

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

Closing Date: August 19, 2010

WDA-LP IV
(12/09)

LOAN AGREEMENT

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

PLEASANTS COUNTY DEVELOPMENT AUTHORITY (2008W-1062)
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

1.3 “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.

1.4 “Local Act” means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

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

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

1.7 “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.

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the

Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the Act.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation

thereof or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards.

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

(j) 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 or such later date as is agreed to in writing by the Authority.

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

ARTICLE IV

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

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the 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; provided that, any sale or disposition of the properties of the System in excess of \$100,000 shall require the written consent of the Authority;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally; as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided that, the Authority shall have received a bond counsel parity opinion and an accountant certificate stating that the coverage and parity requirements have been met and the parity bonds must have a reserve account requirement of at least 1 year's debt service, to be funded at closing or over 10 years;

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

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

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

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

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may advance refund its Local Bonds during the first 15 years at a premium of 1% over the premium, if any, to be paid by the Authority by depositing sufficient funds (principal, interest and premium, if any,) at the Commission (as hereinafter defined) to redeem such Local Bonds on the first available call date; provided that, after the first 15 years, the Governmental Agency may prepay its Local Bonds at par, plus interest payable to the next available call date, at any time.

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall terminate the services of any water facility owned by it to any customer of the System who is

delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

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

(xviii) That the Governmental Agency shall annually provide the Authority with bank statements and all investment information for the funds and accounts related to the proceeds of the Local Bonds;

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

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

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

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

(xxiii) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available

due to bid/construction/project underruns, including the “contingency” as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

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

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the 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.

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The

interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 Unless otherwise agreed by the Authority, the Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency may redeem its Local Bonds in accordance with the conditions set forth in Section 4.1 (b)(xv). The Authority hereby agrees that it will not refund the water development revenue bonds which provided the funds for the Local Bonds without the prior written consent of each of the affected Governmental Agencies.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

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

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

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

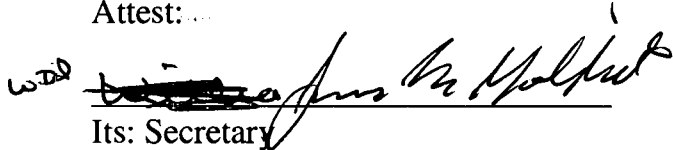
(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

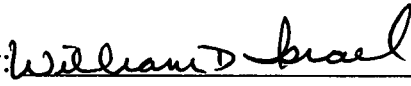
IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

PLEASANTS COUNTY
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

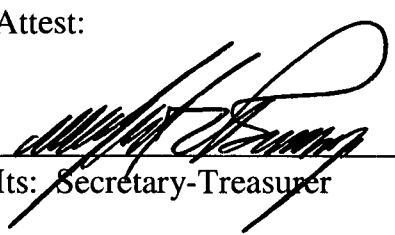

Its: Secretary

By: 
Its: Acting President
Date: August 19, 2010

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

Attest:


Its: Secretary-Treasurer

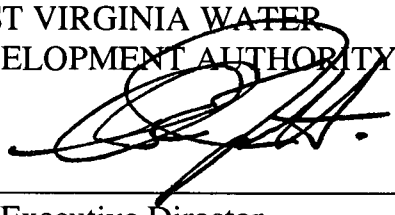
By: 
Its: Executive Director
Date: August 19, 2010

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Bonds)

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

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

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

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

hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the “Loan Agreement”), between the Governmental Agency and the West Virginia Water Development Authority (the “Authority”) and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the “Local Bonds”), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____1, _____, at the rate of ___% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the “Schedule Y” attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

Name of Person Completing Form

Address

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

{C1775590.1}

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$900,000
Purchase Price of Local Bonds \$900,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 4% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act. The Local Bonds shall also be secured by the Credit Line Deed of Trust of the Governmental Agency granting a first lien on the Facilities (as defined in the Local Act).

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

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

- (i) Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) issued on June 11, 2010, in the aggregate principal amount of \$3,000,000; and
- (ii) Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 B (West Virginia Water Development Authority) issued on June 11, 2010, in the aggregate principal amount of \$100,000

Number of New Customers To Be Served: 22
Location: The Guard Hill area in Pleasants County.

Pleasants County Development Authority

{C1775590.1}

SCHEDULE Z

SPECIAL CONDITIONS

A. That the lease payments to be made by the County Commission of Pleasants County (the "County Commission") to the Governmental Agency under the certain Agreements and Leases of the Facilities (the "Lease") dated June 11, 2010, by and between the County Commission and the Governmental Agency will be sufficient to pay 100% of the maximum amount required in any year for debt service and all reserve account payments, if any, on the Local Bonds so long as the Lease is in effect.

B. If the Lease is no longer in effect than the Governmental Agency shall be required to comply with the covenant set forth in 4.1(b)(ii) of this Agreement.

C. So long as the Lease is in effect the Governmental Agency may issue additional parity bonds upon obtaining the consent of the Authority. If the Lease is no longer in effect, the Governmental Agency shall be required to comply with the covenant set forth in 4.1(b)(v) of this Agreement prior to issuing additional parity bonds.

D. As long as the O & M Agreement is in effect, the Governmental Agency shall not be required to make the renewal and replacement payments set forth in Section 4.1(a)(iii) of this Agreement and Union Williams PSD is funding its Depreciation Account.

E. If the O & M Agreement is no longer in effect than the Governmental Agency shall be required to make the payments required in Section 4.1(a)(iii) of this Agreement.

**PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 B/C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

BOND ORDINANCE

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{C1730777.1}

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THE PLEASANTS COUNTY DEVELOPMENT AUTHORITY

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC WATERWORKS FACILITIES OF THE PLEASANTS COUNTY DEVELOPMENT AUTHORITY AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE AUTHORITY OF NOT MORE THAN \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2010 B AND SERIES 2010 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOARD OF THE PLEASANTS COUNTY DEVELOPMENT AUTHORITY:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 7, Article 12, Chapter 8,

Article 16, Chapter 31, Article 15A and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Pleasants County Development Authority (the "Issuer") is a public agency with perpetual existence and a county development authority within the meaning of the Act of the State of West Virginia in Pleasants County of said State.

B. The Issuer has, at the request of the County Commission agreed to acquire, construct and equip certain waterworks facilities to be located in Pleasants County (collectively, the "Project" and together with all further additions, improvements and additional facilities of every kind and nature, now or hereafter acquired or constructed, herein called the "Facilities), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Issuer. The Facilities shall be leased to The County Commission of Pleasants County (the "County Commission") pursuant to Agreement and Leases to be dated the date of each closing.

C. The Issuer and the County Commission have determined that a portion of the Facilities should be operated, maintained, repaired and replaced by Pleasants County Public Service District (the "PCPSD"), pursuant to the terms of an agreement by and among the Issuer, the County Commission and the PCPSD (the "Phase I O & M Agreement") (the portion of the Project that will ultimately be operated by PCPSD shall be referred to herein as the "Phase I Project").

D. The Issuer and the County Commission have determined that a portion of the Facilities should be operated, maintained, repaired and replaced by Union-Williams Public Service District (the "UWPSD"), pursuant to the terms of an agreement by and among the Issuer, the County Commission and the UWPSD (the "Phase II O & M Agreement") (the portion of the Project that will ultimately be operated by UWPSD shall be referred to herein as the "Phase II Project") (the PCPSD and the UWPSD shall be collectively referred to as the "PSDs").

E. The County Commission and the PSDs have provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Facilities, which plans and specifications have been prepared by the Consulting Engineer. The Issuer and the County Commission have agreed to appoint the PSDs as their agents for the purpose of acquisition, construction and equipping of the Project.

F. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund administered by the Authority, pursuant to the Act and its revenue bonds to the West Virginia Water Development Authority, pursuant to the Act.

