

***ORDINANCE AMENDED BY
SUPPLEMENTAL RESOLUTION
ADOPTED ON JANUARY 26, 2000**

PUTNAM COUNTY BUILDING COMMISSION

**WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

BOND ORDINANCE

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PUTNAM COUNTY BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE PUTNAM COUNTY BUILDING COMMISSION:

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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act") and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and other applicable provisions of law.

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

A. The Putnam County Building Commission (the "Issuer") is a public corporation with perpetual existence and a county building commission within the meaning

of the Act, duly created pursuant to a resolution adopted by The County Commission of Putnam County (the "County Commission" or "Lessee") on August 28, 1980.

B. The Issuer does not presently own or operate a public waterworks system. However, the County Commission has requested and it is deemed necessary and desirable for the health and welfare of the inhabitants of Putnam County that there be acquired and constructed a public waterworks system of the Issuer, consisting of certain water mains as more thoroughly described in the Lease, as hereinafter defined, together with all appurtenant facilities, (collectively, the "Project" or the "Series 2000 B Facilities"), to be leased to the County Commission pursuant to an Agreement and Lease of the Series 2000 B Facilities, dated as of January 21, 2000, (the "Lease").

C. The Issuer and the County Commission have determined that the Series 2000 B Facilities should be operated, maintained, repaired and replaced by West Virginia-American Water Company, a West Virginia corporation (the "Company"), pursuant to the terms of an Agreement by and among the Issuer, the County Commission and the Company, to be executed in January, 2000, (the "2000 B O & M Agreement"). The Issuer and the County Commission have also determined that the customers served by the Series 2000 B Facilities should pay a monthly surcharge to the County Commission (the "Surcharges"), which Surcharges have been approved by the West Virginia Public Service Commission.

D. The County Commission, with the assistance of the Company, has provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Project, which plans and specifications have been prepared by the Company as Consulting Engineers and have heretofore been filed with the Issuer. The Issuer and the County Commission have agreed to appoint the Company, and the Company has agreed to accept such appointment, as their agent for the purpose of acquisition, construction and equipping of the Project.

E. The Issuer will receive all of its Revenues (hereinafter defined) under and pursuant to the Lease. The Revenues to be paid by the County Commission to the Issuer under the Lease will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest on the Series 2000 B Bonds and to make payments into all funds and accounts and other payments provided for herein.

F. It is deemed necessary for the Issuer to issue its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in the total aggregate principal amount of not more than \$5,000,000 (the "Series 2000 B Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2000 B Bonds prior to and during acquisition and construction of the Project

and for a period not exceeding 6 months after completion of acquisition and construction of the Project; 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 West Virginia Water Development Authority (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 2000 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the Series 2000 B Facilities after completion of the Project is not less than 40 years.

H. It is in the best interests of the Issuer that its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

I. There are no outstanding bonds or other obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 2000 B Bonds as to liens, pledge, source of and security for payment.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Series 2000 B Facilities and issuance of the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 B Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between

the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 8, Article 33 of the West Virginia Code of 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 2000 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Issuer.

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

"Bond Act" means, collectively, the Act and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended.

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

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

"Bonds" means the Series 2000 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Chairman" means the Chairman of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 B Bonds for the proceeds representing the purchase price of the Series 2000 B Bonds from the Authority.

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

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

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

"Consulting Engineers" means West Virginia-American Water Company, so long as the 2000 B O & M Agreement is in effect, and upon the termination of the 2000 B O & M Agreement, 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 Series 2000 Facilities or any portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided, however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

"County Commission" or "Lessee" means The County Commission of Putnam County, Putnam County, West Virginia, a political subdivision of the State of West Virginia.

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

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

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

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

"Herein," "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 Series 2000 B Facilities or for any other purpose except keeping the accounts of the Series 2000 B Facilities in the normal operation of its business and affairs.

"Issuer" or "Lessor" means the Putnam County Building Commission, a public corporation with perpetual existence and a county building commission within the meaning of the Act, and, as appropriate, its lessee's, agents and assigns.

"Lease" means the Agreement and Lease of Series 2000 B Facilities, of even date herewith, by and between the Issuer as lessor and the County Commission as lessee, all amendments thereof and supplements thereto and any subsequent lease or leases of all or any portion of the Project.

