; and (iii) the proceeds of the Series 1997 Bonds anticipated to be issued by the Issuer to permanently finance the remaining costs of the Expanded Project (all as defined in the Supplemental and Amendatory Notes Resolution of the Issuer adopted December 4, 1996); that the Notes are special and limited obligations of the Issuer and are not general obligations or secured by any obligation or pledge of any monies received or to be received by the Issuer other than the sources of funds stated above; that the Notes do not now and shall never

constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

3. We understand that no official statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Issuer or the Notes are being issued, that the Notes are unrated, and that in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Notes and the security therefor, and other material factors affecting the security for and payment of the Notes, and are relying solely on such inquiry and analysis in our purchase of the Notes.

4. We acknowledge that during the course of the transaction and prior to the sale of the Notes, we have requested or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Notes and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase the Notes. No such information requested by us has been denied to us.

5. Because of our experience in financial and business matters, we feel that we are qualified to make the inquiry and analysis described in paragraph 3 and to understand fully the documents and information described in paragraph 4.

6. We understand that the Notes have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes.

7. We understand that the Notes (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) will not be readily marketable.

8. We are purchasing the Notes for investment in our own account and do not intend to divide the Notes purchased by us nor to resell or otherwise dispose of all or any part of the Notes purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Notes and subject to applicable securities laws and regulations thereunder.

Oakvale Road Public Service District, et al.
Page 3

9. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Notes are a lawful investment for us under all applicable laws.

Very truly your,

ONE VALLEY BANK, NATIONAL ASSOCIATION

By J. Mark Reis
Its VP

▼
One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

December 4, 1996

Ronnie R. Stump, President
Oakvale Road Public Service District
P.O. Box 1061
Princeton, West Virginia 24740

ONE VALLEY
BANK

Michael A. Miller, Vice President
West Virginia American Water Company
P. O. Box 1906
Charleston, West Virginia 25327

Re: **Oakvale Road Public Service District Project - Amended Commitment**

Gentlemen:

Please be advised that, subject to the terms and conditions set forth below, we (the "Bank") have agreed to make and you have agreed to accept modifications to the loan to Oakvale Road Public Service District (as amended, referred to herein as the "Loan"), subject to the terms and conditions set forth below. This Amended Commitment amends our commitment of February 15, 1996 (the "Commitment"). This Amended Commitment is issued at the request of Borrower and Guarantor. The issuance of the bonds by Borrower to the West Virginia Water Development Authority ("WDA"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council"), anticipated in the Commitment will occur in two series, Series 1996, in the principal amount of \$12,700,000, to be issued December 4, 1996 and Series 1997, in the principal amount of \$2,000,000, to be issued in the summer of 1997 (the "Series 1996 Bonds" and "Series 1997 Bonds," respectively). The advances made to date by Lender, \$8,585,851.96, pursuant to the Commitment and the Borrower's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 ("Original Note"), the Notes Resolution and related documents (the "Original Loan Documents"), together with all interest accrued thereon will be repaid in full upon the issuance of the Series 1996 Bonds, with the exception of \$217,170.30, which will be advanced under the Substitute Note, defined below. After such repayment, Borrower will be able to request advances from the Infrastructure Council under the Series 1996 Bonds, the balance available equaling \$4,192,713.60, and when the Series 1997 Bonds are issued, the proceeds will repay the Substitute Note and all accrued interest thereunder in full.

Borrower and Guarantor have requested that Bank amend its Commitment to provide a revolving line of credit in an amount of up to the lesser of (i) \$3,000,000 or (ii) the difference between the sum of all amounts from time to time advanced pursuant to the 1996 Series Bonds and outstanding thereunder and the aggregate principal amount of both the 1996 Series Bonds and 1997 Series Bonds, being \$14,700,000.

Ronnie R. Stump, President
Michael A. Miller, Vice President
December 4, 1996
Page 2

1. Borrower; Project. The Borrower will be Oakvale Road Public Service District, a public corporation and political subdivision of the State of West Virginia (the "Borrower"). The Loan will be interim financing, pending distribution of the remaining proceeds of the Series 1996 Bonds and the proceeds of the Series 1997 Bonds, to continue construction of the Project. Loan proceeds may be utilized to: (i) pay construction invoices to be submitted for reimbursement pursuant to the Series 1996 Bonds, the Series 1997 Bonds, and the Grants and (ii) pay costs associated with the Loan, the issuance of the letters of credit described in paragraph 10(b) below, and make interest payments on the Loan.