G. It is deemed necessary for the Issuer to issue its Waterworks Lease Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) (the "Series 2010 A Bonds"), in the total aggregate principal amount of not more than \$3,500,000, initially to be represented by a single bond and its Waterworks Lease Revenue Bonds, Series 2010 B/C (West Virginia Water Development Authority), in the total aggregate principal amount of not more than \$3,500,000, in one or more series (the "Series 2010 B/C Bonds" and together with the Series 2010 A Bonds, the "Series 2010 Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2010 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2010 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and 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 2010 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the Facilities after completion of the Project is not less than 40 years.

I. It is in the best interests of the Issuer that its Series 2010 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Series 2010 A Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

J. It is in the best interests of the Issuer that its Series 2010 B/C Bonds be sold to the Authority pursuant to the terms and provisions of one or more loan agreement by and between the Issuer and the Authority, in form satisfactory to the respective parties (the "Series 2010 B/C Loan Agreement" and collectively, with the Series 2010 A Loan Agreement, the "Loan Agreements"), approved hereby if not previously approved by resolution of the Issuer.

K. There are currently no outstanding obligations of the Issuer which will rank on a parity with the Series 2010 Bonds as to liens, pledge, source of and security for payment.

L. The Series 2010 Bonds shall be payable solely from the Revenues received by the Issuer as defined herein and secured by a lien on the Facilities subject to the terms of the Phase I and Phase II O & M Agreements.

M. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the Facilities and issuance of the Series 2010 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 Bonds.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2010 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2010 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means Chapter 7, Article 12, Chapter 8, Article 16, Chapter 31, Article 15A and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

“Authorized Officer” means the President of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

“Bond Legislation,” “Ordinance,” “Bond Ordinance” or “Local Act” means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

“Bond Registrar” or “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 2010 Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

“Closing Date” means the date or dates upon which there is an exchange of the Series 2010 Bonds for all or a portion of the proceeds of the Series 2010 Bonds from the Authority.

“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.

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

“Consulting Engineers” means Burgess & Niple Inc., Parkersburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the Facilities or portion thereof, in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

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

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

“County Commission” means The County Commission of Pleasants County, Pleasants County, West Virginia, a political subdivision of the State of West Virginia.

“Depository Bank” means the bank or banks 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” means the Board of the Issuer, as it may now or hereafter be constituted.

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

“Gross Revenues” means the lease payments pursuant to the Lease Agreements and other operating revenues of the Issuer, as hereinafter defined, determined in accordance with generally accepted accounting principles.

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

“Issuer” means the Pleasants County Development Authority, a public corporation with perpetual existence and a County Development Authority within the meaning of the Act, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Lease Agreements” shall mean the Agreement and Leases as described in Section 1.02(B) of this Ordinance.

“Loan Agreements” means the Series 2010 A Loan Agreement and the Series 2010 B/C Loan Agreement.

“Net Proceeds” means the face amount of the Series 2010 Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

“O & M Agreements” means the Phase I O & M Agreement and the Phase II O & M Agreement.

“Operating Expenses” means the reasonable, proper and necessary costs of the Issuer, including the costs of repair, maintenance and operation of the Facilities and, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fiscal agents, the Depository Bank and the Registrar (all as hereinafter 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 canceled 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 Registered Owners of 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 designed by a Paying Agent by the Issuer in the Supplemental Resolution.

“PCPSD” means Pleasants County Public Service District.

“Phase I O & M Agreement” means the O & M Agreement described in Section 1.02C hereof.

“Phase I Project” means the portion of the Project that will be operated by PCPSD.

“Phase II O & M Agreement” means the O & M Agreement described in Section 1.02D hereof.

“Phase II Project” means the portion of the Project that will be operated by UWPSD.

“President” means such person so designated to act in such capacity by the Board of the Issuer.

“Project” means the Project as described in Section 1.02B hereof and Exhibit A hereto.

“PSDs” means the PCPSD and the UWPSD.

“Qualified Investments” means and includes any of the following:

(a) Authority Obligations;

(b) Authority Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Authority Obligations, and receipts or certificates evidencing payments from Authority Obligations or interest coupons stripped from Authority 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; Authority 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 Authority National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Authority Obligations, provided, that said Authority 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 Authority 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 owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

“Registered Owner,” “Bondholder”, “Holder” 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.

“Registrar” means the Bond Registrar.

“Regulations” means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by Section 5.01 hereof.

“Revenues” means all Rent received by or on behalf of the Issuer from the Lease, as such term is defined in the Lease, and if the Lease is terminated, all receipts, revenues, income and other monies from the subsequent leasing, subleasing, operation, management, sale or other disposition of the Facilities, and all Surcharges, or any part thereof, and all rights to receive the same, determined in accordance with generally accepted accounting principles.

“Revenue Fund” means the Revenue Fund established by Section 5.01 hereof.

“Series 2010 A Bonds” means the Waterworks Lease Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

“Series 2010 A Bonds Reserve Account” means the Series 2010 A Bonds Reserve Account created by Section 5.02 hereof.

“Series 2010 A Bonds Sinking Fund” means the Series 2010 A Bonds Sinking Fund created by Section 5.02 hereof.

“Series 2010 A Loan Agreement” means the loan agreement to be entered into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2010 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

“Series 2010 B/C Bonds” means the Waterworks Lease Revenue Bonds, Series 2010 B/C (West Virginia Water Development Authority), of the Issuer, in one or more series authorized by this Ordinance.

“Series 2010 B/C Bonds Reserve Account” means the Reserve Accounts established in Section 5.02 hereof or later supplemented by a Supplemental Resolution for the Series 2010 B/C Bonds.

“Series 2010 B/C Bonds Sinking Fund” means the Series 2010 B/C Bonds Sinking Fund created by Section 5.02 hereof.

“Series 2010 B/C Loan Agreement” means the loan agreement to be entered into between the Issuer and the Authority, providing for the purchase of the Series 2010 B/C 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.

“Series 2010 Bonds” means, collectively, the Series 2010 A Bonds and the Series 2010 B/C Bonds.

“Series 2010 Bonds Construction Trust Fund” means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereby.

“Series 2010 Bonds Reserve Accounts” means the Series 2010 A Bonds Reserve Account and the Series 2010 B/C Bonds Reserve Account.

“Sinking Funds” means, collectively, the respective Sinking Funds created for the Series 2010 Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the supplemental resolution authorizing the sale of the Series 2010 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 Bonds, and not so included may be included in another Supplemental Resolution.

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

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 \$5,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body and approved by the Authority and the Issuer. The proceeds of the Series 2010 Bonds shall be applied as provided in Article VI hereof. Prior to the issuance of each series of Series 2010 Bonds, the Issuer shall receive bids and enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Phase I Project is estimated not to exceed \$4,300,000, of which approximately \$500,000 will be obtained from proceeds of a grant from the County Commission and an amount not to exceed \$3,500,000 will be obtained from proceeds for the Series 2010 A Bonds and an amount not to exceed \$300,000 will be obtained from the proceeds of the Series 2010 B/C Bonds. The cost of the Phase II project is estimated not to exceed \$1,200,000 which will be obtained from the proceeds of the Series 2010 B/C 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 capitalizing interest on the Series 2010 Bonds, fully funding the reasonable reserve accounts and paying a portion of the costs of the Project and paying the costs of issuance of the Series 2010 Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2010 Bonds of the Issuer. The Series 2010 Bonds shall be issued in two or more series, each as a single bond, designated respectively as "Waterworks Lease Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund)," in the aggregate principal amount not to exceed \$3,500,000, the "Waterworks Lease Revenue Bonds, Series 2010 B (West Virginia Water Development Authority)," and if necessary the "Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority)" in the aggregate principal amount not to exceed \$1,500,000, and shall have such terms and be in such amounts as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2010 Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The 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 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2010 Bonds shall be issued in the form of two or more bonds, each as a single series, registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2010 Bonds, all as provided in the Supplemental Resolution. The 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 the 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 Supplemental Resolution. Such 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 2010 Bonds shall be executed in the name of the Issuer by the President, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2010 Bonds shall cease to be such officer of the Issuer before the Series 2010 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 2010 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 the authorization 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 2010 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 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 2010 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 Registered Owner, in accepting the Series 2010 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 Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2010 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 2010 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 Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 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, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner'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 canceled 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 2010 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 of the Issuer as herein provided. No Registered Owner of the Series 2010 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2010 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2010 Bonds shall be secured by a first lien on the Net Revenues of the Issuer. Such Net Revenues are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver each series of the Series 2010 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver such Series 2010 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 such Series 2010 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 such Series 2010 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreements;
- E. Executed copies of the Lease Agreements;
- F. Executed copies of the O & M Agreements; and
- G. The unqualified approving opinion of bond counsel on such Series 2010 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 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 2010 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$_____