"Lease Term" shall have the meaning assigned to such term under Section 5.01 of the Lease.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

"2000 B O & M Agreement" means the Agreement among the Issuer, the County Commission and the Company, to be executed in January, 2000, relating to the acquisition, construction and equipping of the Project and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, as it may be amended from time to time and as approved by the Public Service Commission of West Virginia.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the Series 2000 B Facilities, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 2000 B 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 Bondholders, any Bonds registered to the Issuer.

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" or "Series 2000 B Facilities" means the Project as described in Section 1.02B hereof.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor 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; provided that, in the event the Lease is terminated, all receipts, revenues, income and other monies from the subsequent leasing, subleasing, operation, management, sale or other disposition of the Series 2000 B Facilities, or any part thereof, and all Surcharges, 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.

"Secretary" means the Secretary of the Issuer.

"Series 2000 B Bonds" means the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Facilities" means the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

"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 2000 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 B Bonds and not so included, may be included in another Supplemental Resolution.

"Surcharges" means those monthly surcharges paid by customers of the Series 2000 B Facilities to the County Commission, which have been approved by the West Virginia Public Service Commission.

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 \$5,000,000, in accordance with the plans and specifications which have been prepared by the Company, heretofore filed in the office of the Issuer. The proceeds of the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer, with the assistance of the Company, has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated not to exceed \$5,000,000, of which the entire amount will be obtained from proceeds of the Series 2000 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2000 B Bonds of the Issuer. The Series 2000 B Bonds shall be issued as a single bond, designated "Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority)," in the principal amount of not more than \$5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 B Bonds, if any, shall be deposited in or credited to the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, 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 a 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 2000 B Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2000 B 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 aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 B 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 2000 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

The registered 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 2000 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2000 B 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 Revenues as herein provided. No holder or holders of any of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. Such Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 B Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2000 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 B Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement;
- E. A copy of the 2000 B O & M Agreement; and
- F. The unqualified approving opinion of bond counsel on the Series 2000 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 B 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 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, 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 therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 200____, as set forth on Exhibit A attached hereto. 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 200____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January ____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the 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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 a sufficient amount of the Revenues received by the Issuer has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: _____, 2000.

as Registrar

Authorized Officer

EXHIBIT A
SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2000 B Bonds Construction Trust Fund.

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

- (1) Series 2000 B Bonds Sinking Fund.

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

- (1) The Issuer shall first, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 2000 B Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month

prior to the next semiannual 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, commencing 13 months prior to the first date of payment of principal of the Series 2000 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 B 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 2000 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments 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, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to \$20,000. 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, repairs, improvements or extensions to the Series 2000 B Facilities.

(4) The Issuer shall next, from Revenues remaining in the Revenue Fund, to the extent available, pay all Operating Expenses not otherwise paid by the Company pursuant to the 2000 B O & M Agreement.

Moneys in the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 B Bonds as the same shall become due.

All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2000 B 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 on the Series 2000 B Bonds, and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 2000 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account, if any, in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 B Bonds Sinking Fund created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2000 B Bonds Sinking Fund shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 B Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 B Bonds Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2000 B Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal and interest payments with respect to the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to

be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the Series 2000 B Facilities.

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

F. The moneys in excess of the sum insured by 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.

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

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

I. The Revenues shall only be used for purposes of the Series 2000 B Facilities.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2000 B Bonds, there shall first be credited to the Series 2000 B Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

C. The remaining moneys derived from the sale of the Series 2000 B Bonds shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2000 B Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2000 B Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2000 B 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 2000 B Bonds.

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 2000 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 B Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

- (A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a cost of the Project;
- (C) That each of such costs has been otherwise properly incurred; and
- (D) That payment for each of the items proposed 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 2000 B Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2000 B 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 2000 B 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 2000 B Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 2000 B Bonds Construction Trust Fund to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 2000 B Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 B 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 2000 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 B 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 Revenues pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. The Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged, in the manner provided herein, to the payments required under this Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water rates and charges for the Series 2000 B Facilities shall be those rates approved by the West Virginia Public Service Commission, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the Series 2000 B Facilities. Except as otherwise permitted by State law or with the written consent of the Authority, the Series 2000 B 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 pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the Series 2000 B Facilities shall, with respect to the Series 2000 B Bonds, immediately be remitted to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority

is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2000 B Bonds. Any balance remaining after the payment of all the Series 2000 B Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the Series 2000 B 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 Series 2000 B 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 duly adopted, determine that such property comprising a part of the Series 2000 B Facilities is no longer necessary, useful or profitable in the operation thereof and authorize 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, determine upon consultation with the Consulting Engineers that such property comprising a part of the Series 2000 B 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 of any such sale shall 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 such fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the Series 2000 B 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 all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the Series 2000 B Facilities. Provided, however, that the provisions of this paragraph are superseded by the terms of the 2000 B O & M Agreement, so long as such Agreement is in effect.