2. The Loan, Evidence of Loan. The Borrower will have the right to request principal advances on the Loan, under the terms hereof, in one or more increments up to the maximum amount available under the Loan, on a revolving basis, with Borrower permitted to draw against the Loan, repay and reborrow under the terms hereof, at any time during the term of the Loan. The Loan will be evidenced by a substitute note for the Original Note of the Borrower (the "Substitute Note") in the principal amount of the Loan, containing terms and conditions as hereinafter set forth. The Loan will continue to be subject to the terms and conditions of the Commitment, as amended hereby, and the bond and note resolution adopted February 13, 1996 (the "Bond and Note Resolution"), as amended.

3. Payments; Late Payments; Term.

(a) Interest shall be paid monthly, in arrears, on the actual outstanding balance of the Loan, commencing January 1, 1997.

(b) Advances must be repaid immediately upon receipt of the proceeds, as disbursed, from the Series 1996 Bonds and the Substitute Note must be paid in full upon the issuance of the Series 1997 Bonds.

(c) Advances utilized to pay invoices submitted for reimbursement under the grants identified in Exhibit A hereto, which reflects modifications to and updates Exhibit B to the Commitment, (collectively the "Grants" or, individually, a "Grant") must be repaid in the amount of the reimbursement (the "Grant receipt") received under such Grant immediately upon receipt and will be applied to reduce the outstanding principal balance of the Loan. Principal may be prepaid at any time without penalty.

(d) All scheduled payments on Loan shall be due and payable on the first day of each month. In the event any payment is not made within 25 days of when due, the Bank will impose a late charge equal to 5% of the delinquent amount.

Ronnie R. Stump, President
Michael A. Miller, Vice President
December 4, 1996
Page 3

(e) The Loan, including all unpaid accrued interest thereon, shall be payable in full on December 31, 1997 (the "Term").

4. Interest Rate. The interest rate shall equal 2% above the one year Treasury Bill rate on the date of the closing, to be determined by Bank, estimated to be 7.43% per annum.

5. Guaranty of Loan. The Loan will continue to be fully and unconditionally guaranteed by West Virginia American Water Company, a West Virginia corporation. By execution of this Amended Commitment, Guarantor hereby confirms the continuation of its Guaranty as to the Loan as contemplated by this Amended Commitment and evidenced by the Substitute Note and the Amended Bond and Note Resolution, with the aggregate amount of the loan limited as provided in the first paragraph hereof.

6. Preparation of Documents. All documents for the Loan, as amended, will either be prepared by our counsel or will be subject to their review and approval as to substance and form.

7. Conditions for Funding of the Loan. The obligation of the Bank to continue to make advances under the Loan, as evidenced by the Substitute Note, is subject to the receipt by the Bank of the following, all of which must be in form and substance acceptable to the Bank:

(a) All the appropriate documents with respect to the Loan amendments to the Loan, including this Amended Commitment, the Substitute Note, the Amended Bond and Note Resolution, and confirmation of the continuation of the Guaranty Agreement, duly executed and delivered by the Borrower, Guarantor and all necessary third-parties.

(b) Evidence of all necessary approvals of the amendments to the Loan transaction and documents by the Public Service Board of the Borrower and by all third-parties whose approval or consent, in the Bank's reasonable judgment, is necessary or desirable.

(c) Opinions of bond counsel, counsel for the Borrower and counsel for the Guarantor concerning such aspects of the Loan transaction and documents as the Bank may reasonably require.

(d) An updated construction budget and schedule of estimated advances for the balance of the Project.

Ronnie R. Stump, President
Michael A. Miller, Vice President
December 4, 1996
Page 4

(e) Copies of all construction and engineering contracts not previously provided.

(f) All other agreements and requirements reasonably requested by Bank will be complied with even though not specifically set forth herein.