FOR VALUE RECEIVED, on this ____ day of _____, 2010, the PLEASANTS COUNTY DEVELOPMENT AUTHORITY, a public corporation with perpetual existence (the "Issuer") created by The County Commission of Pleasants County, West Virginia (the "County Commission"), promises to pay solely from the funds provided therefore, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of _____ DOLLARS (\$_____), in installments on _____ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefore, and until payment of such installment, such interest shall be payable on March 1, June 1, September 1 and December 1 in each year, beginning _____ 1, 20____. 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 _____, _____, 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 the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council, dated _____, 20____.

This Bond is issued (i) to capitalize interests on the Series 2010 A Bonds; (ii) to fully fund the Series 2010 A Bonds Reserve Account; (iii) to pay a portion of the costs of acquisition and construction of certain waterworks facilities (the "Project"); and (iv) to pay certain costs of issuance of this Bond and related costs. The Project and any further additions, betterments improvements and extensions thereto are herein called the "Facilities."

This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS LEASE REVENUE BONDS, SERIES 2010 B, ISSUED SIMULTANEOUSLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) of the Issuer and is payable on a parity with the pledge of Net Revenues in favor of the holders of the Series 2010 B Bonds, and from unexpended proceeds of this Bond. This Bond does not constitute an 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 and unexpended proceeds of this Bond. Issuer has entered into certain covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Bond Legislation, 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 or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that Net Revenues of the Issuer have been pledged to and will be used 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, the PLEASANTS COUNTY DEVELOPMENT
AUTHORITY has caused this Bond to be signed by its President and its corporate seal to be
hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the
date first written above.

President

[SEAL]

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 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: _____, 2010.

as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

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

Dated: _____, ____.

In the presence of:

[FORM OF SERIES 2010 B/C BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATER PROJECT BONDS, SERIES 2010 B/C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1/CR-1

\$_____

FOR VALUE RECEIVED, on this ____ day of _____, 2010, the PLEASANTS COUNTY DEVELOPMENT AUTHORITY, a public corporation with perpetual existence (the "Issuer") created by The County Commission of Pleasants County, West Virginia (the "County Commission"), promises to pay solely from the funds provided therefore, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of _____ DOLLARS (\$_____), in installments on _____ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefore, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 20___. 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 _____, _____, 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 the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 20__.

This Bond is issued (i) to capitalize interest on the Series 2010 B/C Bonds; (ii) to fully fund the Series 2010 B/C Bonds Reserve Account; (iii) to pay a portion of the costs of acquisition and construction of certain waterworks facilities (the "Project"); and (iv) to pay certain costs of issuance of this Bond and related costs. The Project and any further additions, betterments improvements and extensions thereto are herein called the "Facilities." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS LEASE REVENUE BONDS, SERIES 2010 A ISSUED ON _____, 2010, PURSUANT TO THE BOND LEGISLATION ISSUED ON _____, 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2010 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) of the Issuer and is payable on a parity with the pledge of Net Revenues in favor of the holders of the Series 2010 A Bonds, and from unexpended proceeds of this Bond. This Bond does not constitute an 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 and unexpended proceeds of this Bond. Issuer has entered into certain covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Bond Legislation, 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 or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that Net Revenues of the Issuer have been pledged to and will be used 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, the PLEASANTS COUNTY DEVELOPMENT AUTHORITY has caused this Bond to be signed by its President and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

President

[SEAL]

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within _____
Bond and does hereby irrevocably constitute and appoint _____, Attorney to
transfer said Bond on the books kept for registration thereof 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 2010 Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous ordinance or resolution, the President is specifically authorized and directed to execute the Loan Agreements in the form attached hereto as "Exhibit B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements 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 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 the sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2010 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

- (1) Series 2010 A Bonds Sinking Fund;
- (2) Series 2010 B/C Bonds Sinking Fund;
- (3) Series 2010 A Bonds Reserve Account; and
- (4) Series 2010 B/C Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The Net Revenues of the Issuer shall be deposited upon receipt by the Issuer 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 manner and order of priority:

(1) The Issuer shall first, on the first day of each month, from the moneys in the Revenue Fund, commencing 6 months prior to the first date of payment of interest of the Series 2010 B Bonds, remit to the Commission for deposit in the Series 2010 B/C Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will mature and become due on the Series 2010 B/C Bonds on the next ensuing semi-annual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 B/C Bonds Sinking Fund and the next semi-annual interest payment date is less than 6 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, from the moneys in the Revenue Fund, (i) commencing 3 months prior to the first date of payment of principal of the Series 2010 A Bonds, remit to the Commission for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) commencing 6 months prior to the first date of payment of principal of the Series 2010 B/C Bonds, remit to the Commission for deposit in the Series 2010 B/C Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2010 B/C Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 B/C Bonds Sinking Fund and the next annual principal payment date is less than 12 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, from the moneys in the Revenue Fund, (i) commencing 3 months prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, remit to the Commission for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount

equal to the Series 2010 A Bonds Reserve Requirement; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2010 B/C Bonds, if not fully funded upon issuance of the Series 2010 B/C Bonds, remit to the Commission for deposit in the Series 2010 B/C Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 B/C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 B/C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 B/C Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, from the moneys in the Revenue Fund, remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the Facilities; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 B/C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds and the Series 2010 B/C Bonds, respectively, as the same shall become due.

All investment earnings on moneys in the Series 2010 A Bonds Sinking Fund, Series 2010 A Bonds Reserve Account, the Series 2010 B/C Bonds Sinking Fund and the Series 2010 B/C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 Bonds 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, if any, on the Series 2010 Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 2010 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund or the Series 2010 B/C Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 A Bonds or the Series 2010 B/C Bonds, respectively, 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 2010 A Bonds Sinking Fund and the Series 2010 B/C Bonds Sinking Fund created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2010 A Bonds Sinking Fund and the Series 2010 B/C Bonds Sinking Fund shall be automatically debited from the Revenue Fund and electronically transferred to the Authority and the Commission on the dates required hereunder.

Moneys in the Series 2010 A Bonds Sinking Fund and the Series 2010 B/C Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Reserve Account and the Series 2010 B/C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 A Bonds and Series 2010 B/C Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal and interest payments with respect to the Series 2010 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority in writing at any

time, the Issuer shall make the necessary arrangements whereby such payment shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

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 2010 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 Bonds or from other funds available to the Issuer, there shall first be deposited with the Commission in the Series 2010 A Bonds Sinking Fund or Series 2010 B/C Bonds Sinking Fund, as applicable, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2010 A Bonds or Series 2010 B/C Bonds, as applicable, for the period commencing on the date of issuance of the Series 2010 A Bonds or Series 2010 B/C Bonds, as applicable, and ending 6 months after the estimated date of completion of construction of the Project.

B. An amount of the proceeds of the Series 2010 Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Respective Reserve Accounts.