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 Revenues which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Series 2000 B Bonds, without the prior written consent of the Authority. All obligations issued by the Issuer after

the issuance of the Series 2000 B Bonds and payable from the Revenues, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such Revenues and in all other respects, to the Series 2000 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon the Revenues, or upon the Series 2000 B Facilities or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the Series 2000 B Facilities, payable from the Revenues or from any grants, or any other obligations related to the Project or the Series 2000 B Facilities.

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 its agents and representatives, to inspect all books, documents, papers and records relating to the Series 2000 B Facilities at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the Series 2000 B Facilities and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the Series 2000 B Facilities at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep, or cause to be kept, books and records of the Series 2000 B Facilities, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the Series 2000 B Facilities, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the Series 2000 B Facilities and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the Series 2000 B Facilities shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer Body. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer.

The Issuer shall file with the Consulting Engineers and the Authority or any other original purchaser of the Series 2000 B Bonds and shall mail in each year to any Holder or Holders of the Series 2000 B Bonds requesting the same, an annual report containing the following:

- (A) A statement of Revenues and Operating Expenses.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations payable from the Revenues Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the Series 2000 B Facilities 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 B Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2000 B Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the Revenues are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the Series 2000 B Facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the Series 2000 B Facilities pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2000 B Bonds, equitable rates or charges for the use of and service rendered by the Series 2000 B Facilities shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Issuer, which copies will be open to inspection by all interested parties. In the event the Lease is terminated, the Issuer shall comply with the requirement of Section 4.1(b)(ii) of the Loan Agreement.

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

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

to the Loan Agreement, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, 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 resident 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 resident 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 shall employ qualified operating personnel properly certified by the State to operate the Series 2000 B Facilities so long as any of the Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B Facilities, to all users of the services of the Series 2000 B Facilities delinquent in payment of charges for the services of the Series 2000 B Facilities and will not restore such services until all delinquent charges for the services of the Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B Facilities, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the Series 2000 B Facilities.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the 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 Series 2000 B Facilities. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the Series 2000 B Facilities in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended

coverage) to protect the interests of the Issuer, the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer and the Authority from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the Series 2000 B Facilities, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the Series 2000 B Facilities.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SERIES 2000 B Facilities ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the Series 2000 B Facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the Series 2000 B Facilities, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall 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. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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 Series 2000 B Facilities to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the Series 2000 B Facilities in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the Series 2000 B Facilities and make all necessary repairs and replacements so long as the Series 2000 B Bonds are outstanding. To the extent maintenance is done by the Company, the Issuer shall enforce the provisions of the 2000 B O & M Agreement to fulfill this covenant.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the Series 2000 B Facilities.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement, the Act and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the Series 2000 B Facilities.

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

A. **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 2000 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

B.. FURTHER ACTIONS. The Issuer will take any and all actions that may be deemed necessary by the Authority so that the interest on the obligations of the Authority, the proceeds of which were used by the Authority to purchase the Series 2000 B Bonds, will be and remain excludable from gross income for federal income tax purposes.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2000 B Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2000 B Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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, 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 2000 B Bonds are Outstanding.

Section 8.02. RESERVED.

Section 8.03. RESERVED.

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 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the Series 2000 B 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 a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the Series 2000 B Facilities, the making and collection of sufficient rates and charges for services rendered by the Series 2000 B Facilities and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all

other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the Series 2000 B Facilities or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the Series 2000 B Facilities, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said Series 2000 B Facilities and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the Series 2000 B 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 Series 2000 B 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.

Any receiver appointed as provided herein shall hold and operate the Series 2000 B Facilities in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the Series 2000 B Facilities, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the Series 2000 B Facilities for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said Series 2000 B Facilities shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the Series 2000 B Facilities.