8. Representations and Warranties. To induce the Bank to enter into this Amended Commitment and to make the Loan, each of the Borrower and Guarantor, as appropriate, represent and warrant to the Bank solely with respect to such party that:

(a) The Borrower and the Guarantor are each duly authorized to execute and deliver this Amended Commitment and the documents which will ultimately evidence the amendments to the Loan, as amended (collectively, the "Amended Loan Documents"). All necessary corporate and other action to authorize the amended execution and delivery of this Amended Commitment and the Amended Loan Documents has been properly taken and the Borrower and the Guarantor are and will continue to be duly authorized to borrow hereunder and to perform all the terms and conditions of this Amended Commitment and the other Amended Loan Documents.

(b) This Amended Commitment has been duly and validly executed and delivered by the Borrower and the Guarantor and constitutes a valid and legally binding agreement of each, enforceable in accordance with its terms, and the Amended Loan Documents, when duly executed and delivered by the Borrower and the Guarantor, as appropriate, pursuant to the provisions hereof, will constitute valid and binding obligations of each, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, moratorium or other laws of general application to creditors.

(c) Neither the execution and delivery of this Amended Commitment nor compliance with the terms, conditions and provisions hereof, or of the Amended Loan Documents to be executed in connection herewith, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, the organizational documents of Borrower or Guarantor, or of any law or regulation, order, writ, injunction or decree of any court or governmental agency, or of any agreement by which the Borrower or the Guarantor is bound, and does not and will not require any approval or consent of any federal, state or local governmental body that has not been obtained and which remains in full force and effect on the date hereof.

(d) No legal actions or proceedings are pending or, to the knowledge of the Borrower and the Guarantor, threatened against or affecting the Borrower or the Guarantor,

Ronnie R. Stump, President
Michael A. Miller, Vice President
December 4, 1996
Page 5

before any court or governmental department or agency, the result of which might substantially impair the Borrower or the Guarantor's operations, or the financial condition of the Borrower or the Guarantor, or the ability of either to repay the Loan.

(e) The Borrower and the Guarantor hereby certify, each on their own behalf only, that there is no breach or default under that certain Agreement dated as of May 8, 1995 (the "WVAWC Agreement") between Borrower and WVAWC and the Memorandum of Understanding between WVAWC and Borrower (undated) regarding, among other things, WVAWC's commitment to guaranty interim construction financing of the Project, or of any construction contract to which either is a party relating to the Project.

9. Provisions of the Bond and Note Resolution. The amendments to the Bond and Note Resolution will contain the terms of this Amended Commitment and will provide that, except for the express amendments, the terms of the Bond and Note Resolution remain in full force and effect.

10. Other Conditions and Provisions.

(a) Regardless of whether the amendments to the Loan are effected, the Borrower will pay all of the Bank's expenses in connection therewith, including the fees of Bank's counsel.

(b) Borrower and Guarantor have requested, and Bank has agreed, that Bank shall issue a letter (or letters) of credit in favor of the Infrastructure Council, for the account of Borrower, upon the application of Guarantor, which shall be in lieu of a funded debt service reserve, in connection with the Series 1996 Bonds and the Series 1997 Bonds. A draw against the letter(s) of credit shall constitute an additional Event of Default under the Commitment, the Amended Commitment, the amended Bond and Note Resolution and the Substitute Note.

(c) All documents, conditions or requirements of Borrower or Guarantor which may reasonably be requested by the Bank or its counsel will be complied with even though not specifically set forth herein.

The Commitment remains in full force and effect, except as expressly amended hereby. Capitalized terms utilized herein shall have the same meaning as in the Commitment, unless otherwise defined herein.

Ronnie R. Stump, President
Michael A. Miller, Vice President
December 4, 1996
Page 6

Please evidence your acceptance of an agreement to the terms of this Amended Commitment by signing and returning a duplicate hereof on or before December 4, 1996; otherwise this Commitment will expire.

Thank you for the opportunity to be of service to Oakvale Road Public Service District and West Virginia-American Water Company. If you have any questions, please call me at 348-7368.

Very truly yours,

J. Mark Bias

J. Mark Bias, Vice President

Accepted and Agreed:

Borrower:

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By: *Ronnie Stump*

Its: *Chairman*

Guarantor:

WEST VIRGINIA AMERICAN WATER COMPANY

By: *Michael A. Miller*

Its: *V.P. & Treasurer*

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 4, 1996

SEVENTH FLOOR, BANK ONE CENTER
P. O. BOX 1588
CHARLESTON, W. VA. 25320-1588
(304) 353-8000
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
P. O. BOX 570
62 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101
P. O. BOX 626
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

Oakvale Road Public Service District Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 A

Oakvale Road Public Service District
Princeton, West Virginia

West Virginia-American Water Company
Charleston, West Virginia

One Valley Bank, National Association
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Oakvale Road Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$3,000,000 Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 A, dated the date hereof (the "Notes").