C. The remaining moneys derived from the sale of the Series 2010 Bonds shall be deposited with the Depository Bank in the Series 2010 Bonds Construction Trust Fund and applied solely to the payment of costs of the Project in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as trustee and fiduciary for the Registered Owner with respect to the Series 2010 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2010 Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2010 Bonds 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 2010 A Bonds and the Series 2010 B/C Bonds, respectively.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

Payments for costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2010 Bonds Construction Trust Fund (except for the costs of issuance of the Series 2010 Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;
- (C) Each of such costs has been otherwise properly incurred; and
- (D) Payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2010 Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2010 Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2010 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 2010 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2010 Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2010 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2010 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 2010 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 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 Registered Owner of the Series 2010 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2010 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2010 Bonds shall be secured by a first lien on the Net Revenues of the Issuer. Such Net Revenues 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. Sale of the Facilities. So long as the Series 2010 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the Facilities may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay or redeem at or prior to maturity all the Bonds Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the Facilities shall, with respect to the Series 2010 Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2010 Bonds. Any balance remaining after the payment of the Series 2010 Bonds and

interest thereon, if any, 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 Facilities.

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 Facilities hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the Facilities 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 Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineer that such property comprising a part of the Facilities is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, upon receipt of approval of the Registered Owners, if needed, be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance. No sale, lease or other disposition of the properties of the Facilities shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the Facilities.

Section 7.05. Operation of the Facilities. Upon completion of the Project, the Facilities will be operated by the PSDs pursuant to the applicable Operation and Maintenance Agreements.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever payable from the Net Revenues which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 Bonds, without the prior written consent of the Authority. All obligations issued by the Issuer after the issuance of the Series 2010 Bonds and payable from Net Revenues, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2010 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 Bonds, and the interest thereon, upon the Net Revenues, or upon the Facilities or any part thereof.

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

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.06, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.07. Reserved.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring,

constructing and installing the Project. The Issuer shall permit the Authority, or their agents and representatives, to inspect all books, documents, papers and records relating to the Facilities at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the Facilities and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall also, at least once a year, cause the books, records and accounts of the Issuer to be audited by Independent Certified Public Accountants (in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2010 Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2010 Bonds. Such audit report submitted to the Authority shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under Authority auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the Facilities are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the Facilities 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 Issuer, which copies will be open to inspection by all interested parties.

Section 7.10. Reserved.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the Facilities so long as any of the Series 2010 Bonds are outstanding.

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 Facilities.

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the Facilities, 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 services provided by the Facilities, 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 Facilities, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the Facilities.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2010 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 Facilities or shall cause the PSDs to maintain such insurance. Such insurance shall initially cover the following risks and be in the following amounts:

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

(B) Public Liability Insurance, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from the operation of the Facilities.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the Facilities, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) Workers' Compensation Coverage for All Employees of the Facilities Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the Facilities in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Authority and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the Facilities are located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

B. Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

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

Section 7.17. Completion of Project; Permits. The Issuer shall complete the Project as promptly as possible.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreements, this Bond Legislation and the Act. The Issuer shall also 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.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Authority.

Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2010 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2010 Bonds during the term thereof is, under the terms of the Series 2010 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 Bonds during the term thereof is, under the terms of the Series 2010 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2010 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2010 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than State or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2010 Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2010 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. 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 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 as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 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 2010 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2010 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 2010 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 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 Authority, the Depository Bank, the Registrar or a Registered Owner 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 the Series 2010 Bonds 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 Facilities, (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 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 the Series 2010 Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project.

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 Facilities 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 Facilities 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.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Registered Owners of the Series 2010 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 2010 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 2010 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 2010 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 2010 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 the moneys, if any, deposited with the Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal installments of an and interest due and to become due on the Series 2010 Bonds on and prior to 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 of and interest on said Series 2010 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Commission or said escrow trustee, 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 the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or said escrow trustee, 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 2010 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2010 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 2010 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 2010 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2010 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. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.06. 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 enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the President, the Secretary and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit C attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The St. Marys Oracle, a qualified newspaper published and of general circulation in Pleasants County, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance as set forth in Exhibit C contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon and final reading hereof.

Passed on First Reading:	May 3, 2010
Passed on Second Reading:	May 10, 2010
Passed on Final Reading Following Public Hearing:	May 24, 2010



President

CERTIFICATION

Certified a true copy of an Ordinance duly passed by Board of the
PLEASANTS COUNTY DEVELOPMENT AUTHORITY on May 10, 2010, and effective
May 24, 2010.

Dated this 11th day of June, 2010.

[SEAL]

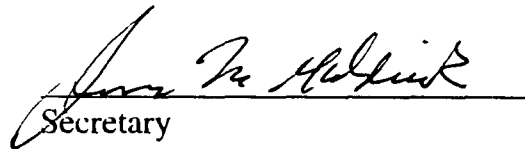

Secretary

EXHIBIT A

THE PROJECT

The Project consists of (1) the acquisition and construction of a water distribution system to serve 200 customers residing in the Jefferson, Lafayette, McKim, Union and Washington Magisterial Districts in Pleasants County and the expansion of Union Williams Public Service District's System to serve additional customers residing in the Guard Hill area of Pleasants County, and all appurtenances thereunto.

EXHIBIT B

[LOAN AGREEMENT]

EXHIBIT C

PLEASANTS COUNTY DEVELOPMENT AUTHORITY

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on May 10, 2010, the Board of the Pleasants County Development Authority (the "Issuer"), adopted an ordinance which, among other things:

1. Authorized the acquisition, construction and equipping of certain waterworks facilities to be located in Pleasants County (the "Facilities") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than \$5,000,000 in aggregate principal amount of Waterworks Lease Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund) and Waterworks Lease Revenue Bonds, Series 2010 B/C (West Virginia Water Development Authority) (collectively, the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreements for the Bonds; authorized the execution and delivery of the Loan Agreements.

3. Directed the creation of a revenue fund and the disposition of certain leases of the Facility; provided for the payment of debt service on the Bonds; directed the creation of sinking funds and reserve accounts for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not 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 of the Issuer; pledged the Net Revenues of the Issuer to payment of the Bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the Issuer; provided certain conditions for the issuance of additional bonds.

5. Established the events of default and the remedies of the registered owners of the Bonds; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Board of the Pleasants County Development Authority at a special meeting on May 24, 2010, at 5:30 p.m., at 2272 North Pleasants Highway, St. Marys, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Board is on file with the Secretary for review by interested persons during the office hours of the Issuer.

Secretary

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE PLEASANTS COUNTY DEVELOPMENT AUTHORITY WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO SUCH BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Board (the “Governing Body”) of the Pleasants County Development Authority (the “Issuer”) has duly and officially adopted a Bond Ordinance on May 24, 2010 (the “Ordinance”), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC WATERWORKS FACILITIES OF THE PLEASANTS COUNTY DEVELOPMENT AUTHORITY AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE AUTHORITY OF NOT MORE THAN \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2010 B AND SERIES 2010 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND

CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS;
AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND
PROVISIONS OF SUCH BONDS AND ADOPTING OTHER
PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Issuer's Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), in an aggregate principal amount not to exceed \$1,500,000 (the "Series 2010 C Bonds" or the "Bonds"), and a loan agreement relating to the Series 2010 C Bonds, including all schedules and exhibits attached thereto by and between the Issuer and the Authority (the "Series 2010 C Loan Agreement" or the "Loan Agreement") all in accordance with Chapter 7, Article 12, Chapter 8, Article 16, Chapter 31, Article 15A and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, on June 11, 2010, the Issuer issued its Waterworks Lease Revenue Bonds, Series 2010 B in the aggregate principal amount of \$100,000 and pursuant to the Ordinance is authorized to issue not to exceed \$1,400,000 in aggregate principal amount of Series 2010 C Bonds;

WHEREAS, the Loan Agreement have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms 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 PLEASANTS COUNTY DEVELOPMENT AUTHORITY:

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

Series 2010 C Bonds. Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), of the Issuer, originally represented by a single bond, numbered CR-1, in the original principal amount of \$900,000. The Series 2010 C Bonds shall be dated the date of delivery, shall finally mature October 1, 2027, and shall bear interest at a rate of 4% per annum. The interest of the Series 2010 C Bonds shall be payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2010, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2010 C Bonds. The principal of the Series 2010 C Bonds shall be payable annually on October 1 of each year commencing October 1, 2013, in the amounts set forth in the Schedule Y attached to the Loan Agreement. The Series 2010 C Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2010 C Bonds.