In the event that the Bondholder should exercise its rights under this Article IX or any other rights available to it provided under law upon the occurrence of a default by the Issuer, and the 2000 B O & M Agreement has not been terminated, the 2000 B O & M Agreement shall remain in effect.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all of the Series 2000 B 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 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 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 2000 B 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 2000 B 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 2000 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2000 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2000 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 B Bonds, this Ordinance may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2000 B 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 Bonds shall be made without the consent in writing of the Registered Owners of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or 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 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 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 thereto, or the Series 2000 B 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. 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 adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required

by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Issuer were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

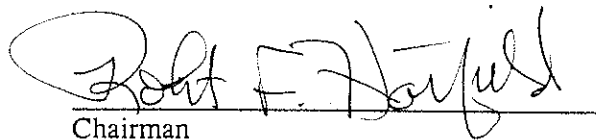
Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

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

Passed on First Reading: - December 15, 1999

Passed on Second Reading: - December 22, 1999

Passed on Final Reading
Following Public
Hearing: - January 5, 2000


Chairman

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the PUTNAM COUNTY
BUILDING COMMISSION on the 5th day of January, 2000.

Dated: January 27, 2000.

[SEAL]


Secretary

01/05/99
731000.97001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE PUTNAM COUNTY BUILDING COMMISSION; AMENDING CERTAIN PROVISIONS OF THE ORDINANCE AUTHORIZING THE BONDS; AUTHORIZING AND APPROVING AN AGREEMENT AND LEASE, A DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING, A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Putnam County Building Commission (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective January 5, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer (the "Series 2000 B Bonds"), in the aggregate principal amount not to exceed \$5,000,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds to be dated the date of delivery of the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 33 and Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has 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 Putnam County Building Commission deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement and other documents herein described be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the

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

NOW, THEREFORE, BE IT RESOLVED BY THE PUTNAM COUNTY BUILDING COMMISSION:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Waterworks Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$3,800,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2039, shall bear interest at the rates per annum as set forth on Schedule Y which rates shall not exceed 6.5%, payable semiannually on June 1 and December 1 of each year, beginning June 1, 2000. The Series 2000 B Bonds shall be payable in annual installments of principal on June 1 of each year, commencing June 1, 2001, and ending June 1, 2039, and in the amounts as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority is the registered owner of the Bonds. The Issuer does hereby approve and shall pay the administrative fee set forth in the "Schedule Y" attached to the Loan Agreement. The Authority will purchase the Series 2000 B Bonds at the price of \$3,650,862.95

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance, as amended by Section 6 of this Supplemental Resolution. The revised Form of Bond is attached hereto as Exhibit A.

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

Section 4. The Issuer does hereby authorize, approve and accept the Agreement and Lease of Series 2000 B Facilities, a copy of which is incorporated herein by reference, and the execution and delivery of the Agreement and Lease of Series 2000 B Facilities by the Chairman and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

Section 5. The Issuer does hereby authorize, approve and accept the Deed of Trust, Security Agreement and Fixture Filing, a copy of which is incorporated herein by

reference, and the execution and delivery of the Deed of Trust, Security Agreement and Fixture Filing by the Chairman and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

Section 6. Pursuant to Section 11.01 of the Ordinance, the Ordinance shall be amended as reflected in Exhibit B attached hereto.

Section 7. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 9. The Issuer does hereby appoint and designate City National Bank of West Virginia, Eleanor, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 10. Series 2000 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 B Bonds Sinking Fund, as capitalized interest.

Section 11. The balance of the proceeds of the Series 2000 B Bonds shall be deposited in or credited to the Series 2000 B Bonds Construction Trust Fund for payment of costs of the Series 2000 B Facilities, including costs of issuance of the Bonds.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about January 27, 2000, to the Authority pursuant to the Loan Agreement.

Section 13. The acquisition and construction of the Series 2000 B Facilities 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 that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held

by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2000 B Bonds Sinking Fund, including the Series 2000 B Bonds Reserve Account therein (only in the event the 2000 B O & M Agreement is terminated), shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. All contracts relating to the financing, acquisition and construction of the Series 2000 B Facilities are hereby approved and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 16. All provisions of the Loan Agreement are incorporated herein and made a part hereof and to the extent any provision of the Loan Agreement conflicts with any provision of the Bond Ordinance, the Loan Agreement shall prevail and the conflicting provision of the Bond Ordinance is hereby repealed.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 26th day of January, 2000.