The Notes are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Notes Resolution duly adopted by the Issuer on February 13, 1996, as supplemented and amended by a Supplemental and Amendatory Notes Resolution adopted December 4, 1996 (collectively, the "Notes Resolution"), for the purposes of (i) temporarily financing a portion of the costs of acquisition and construction of certain waterworks facilities of the Issuer (the "Project"); (ii) repaying a portion of the Issuer's Series 1996 Notes, heretofore issued and outstanding; (iii) paying initial fees for issuance of a letter of credit partially securing the Series 1996 Bonds; and (iv) paying costs of issuance and related costs. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Notes Resolution when used herein.

The Notes have been sold to One Valley Bank, National Association, Charleston, West Virginia (the "Purchaser"), pursuant to a commitment letter dated February 13, 1996, as amended on December 4, 1996 (the "Commitment").

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Notes, the Notes Resolution, the Commitment

and such other documents and certificates and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of all documents and certificates submitted to us as originals, the conformity to originals of all documents and certificates submitted to us as copies, and the due authorization, execution and delivery of all such documents and certificates by other parties thereto, if any.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

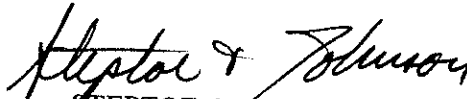
1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System and to issue and sell the Notes, all under the Act and other applicable provisions of law.
2. The Notes Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.
3. The Notes have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special obligations of the Issuer, payable only from and secured by a first lien on (i) the proceeds of the Series 1996 Bonds to be issued by the Issuer to permanently finance all or any portion of the costs of acquisition and construction of the Project; (ii) all Grant Receipts received by the Issuer subsequent to the Closing Date; and (iii) the proceeds of the Series 1997 Bonds anticipated to be issued by the Issuer to permanently finance the remaining Costs of the Expanded Project.
4. The Notes are, under the Act, exempt from direct taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Notes is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.
5. The approval of the Commitment has been duly authorized, executed and delivered by the Issuer, and the provisions thereof relating to the Issuer are legally enforceable against the Issuer in accordance with their terms.

It is to be understood that the rights of the holders of the Notes and the enforceability of the Commitment, the Notes, the Notes Resolution and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the application of public policy and the exercise of judicial discretion in appropriate cases.

Oakvale Road Public Service District, et al.
Page 3

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

Very truly yours,


STEPTOE & JOHNSON

12/03/96
OVJ.X1
667990/96001

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40596
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

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than 120 independent law firms*

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6066

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

December 4, 1996

**West Virginia-American Water Company
Charleston, West Virginia**

**One Valley Bank, National Association
Charleston, West Virginia**

**Oakvale Road Public Service District
Princeton, West Virginia**

**West Virginia Water Development Authority
Charleston, West Virginia**

**West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia**

**Re: Oakvale Road Public Service District Waterworks Facilities Bond and
Grant Anticipation Notes, dated February 15, 1996, as modified
December 4, 1996**

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with a Guaranty by the Company of payment of the above-captioned Notes (the "Notes"). The Notes are being issued by Oakvale Road Public Service District (the "Issuer") under Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Notes Resolution duly adopted by the Issuer on February 13, 1996, as modified and amended by Resolution of the Issuer dated December 4, 1996 (the "Notes Resolution"), to temporarily finance a portion of the costs of acquisition and construction of certain waterworks facilities of the Issuer (the "Project") and to pay certain costs of issuance and related costs. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Notes Resolution when used herein.