Section 2. Pursuant to Section 7.06 of the Ordinance the Series 2010 C Bonds are issued on a parity with the Series 2010 A Bonds and Series 2010 B Bonds and the payment of the debt service of the Series 2010 C Bonds are secured by a first lien on the Net Revenues of the Issuer which lien is on a parity with the lien of the Series 2010 A Bonds and the Series 2010 B Bonds.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Ordinance.

Section 4. The Issuer hereby authorizes, approves, ratifies and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the President and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 C Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the President, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

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

Section 7. The Issuer hereby appoints and designates WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as the Depository Bank for the Series 2010 C Bonds under the Ordinance.

Section 8. Series 2010 C Bonds proceeds in the amount of \$54,000 shall be deposited in the Series 2010 C Bonds Sinking Fund as capitalized interest.

Section 9. Series 2010 C Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2010 C Bonds Reserve Account.

Section 10. The grant from the Pleasants County Commission for fiscal year 2012 shall be deposited monthly into the Series 2010 C Bonds Reserve Accounts along with the Series 2010 A Bonds Reserve Account and the Series 2010 B Bonds Reserve Account, as previously authorized in the Supplemental Resolution of the Issuer adopted May 24, 2010. All earnings on the Series 2010 C Bonds Reserve Accounts for the fiscal year ending June 30, 2012, shall be transferred by the Commission into the Series 2010 C Bonds Sinking Fund and applied to the payment of interest on the Series 2010 C Bonds to the not extent previously capitalized.

The Issuer hereby creates the Series 2010 C Bonds Construction Fund to be held by the Depository Bank separate and apart from all other funds of the Depository Bank and the Issuer.

Section 11. The remaining proceeds of the Series 2010 C Bonds, as advanced from time to time, shall be deposited in the Series 2010 C Bonds Construction Trust Fund for payment of costs of the Project, including costs of issuance of the Series 2010 C Bonds.

Section 12. The President and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about August 19, 2010.

Section 13. 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 14. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Accounts shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the President is hereby authorized and directed to execute and deliver all such contracts.

Section 16. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 17. The Issuer hereby appoints Bill Israel as acting President of the Issuer for the purposes of the issuance of the Bonds and taking any action necessary to issue the Bonds, including the execution of all documents required.

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

Adopted this ¹⁸~~19~~th day of August, 2010.

William D. Brail

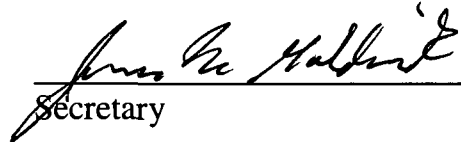
Acting President

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Board of Pleasants County Development Authority on the 19th day of August, 2010.

Dated this 19th day of August, 2010.

[SEAL]


Secretary

CR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATER PROJECT BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-1

\$900,000

FOR VALUE RECEIVED, on this 19th day of August, 2010, the PLEASANTS COUNTY DEVELOPMENT AUTHORITY, a public corporation with perpetual existence (the "Issuer") created by The County Commission of Pleasants County, West Virginia (the "County Commission"), promises to pay solely from the funds provided therefore, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of NINE HUNDRED THOUSAND DOLLARS (\$900,000), in installments on October 1 of each year, commencing October 1, 2013, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefore, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 2010. 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 United Bank, Inc., 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 the Council, and upon the

SPECIMEN

terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated August 19, 2010.

This Bond is issued (i) to capitalize interest on the Series 2010 C Bonds; (ii) to pay a portion of the costs of acquisition and construction of certain waterworks facilities (the "Project"); and (iii) to pay certain costs of issuance of this Bond and related costs. The Project and any further additions, betterments improvements and extensions thereto are herein called the "Facilities." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on May 26, 2010, and a Supplemental Resolution duly adopted by the Issuer on August 18, 2010 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS LEASE REVENUE BONDS, SERIES 2010 A ISSUED ON JUNE 11, 2010, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,000,000; AND THE ISSUER'S WATERWORKS LEASE REVENUE BONDS, SERIES 2010 B ISSUED ON JUNE 11, 2010 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) of the Issuer and is payable on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from unexpended proceeds of this Bond. This Bond does not constitute an 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 and unexpended proceeds of this Bond. Issuer has entered into certain covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements in the Bond Legislation, 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 or legal representative duly authorized in writing, upon

SPECIMEN

surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

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

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

CR-1

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

William D. Allen
President **SPECIAL**

[SEAL]

ATTEST:

[Signature]
Secretary **SPECIAL**

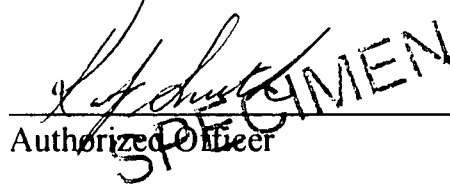
CR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 C 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: August 19, 2010.

UNITED BANK, INC.
as Registrar


Authorized Officer

CR-1

EXHIBIT A
RECORD OF ADVANCES

SPECIMEN

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$900,000	August 19, 2010	(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		\$	

CR-I

SPECIMEN

EXHIBIT B
SCHEDULE OF ANNUAL DEBT SERVICE

Pleasants County Development Authority

WDA

4% Interest Rate

15 Years

Dated

Date 8/19/10

Delivery

Date 8/19/10

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
8/19/10					
10/1/10			4,200.00	4,200.00	4,200.00
4/1/11			18,000.00	18,000.00	
10/1/11			18,000.00	18,000.00	36,000.00
4/1/12			18,000.00	18,000.00	
10/1/12			18,000.00	18,000.00	36,000.00
4/1/13			18,000.00	18,000.00	
10/1/13	44,947	4.000%	18,000.00	62,947.00	80,947.00
4/1/14			17,101.06	17,101.06	
10/1/14	46,745	4.000%	17,101.06	63,846.06	80,947.12
4/1/15			16,166.16	16,166.16	
10/1/15	48,615	4.000%	16,166.16	64,781.16	80,947.32
4/1/16			15,193.86	15,193.86	
10/1/16	50,559	4.000%	15,193.86	65,752.86	80,946.72
4/1/17			14,182.68	14,182.68	
10/1/17	52,582	4.000%	14,182.68	66,764.68	80,947.36
4/1/18			13,131.04	13,131.04	
10/1/18	54,685	4.000%	13,131.04	67,816.04	80,947.08
4/1/19			12,037.34	12,037.34	
10/1/19	56,872	4.000%	12,037.34	68,909.34	80,946.68
4/1/20			10,899.90	10,899.90	
10/1/20	59,147	4.000%	10,899.90	70,046.90	80,946.80
4/1/21			9,716.96	9,716.96	
10/1/21	61,513	4.000%	9,716.96	71,229.96	80,946.92
4/1/22			8,486.70	8,486.70	
10/1/22	63,974	4.000%	8,486.70	72,460.70	80,947.40
4/1/23			7,207.22	7,207.22	
10/1/23	66,532	4.000%	7,207.22	73,739.22	80,946.44
4/1/24			5,876.58	5,876.58	
10/1/24	69,194	4.000%	5,876.58	75,070.58	80,947.16
4/1/25			4,492.70	4,492.70	
10/1/25	71,961	4.000%	4,492.70	76,453.70	80,946.40
4/1/26			3,053.48	3,053.48	
10/1/26	74,840	4.000%	3,053.48	77,893.48	80,946.96
4/1/27			1,556.68	1,556.68	
10/1/27	77,834	4.000%	1,556.68	79,390.68	80,947.36
	900,000		390,404.72	1,290,404.72	1,290,404.72

CR-1

ASSIGNMENT

SPECIMEN

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto
the within _____

Bond and does hereby irrevocably constitute and appoint _____, Attorney to
transfer said Bond on the books kept for registration thereof with full power of substitution in
the premises.