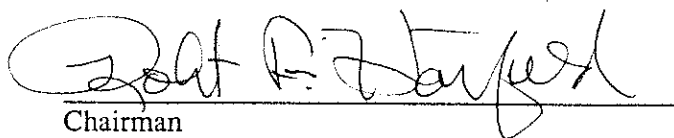

Chairman

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, 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 therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 200____, as set forth on Exhibit A attached hereto. 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 200____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January ____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, in the event the 2000 B O & M Agreement or the Lease (as defined in the Bond Legislation) is terminated, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Series 2000 B Facilities and the services rendered thereby, and shall take all such actions necessary to provide funds, which shall be sufficient, together with other revenues of the Series 2000 B Facilities, to provide for the reasonable expenses of operation, repair and maintenance of the Series 2000 B Facilities, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds; provided, however, that so long as there exists in the Reserve Account created for the Bonds, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount equal to the requirements therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the 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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 a sufficient amount of the Revenues received by the Issuer has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: _____, 2000.

_____,
as Registrar

Authorized Officer

EXHIBIT A
SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

EXHIBIT B

See Tab 3 - Conformed Ordinance

***CONFORMED ORDINANCE**

PUTNAM COUNTY BUILDING COMMISSION

**WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

BOND ORDINANCE

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PUTNAM COUNTY BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE PUTNAM COUNTY BUILDING COMMISSION:

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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act") and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and other applicable provisions of law.

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

A. The Putnam County Building Commission (the "Issuer") is a public corporation with perpetual existence and a county building commission within the meaning

of the Act, duly created pursuant to a resolution adopted by The County Commission of Putnam County (the "County Commission" or "Lessee") on August 28, 1980.

B. The Issuer does not presently own or operate a public waterworks system. However, the County Commission has requested and it is deemed necessary and desirable for the health and welfare of the inhabitants of Putnam County that there be acquired and constructed a public waterworks system of the Issuer, consisting of certain water mains as more thoroughly described in the Lease, as hereinafter defined, together with all appurtenant facilities, (collectively, the "Project" or the "Series 2000 B Facilities"), to be leased to the County Commission pursuant to an Agreement and Lease of Series 2000 B Facilities, dated as of January 27, 2000, (the "Lease").

C. The Issuer and the County Commission have determined that the Series 2000 B Facilities should be operated, maintained, repaired and replaced by West Virginia-American Water Company, a West Virginia corporation (the "Company"), pursuant to the terms of an Agreement by and among the Issuer, the County Commission and the Company, to be executed on January 26, 2000, (the "2000 B O & M Agreement"). The Issuer and the County Commission have also determined that the customers served by the Series 2000 B Facilities should pay a monthly surcharge to the County Commission (the "Surcharges"), which Surcharges have been approved by the West Virginia Public Service Commission.

D. The County Commission, with the assistance of the Company, has provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Project, which plans and specifications have been prepared by the Company as Consulting Engineers and have heretofore been filed with the Issuer. The Issuer and the County Commission have agreed to appoint the Company, and the Company has agreed to accept such appointment, as their agent for the purpose of acquisition, construction and equipping of the Project.

E. The Issuer will receive all of its Revenues (hereinafter defined) from the County Commission under and pursuant to the Lease. The Revenues will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest on the Series 2000 B Bonds and to make payments into all funds and accounts and other payments provided for herein.

F. It is deemed necessary for the Issuer to issue its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in the total aggregate principal amount of not more than \$5,000,000 (the "Series 2000 B Bonds"), initially to be represented by a single bond, 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 upon the Series 2000 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the

Project; 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 West Virginia Water Development Authority (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 2000 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the Series 2000 B Facilities after completion of the Project is not less than 40 years.

H. It is in the best interests of the Issuer that its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

I. There are no outstanding bonds or other obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 2000 B Bonds as to liens, pledge, source of and security for payment.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Series 2000 B Facilities and issuance of the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 B Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be

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

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

"Act" means Chapter 8, Article 33 of the West Virginia Code of 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 2000 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Issuer.

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

"Bond Act" means, collectively, the Act and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended.

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

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

"Bonds" means the Series 2000 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Chairman" means the Chairman of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 B Bonds for the proceeds representing the purchase price of the Series 2000 B Bonds from the Authority.