West Virginia-American Water Company
Oakvale Road Public Service District
West Virginia Infrastructure and Jobs
Development Council
One Valley Bank, National Association
West Virginia Water Development Authority
December 4, 1996
Page 2

The Notes have been sold to One Valley Bank, National Association, Charleston, West Virginia (the "Purchaser"), pursuant to a commitment letter dated January 24, 1996, as modified by amended commitment letter dated December 4, 1996. The Notes are expected to be paid from the proceeds of certain Bonds issued on December 4, 1996, and anticipated to be issued on or before December 1, 1997, by the Issuer to permanently finance all or any portion of the costs of acquisition and construction of the Project, all Grant Receipts received by the Issuer subsequent to the Closing Date and Net Revenues, if any, derived from the operation of the System. The Notes are further secured by a Guaranty Agreement (the "Guaranty") dated as of February 15, 1996, by and between the Company and the Purchaser, modified by letter dated November 25, 1996, from the Company to the District and the Purchaser, whereby the Company has agreed to guaranty the payment of the Notes in the event the proceeds of the Series 1996 Bonds, the Grant Receipts and the Net Revenues are insufficient or unavailable to pay the Notes when due.

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

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

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State

West Virginia-American Water Company
Oakvale Road Public Service District
West Virginia Infrastructure and Jobs
Development Council
One Valley Bank, National Association
West Virginia Water Development Authority
December 4, 1996
Page 3

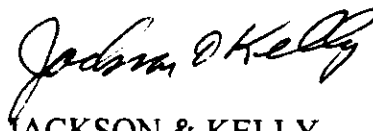
of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

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

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

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

Very truly yours,



JACKSON & KELLY

OAKVALE ROAD PUBLIC SERVICE DISTRICT

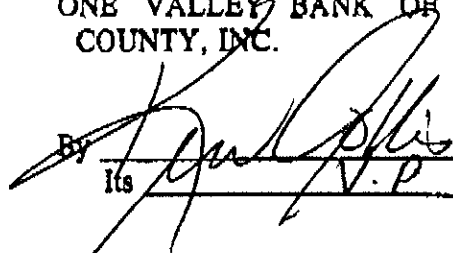
Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

ONE VALLEY BANK OF MERCER COUNTY, INC., a West Virginia banking corporation, with its principal office in Princeton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Oakvale Road Public Service District (the "Issuer"), adopted December 4, 1996, and a Supplemental Resolution of the Issuer adopted December 4, 1996 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996 in the principal amount of \$12,700,000 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 4th day of December, 1996.

ONE VALLEY BANK OF MERCER
COUNTY, INC.

By 
Its V.P.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

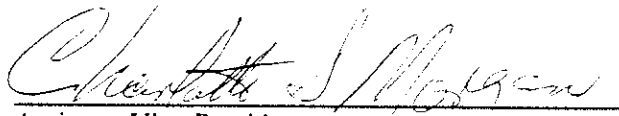
Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Oakvale Road Public Service District Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, in the principal amount of \$12,700,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 4th day of December, 1996.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

11/26/96
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OAKVALE ROAD PUBLIC SERVICE DISTRICT

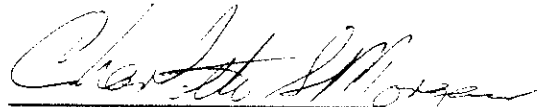
Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bonds of Oakvale Road Public Service District (the "Issuer"), hereby certifies that on the day hereof, the single, fully registered Oakvale Road Public Service District Water Revenue Bond, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, dated December 4, 1996, in the principal amount of \$12,700,000, numbered R-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 4th day of December, 1996.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

11/26/96
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667990/96001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 4th day of December, 1996, by and between OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$12,700,000 Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer adopted December 4, 1996, and a Supplemental Resolution of the Issuer adopted December 4, 1996 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

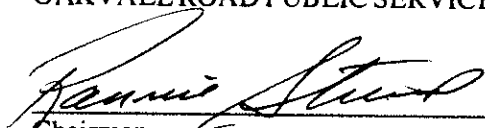
ISSUER: Oakvale Road Public Service District
Post Office Box 1061
Princeton, West Virginia 24740
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

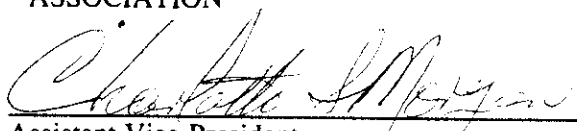
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, OAKVALE ROAD PUBLIC SERVICE DISTRICT
and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this
Registrar's Agreement to be signed in their names and on their behalf, all as of the day and
year first written above.

OAKVALE ROAD PUBLIC SERVICE DISTRICT


Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

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