Dated: _____, ____.

In the presence of:

BOND REGISTER

2.11

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. CR-1	\$900,000	August 19, 2010

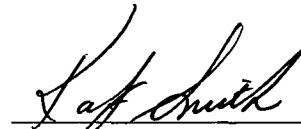
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

United Bank, Inc.
Charleston, West Virginia



Authorized Representative

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.3

CERTIFICATE AS TO USE OF PROCEEDS

On this 19th day of August, 2010, the undersigned Acting President of the Board of Pleasants County Development Authority in Pleasants County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$900,000 Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), of the Issuer dated August 19, 2010 (the "Series 2010 C Bonds" or the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly adopted by the Issuer on May 24, 2010 (the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 19, 2010, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2010 C Bonds were sold on August 19, 2010, to the Authority, pursuant to a loan agreement dated August 19, 2010, by and between the Issuer and the Authority for an aggregate purchase price of \$900,000 (100% of par), at which time, the Issuer received the sum of \$900,000 from the Authority, being the entire principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) capitalizing interest on the Bonds; (ii) paying a portion of the costs of acquisition and construction of certain waterworks facilities located in Pleasants County (the "Project"); and (iii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2010 C Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before April 1, 2011. The acquisition and construction of the Project is expected to be completed by March 1, 2011.

8. The total cost of the Project is estimated at \$1,244,500. Sources and uses of funds for the Project are as follows:

SOURCES

Series 2010 C Bonds Proceeds	\$ 900,000.00
County Commission Grant	\$ 344,500.00
Total Sources	<u>\$ 1,244,500.00</u>

USES

Costs of Project	\$ 1,178,000.00
Capitalized Interest for Series 2010 C Bonds	\$ 54,000.00
Costs of Issuance	\$ 12,500.00
Total Uses	<u>\$ 1,244,500.00</u>

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2010 C Bonds Construction Trust Fund;
- (4) Series 2010 C Bonds Sinking Fund; and
- (5) Series 2010 C Bonds Reserve Account.

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

- (1) Series 2010 C Bond proceeds in the amount of \$54,000 will be deposited in the Series 2010 C Sinking Fund as capitalized interest on the Series 2010 C Bonds.
- (2) Series 2010 C Bond proceeds in the amount of \$-0- will be deposited in the Series 2010 C Bonds Reserve Account.
- (3) The balance of the proceeds of the Bonds will be deposited in the Series 2010 C Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Prior to expenditure, the proceeds of the Bonds in the Series 2010 C Bonds Construction Trust Fund will be invested at a yield not to exceed the yield on the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

11. Moneys held in the Series 2010 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the respective Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2010 C Bonds Reserve Account (if fully funded) will be withdrawn therefrom and deposited into the Series 2010 C Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

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

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

14. With the exception of the amount deposited in the Series 2010 C Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

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

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

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

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

19. The proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of the proceeds of the Bonds can be accounted for.

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2010 C Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and

{C1802655.1}

become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2010 C Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2010 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2010 C Bonds Reserve Account and the Series 2010 C Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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

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

WITNESS my signature as of the date first written above.

PLEASANTS COUNTY DEVELOPMENT
AUTHORITY

William D Israel
Acting President

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.4

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 19th day of August, 2010, the undersigned duly appointed Secretary of Pleasants County Development Authority (the “Issuer”) hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Board (the “Board”) of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Pleasants County Creating the Issuer.
2. Orders of The County Commission of Pleasants County Appointing the Members of the Board.
3. Oaths of Office of the Board Members.
4. Bylaws of the Issuer.
5. Public Service Commission Order.
6. Infrastructure Council Approval Letter.
7. Infrastructure Council Loan Agreement.
8. Bond Ordinance.
9. Supplemental Resolution.
10. Minutes of Board Meeting regarding Adoption of Bond Ordinance

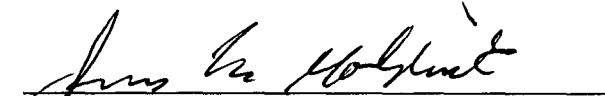
and Supplemental Resolution.

11. Affidavits of Publication regarding Notice of Borrowing and Notice of Meeting to Adopt Bond Ordinance and Supplemental Resolution.
12. Environmental Health Services Permit.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

PLEASANTS COUNTY DEVELOPMENT
AUTHORITY

[SEAL]


Secretary

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.5

CERTIFICATE OF CONSULTING ENGINEER

On this 19th day of August, 2010, I, Mike Newton, Registered Professional Engineer, West Virginia License No. 14389, of QK4 Engineering, St. Albans, West Virginia, hereby certify as follows:

1. QK4 Engineering, is engineer for the acquisition and construction of waterworks facilities located in Pleasants County, West Virginia (the "Project") to be constructed in Pleasants County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on May 24, 2010, the Series 2010 C Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated August 19, 2010 (the "Series 2010 C Loan Agreement").

2. The Bonds are being issued for the purposes of (i) capitalizing interest on the Bonds; paying a portion of the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by QK4 Engineering, and any change orders approved by the Issuer, the Authority and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and when constructed, in our professional opinion, has an anticipated useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A; (iv) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (v) the successful bidders acknowledged receipt of all addenda to the original bid documents;

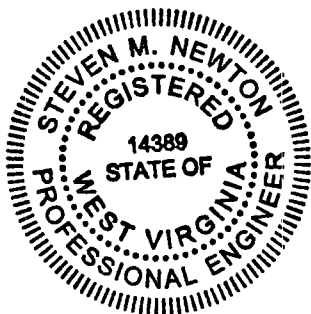
(vi) the bid documents relating to the Project reflect the Project as approved by the West Virginia Bureau for Public Health and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; and (x) the net proceeds of the Bonds, together with all 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 acquisition and construction of the Project approved by the Council.

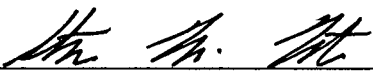
4. The project will serve 22 customers in the Guard Hill area of Pleasants County.

WITNESS our signatures and seals as of the date first written above.

[SEAL]

QK4 ENGINEERING




Mike Newton, P.E.
West Virginia License No. 14389

Union Williams PSD

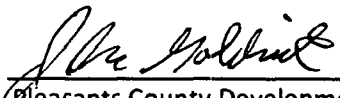
	Total	PCDA WDA	County Commission
Construction	\$ 881,500.00	\$ 725,850.00	\$ 155,650.00
Technical Services			
a. Final Design and Bidding	\$ 18,150.00	\$ 18,150.00	
b. RPR	\$ 44,850.00	\$ 44,850.00	
c. Services During Const.	\$ 23,350.00	\$ 23,350.00	
d. Post construction services	\$ 5,700.00	\$ 5,700.00	
Legal & Fiscal	\$ 22,500.00		\$ 22,500.00
Administrative	\$ -		
Land Rights	\$ 10,000.00	\$ 10,000.00	
Permits	\$ 5,600.00	\$ 5,600.00	
Capitalized Interest	\$ 54,000.00	\$ 54,000.00	
Equipment	\$ -		
Tap Fees	\$ -		
Construction Contingency	\$ 44,000.00		\$ 44,000.00
Project Contingency*	\$ 122,350.00		\$ 122,350.00
Total	\$ 1,232,000.00	\$ 887,500.00	\$ 344,500.00

Other Costs

a. Registrar Fees	\$ 500.00	\$ 500.00	
b. Bond Counsel	\$ 12,000.00	\$ 12,000.00	
Total Cost of Financing	\$ 12,500.00	\$ 12,500.00	\$ -
Total Project Cost	\$ 1,244,500.00	\$ 900,000.00	\$ 344,500.00

Local Grant (County Commission)	\$ 344,500.00
Total Grants	\$ 344,500.00
Size of Bond Issue (WDA)	\$ 900,000.00

* These funds are available for either the Union Williams PSD Guard Hill project or the Pleasants County PSD project, as needed.