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

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

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

"Consulting Engineers" means West Virginia-American Water Company, so long as the 2000 B O & M Agreement is in effect, and upon the termination of the 2000 B O & M Agreement, 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 Series 2000 B Facilities or any portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided, however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

"County Commission" or "Lessee" means The County Commission of Putnam County, Putnam County, West Virginia, a political subdivision of the State of West Virginia.

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

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

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

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

"Herein," "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 Series 2000 B Facilities or for any other purpose except keeping the accounts of the Series 2000 B Facilities in the normal operation of its business and affairs.

"Issuer" or "Lessor" means the Putnam County Building Commission, a public corporation with perpetual existence and a county building commission within the meaning of the Act, and, as appropriate, its lessee's, agents and assigns.

"Lease" means the Agreement and Lease of Series 2000 B Facilities, of even date herewith, by and between the Issuer as lessor and the County Commission as lessee, all amendments thereof and supplements thereto and any subsequent lease or leases of all or any portion of the Project.

"Lease Term" shall have the meaning assigned to such term under Section 5.01 of the Lease.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

"2000 B O & M Agreement" means the Agreement among the Issuer, the County Commission and the Company, to be executed on January 26, 2000, relating to the acquisition, construction and equipping of the Project and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, as it may be amended from time to time and as approved by the Public Service Commission of West Virginia.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the Series 2000 B Facilities, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 2000 B 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 Bondholders, any Bonds registered to the Issuer.

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" or "Series 2000 B Facilities" means the Project as described in Section 1.02B hereof.

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

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

Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal

Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 B Bonds and not so included, may be included in another Supplemental Resolution.

"Surcharges" means those monthly surcharges paid by customers of the Series 2000 B Facilities to the County Commission, which have been approved by the West Virginia Public Service Commission.

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.

income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Revenues" means all Rent to be paid to or on behalf of the Issuer by the County Commission under the Lease, as such term is defined in the Lease; provided that, in the event the Lease is terminated, Revenues shall include all receipts, revenues, income and other monies from the subsequent leasing, subleasing, operation, management, sale or other disposition of the Series 2000 B Facilities, or any part thereof, and all Surcharges, 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.

"Secretary" means the Secretary of the Issuer.

"Series 2000 B Bonds" means the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Facilities" means the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

"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 2000 B

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 \$5,000,000, in accordance with the plans and specifications which have been prepared by the Company, heretofore filed in the office of the Issuer. The proceeds of the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer, with the assistance of the Company, has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated not to exceed \$5,000,000, of which the entire amount will be obtained from proceeds of the Series 2000 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2000 B Bonds of the Issuer. The Series 2000 B Bonds shall be issued as a single bond, designated "Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority)," in the principal amount of not more than \$5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 B Bonds, if any, shall be deposited in or credited to the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, 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 a 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 2000 B Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2000 B 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 aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 B 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 2000 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

The registered 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 2000 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2000 B 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 Revenues as herein provided. No holder or holders of any of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. Such Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 B Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2000 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 B Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement;

E. A copy of the 2000 B O & M Agreement; and

F. The unqualified approving opinion of bond counsel on the Series 2000 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 B 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 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, 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 therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 200 _____, as set forth on Exhibit A attached hereto. 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 200 _____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January ____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, in the event the 2000 B O & M Agreement or the Lease (as defined in the Bond Legislation) is terminated, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Series 2000 B Facilities and the services rendered thereby, and shall take all such actions necessary to provide funds, which shall be sufficient, together with other revenues of the Series 2000 B Facilities, to provide for the reasonable expenses of operation, repair and maintenance of the Series 2000 B Facilities, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds; provided, however, that so long as there exists in the Reserve Account created for the Bonds, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount equal to the requirements therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to the registration requirements set forth herein, this Bond, under the 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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 a sufficient amount of the Revenues received by the Issuer has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: _____, 2000.

_____,
as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2000 B Bonds Construction Trust Fund.

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

- (1) Series 2000 B Bonds Sinking Fund; and
- (2) Series 2000 B Bonds Reserve Account (only in the event the 2000 B O & M Agreement or the Lease is terminated).

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

- (1) So long as the 2000 B O & M Agreement is in effect, the Company shall be responsible for paying all Operating Expenses. In the event the 2000 B O & M Agreement is terminated, the Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses.
- (2) The Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 2000 B Bonds for which interest has not

been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 2000 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 B 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 2000 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments 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.