Pleasants County Development Authority


QK4 Engineering





Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants

Oak Hill

Charleston

Montgomery

405 Capitol Street • Suite 908 • Charleston, WV 25301 • 304-345-1151 • Fax 304-346-6731

August 19, 2010

**PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

Pleasants County Development Authority
St. Marys, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the lease payments to be made by The County Commission of Pleasants County (the "County Commission") to the Pleasants County Development Authority (the "Issuer"), under the certain Agreement and Leases of the Facilities dated as of the date of closing of the Series 2010 C Bonds (hereinafter defined), by and between the County Commission and the Issuer, it is my opinion that such payments will be sufficient, so long as such payments are made, to provide revenues which will be sufficient to pay 100% of the maximum amount required in any year for debt service and all reserve accounts payments, if any, on the Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority) (the "Series 2010 C Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof.

Very truly yours,

SMITH, COCHRAN & HICKS PLLC, CPA

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.7

RECEIPT FOR BONDS

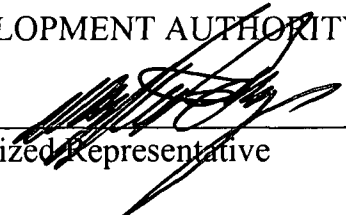
The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On this 19th day of August, 2010, in Charleston, West Virginia, the Authority received the Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), of the Issuer, in the principal amount of \$900,000, numbered CR-1, issued in the form of one bond, fully registered to the Authority, and dated August 19, 2010 (the "Bonds").

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

WITNESS my signature on this 19th day of August, 2010.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY



Authorized Representative

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.8

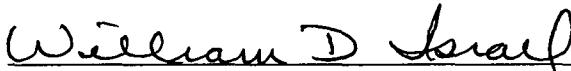
RECEIPT FOR BOND PROCEEDS

The undersigned Acting President of Pleasants County Development Authority (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On this 19th day of August, 2010, the Issuer received from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the \$900,000 Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority) (the "Series 2010 C Bonds"), the sum of \$900,000, being the entire principal amount of the Series 2010 C Bonds, all dated August 19, 2010. The Issuer understands that the remaining proceeds of the Series 2010 C Bonds will be advanced to the Issuer by the from time to time as construction proceeds to completion.

WITNESS my signature on this 19th day of August, 2010.

PLEASANTS COUNTY DEVELOPMENT
AUTHORITY


Acting President

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

3.9

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER BONDS

United Bank, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$900,000 Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), dated August 19, 2010 (the "Bonds"), of Pleasants County Development Authority (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on May 24, 2010 and a Supplemental Resolution duly adopted by the Issuer on August 18, 2010.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS my signature on this 19th day of August, 2010.



(SEAL)

PLEASANTS COUNTY DEVELOPMENT
AUTHORITY

William D. Israel
Acting President

Attest:

[Signature]
Secretary

PLEASANTS COUNTY DEVELOPMENT AUTHORITY 3.10
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 19th day of August, 2010, by and between PLEASANTS COUNTY DEVELOPMENT AUTHORITY, a public corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$900,000 Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), all dated August 19, 2010 (the "Bonds"), in the form of one bond, in fully registered form, pursuant to a Bond Ordinance enacted by the Issuer on May 24, 2010, and a Supplemental Resolution adopted by the Issuer on August 18, 2010 (collectively, the "Ordinance");

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 Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance 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 Ordinance, 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 in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance 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 Ordinance 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 address:

ISSUER:

Pleasants County Development Authority
P.O. Box 339
309 Second Street
St. Marys, WV 26170
Attention: President

REGISTRAR:

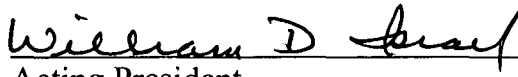
United Bank, Inc.
500 Virginia Street East
Charleston, WV 25301
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

PLEASANTS COUNTY DEVELOPMENT AUTHORITY


Acting President

UNITED BANK, INC.


Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 9)

See Supplemental Resolution (Tab No. 10)

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

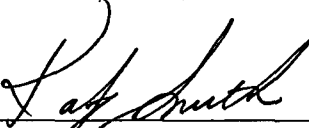
3.11

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Waterworks Lease Revenue Bonds, Series 2010 A (West Virginia Infrastructure Fund), of Pleasants County Development Authority (the "Issuer"), dated August 19, 2010, in the principal amount of \$900,000, numbered CR-1, was registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 19th day of August, 2010.

UNITED BANK, INC., as Registrar



Authorized Officer

PLEASANTS COUNTY DEVELOPMENT AUTHORITY
WATERWORKS LEASE REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

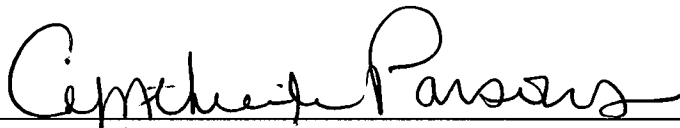
3.12

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WESBANCO BANK, INC., Parkersburg, West Virginia, hereby accepts appointment as Depository Bank for the Series 2010 C Bonds Construction Trust Fund and the Renewal and Replacement Fund (collectively, the "Funds") in connection with a Bond Ordinance enacted by Pleasants County Development Authority (the "Issuer") on May 24, 2010, and a Supplemental Resolution adopted by the Issuer on August 18, 2010 (collectively, the "Ordinance"), authorizing the issuance of the Issuer's Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), in the aggregate principal amount of \$900,000, dated August 19, 2010, and agrees to serve as Depository Bank for the Funds, all as set forth in the Ordinance.

WITNESS my signature on this 19th day of August, 2010.

WESBANCO BANK, INC.



Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

3.13

Suite 401

1207 Quarrier Street, Charleston, WV 25301

(304) 558-3971

NEW ISSUE REPORT FORMDate of Report: August 19, 2010ISSUE: Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority)ADDRESS: P.O. Box 339, 309 Second Street, St. Marys, WV 26170 COUNTY: PleasantsPURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____ISSUE DATE: August 19, 2010 CLOSING DATE: August 19, 2010ISSUE AMOUNT: \$900,000 RATE: 4%1st DEBT SERVICE DUE: October 1, 2010 1st PRINCIPAL DUE: October 1, 20131st DEBT SERVICE AMOUNT: \$ _____ PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____Contact Person: Samme L. Gee, Esquire Contact Person: _____Phone: (304) 340-1318 Phone: _____CLOSING BANK: WesBanco Bank, Inc. ESCROW TRUSTEE: _____

Contact Person: _____

Contact Person: Michelle Smith Phone: _____Phone: (304) 480-2500KNOWLEDGEABLE ISSUER CONTACT: OTHER: WV Water Development AuthorityContact Person: Jim McGoldrick Contact Person: Carol CummingsPosition: Secretary Function: _____Phone: (304) 684-1220 Phone: (304) 558-3612E-Mail: pcda@FrontierNet.net

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____

Capitalized Interest: \$54,000By X Wire _____ Reserve Account: \$ _____

Check _____ Other: _____ \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____

_____ Check _____ To Issuer: \$ _____

_____ IGT _____ To Cons. Invest. Fund \$ _____

_____ To Other: \$ _____

NOTES: Reserve Account will be funded in 2012 and 2013 fiscal year by grants from the Pleasants County Commission.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____



August 19, 2010

Pleasants County Development Authority
St. Marys, West Virginia

West Virginia Water Development Authority
Charleston, WV 25311

Re: Pleasants County Development Authority Waterworks Lease Revenue
Bonds, Series 2010 C (West Virginia Water Development Authority)

Ladies and Gentlemen:

We have served as bond counsel to the Pleasants County Development Authority (the "Issuer"), a public corporation, in connection with the issuance of its Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement dated August 19, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and (ii) the Bonds to be purchased by the Authority in accordance with the Loan Agreement. The Bonds are issued in the principal amount of \$900,000, in the form of one bond, registered as to principal and interest to the Authority, bearing interest at the rate of 4% per annum, with interest payable semi-annually on April 1 and October 1 of each year commencing October 1, 2010, and principle payable annually on October 1 of each year commencing October 1, 2013, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), for the purposes of (i) capitalizing interest on the Bonds; (ii) paying a portion of the costs of acquisition and construction of certain waterworks facilities

{C1802882.1}

located in Pleasants County (the “Project”); and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on May 10, 2010, effective May 24, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 18, 2010 (collectively, the “Ordinance”), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement is 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 Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and presently existing county development authority and is a public agency and public corporation of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate, maintain and lease the Facilities, to enact the Ordinance 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 and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

3. 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 Issuer without the written consent of the Authority.

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and the sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and 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 (as defined in the Ordinance) and secured by a first lien on and pledge of the Net Revenues (as defined in the Ordinance), on a parity with respect to liens, pledge and source of and security for payment with the Series 2010 A Bonds and Series 2010 B Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

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

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

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

Very truly yours,

A handwritten signature in black ink that reads "Jack Kelly PLLC". The signature is written in a cursive, flowing style.



August 19, 2010

Pleasants County Development Authority
St. Marys, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Waterworks Lease Revenue Bonds, Series 2010 C (West Virginia
Water Development Authority)

Ladies and Gentlemen:

We are counsel to Pleasants County Development Authority (the “Issuer”). As such counsel, We have examined copies of the approving opinions of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the “Bonds”), a loan agreement for the Series 2010 A Bonds, dated August 19, 2010, including all schedules and exhibits attached thereto (the “Series 2010 C Loan Agreement” or the “Loan Agreement”), by and between the Issuer and the West Virginia Water Development Authority (the “Authority”), a Bond Ordinance duly enacted by the Board of the Issuer (the “Board”) on May 24, 2010, as supplemented by a Supplemental Resolution duly adopted on August 18, 2010 (collectively, the “Ordinance”), orders of The County Commission of Pleasants County relating to the creation of the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Loan Agreement and the Ordinance when used herein.

We are of the opinion that:

1. The Issuer is a duly created and validly existing county development authority and a public corporation with perpetual existence in Pleasants County, West Virginia, with full power and authority to acquire and construct the Project, to operate, maintain and lease the Facilities and to adopt the Ordinance, all under the Act and other applicable provisions of law.

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

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

4. The Ordinance has been duly enacted by the Board and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Ordinance, 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 resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the Facilities and the imposition of rates and charges for the use of the Facilities, including, without limitation, all requisite permits, approvals, orders and certificates from The County Commission of Pleasants County, the West Virginia Bureau for Public Health, the Council and the Public Service Commission of West Virginia (the "PSC"). The Issuer has received the PSC Order approving the lease of the Facilities. The Issuer has taken all actions required for the entering into of the Lease Agreement and the O & M Agreement.

Pleasants County Development Authority
West Virginia Infrastructure and Jobs Development Council
West Virginia Water Development Authority
Jackson Kelly PLLC
August 19, 2010
Page 3

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds, the Lease Agreement, the O & M Agreement and the Ordinance, the acquisition and construction of the Project, the operation of the Facilities, the leasing of the Facilities, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jackson Kelly PLLC", written in dark ink.

JACKSON KELLY PLLC

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August 19, 2010

E-Mail Address:
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Pleasants County Development Authority
St. Marys, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Pleasants County Development Authority
Waterworks Lease Revenue Bonds, Series 2010 A
(West Virginia Infrastructure Fund)
Waterworks Lease Revenue Bonds, Series 2010 C
(West Virginia Water Development Authority)

Ladies and Gentlemen:

We have served as counsel to Union Williams Public Service District (the "District"), in connection with a Operation and Maintenance Agreement, dated August 19, 2010, by and among the Pleasants County Development Authority (the "Issuer"), the Pleasants County Commission (the "County Commission") and the District (the "O&M Agreement"), whereby the Issuer, the District and the County Commission have agreed that certain waterworks facilities to be constructed and acquired in the future, together with all appurtenant facilities (collectively, the "Facilities"), should be operated, maintained, repaired and replaced by the District. The above-captioned Bonds (the "Bonds") are being issued by the Issuer under Chapter 7, Article 12, Chapter 8, Article 16 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on May 24, 2010, as supplemented by the Supplemental Resolution duly adopted by the Issuer on August 18, 2010 (collectively, the "Bond Legislation"), for the purposes of (i) capitalizing interest on the Bonds; (ii) paying a portion of the costs of acquisition and construction of certain waterworks facilities to be located in Pleasants County (the "Project"); and (iii) paying certain costs of issuance of the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation when used herein.

Pleasants County Development Authority
West Virginia Water Development Authority
West Virginia Infrastructure and Jobs Development Council
August 19, 2010
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 Order of the County Commission creating the District, the Rules of Procedure of the District, the Oaths of Office of the District, the O & M Agreement, and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the District) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the District with respect thereto without independently verifying the same.

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

1. The District is a duly created, validly existing public service district and public corporation and political subdivision of the State of West Virginia and has full power and authority to execute and deliver the Documents to which the District is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the District is a party have been duly authorized, executed and delivered by the District, are valid and binding upon the District, and are legally enforceable against the District 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 District, wherein an unfavorable decision, ruling or finding would materially adversely affect the District or the financial condition or operations of the District, or the transactions contemplated by the Documents to which the District is a party, or which would materially adversely affect the Documents to which the District is a party.

4. The Issuer and the District have received the Recommended Decision of the Administrative Law Judge entered on September 30, 2009, as made final by the Public Service Commission of West Virginia on October 20, 2009, in Case No. 09-0781-PWD-W-PC-CN granting a certificate of public convenience and necessity for the construction of the Project, approving the

Pleasants County Development Authority
West Virginia Water Development Authority
West Virginia Infrastructure and Jobs Development Council
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Page 3

total cost of the Project, approving the financing therefore, approving the Lease Agreement and approving the O&M Agreement.

5. The Issuer has duly published the required notice with respect to, among other things, the amount of the Bonds to be issued, the interest rate and terms of the Bonds, the Project to be acquired or constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

6. We have ascertained that all successful bidders have provided the drugfree workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. We have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and we have reviewed such insurance policies or binders and such bonds for accuracy. We have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer and the District; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

Very truly yours,

Bowles Rice McDavid Graff & Love LLP

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August 19, 2010

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Pleasants County Development Authority
St. Marys, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Union Williams Public Service District
Waverly, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Final Title Opinion for Pleasants County Development Authority

Ladies and Gentlemen:

I am counsel to Union Williams Public Service District (the "District") in connection with a proposed project to construct certain waterworks facilities to be located in Pleasants County (the "Project") which shall be owned by the Pleasants County Development Authority (the "Issuer") but constructed, acquired, operated, maintained, repaired and replaced by the District pursuant to an Operation & Maintenance Agreement. I provide this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Water Development Authority for the Project. Please be advised of the following:

1. The District is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. The District has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by QK4 Engineering, the consulting engineers for the Project.

Pleasants County Development Authority
Union Williams Public Service District
West Virginia Water Development Authority
Jackson Kelly PLLC
August 19, 2010
Page 2

4. I have examined the records on file in the Office of the Clerk of The County Commission of Pleasants County, West Virginia, the county in which the Project is to be located, and, in my opinion, the District has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project and has assigned such easements and/or rights of way to the Issuer.

5. All deeds, easements and rights of way which have been acquired to date by the District and assigned to the Issuer have been duly recorded in the Office of the Clerk of The County Commission of Pleasants County to protect the legal title to and interest of the Issuer.

Very truly yours,

Bowles Rice McDavid Graff & Love LLP

Bowles Rice McDavid Graff & Love LLP