(4) In the event the 2000 B O & M Agreement or the Lease is terminated, the Issuer shall next, on the first day of the month immediately following termination of the Series 2000 B O & M Agreement or the Lease, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2000 B 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 2000 B Bonds Reserve Requirement.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to \$1,250.00. 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, repairs, improvements or extensions to the Series 2000 B Facilities. In the event the 2000 B O & M Agreement or the Lease is terminated, the Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of the month immediately following termination of the Series 2000 B O & M Agreement or the Lease, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2 % of all Revenues each month, exclusive of any payment 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, repairs, improvements or extensions to the Series 2000 B 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 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 B Bonds as the same shall become due.

All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2000 B 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 on the Series 2000 B Bonds, and then to the next ensuing principal payment due thereon, and, subsequently, for any lawful purpose of the Series 2000 B Facilities.

As and when additional Bonds ranking on a parity with the Series 2000 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account, if any,

in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 B Bonds Sinking Fund created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2000 B Bonds Sinking Fund shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 B Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 B Bonds Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2000 B Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal and interest payments with respect to the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the Series 2000 B Facilities.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such

additional sums as shall be necessary to pay their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the sum insured by 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.

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

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

I. The Revenues shall only be used for purposes of the Series 2000 B Facilities.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2000 B Bonds, there shall first be credited to the Series 2000 B Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

C. The remaining moneys derived from the sale of the Series 2000 B Bonds shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2000 B Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2000 B Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2000 B 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 2000 B Bonds.

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 2000 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 B Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

(D) That payment for each of the items proposed 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 2000 B Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2000 B 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 2000 B 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 2000 B Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 2000 B Bonds Construction Trust Fund to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 2000 B Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 B 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 2000 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 B 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 Revenues pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. The Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged, in the manner provided herein, to the payments required under this Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water rates and charges for the services and facilities of the Series 2000 A Facilities shall be those rates approved by the Public Service Commission of West Virginia, in the Commission Order entered on January 11, 2000, in Case No. 99-0674-PWD-PC-CN, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the Series 2000 B Facilities. Except as otherwise permitted by State law or with the written consent of the Authority, and except as provided in the 2000 B O & M Agreement, the Series 2000 B 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 pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the Series 2000 B Facilities shall, with respect to the Series 2000 B Bonds, immediately be remitted to the

Commission for deposit in the Series 2000 B Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2000 B Bonds. Any balance remaining after the payment of all the Series 2000 B Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the Series 2000 B 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 Series 2000 B 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 duly adopted, determine that such property comprising a part of the Series 2000 B Facilities is no longer necessary, useful or profitable in the operation thereof and authorize 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, determine upon consultation with the Consulting Engineers that such property comprising a part of the Series 2000 B 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 of any such sale shall 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 such fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the Series 2000 B 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 all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the Series 2000 B Facilities. Provided, however, that the provisions of this paragraph are superseded by the terms of the 2000 B O & M Agreement, so long as such Agreement is in effect.

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 Revenues which rank prior to, or equally, as to lien on and

source of and security for payment from such Revenues with the Series 2000 B Bonds, without the prior written consent of the Authority. All obligations issued by the Issuer after the issuance of the Series 2000 B Bonds and payable from the Revenues, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such Revenues and in all other respects, to the Series 2000 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 B Bonds, and the interest thereon, upon the Revenues, or upon the Series 2000 B Facilities or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the Series 2000 B Facilities, payable from the Revenues or from any grants, or any other obligations related to the Project or the Series 2000 B Facilities.

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 its agents and representatives, to inspect all books, documents, papers and records relating to the Series 2000 B Facilities at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the Series 2000 B Facilities and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the Series 2000 B Facilities at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep, or cause to be kept, books and records of the Series 2000 B Facilities, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the Series 2000 B Facilities, and any Holder of a Bond or Bonds issued pursuant to this Bond

Legislation shall have the right at all reasonable times to inspect the Series 2000 B Facilities and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the Series 2000 B Facilities shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer Body. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer.

The Issuer shall file with the Consulting Engineers and the Authority or any other original purchaser of the Series 2000 B Bonds and shall mail in each year to any Holder or Holders of the Series 2000 B Bonds requesting the same, an annual report containing the following:

- (A) A statement of Revenues and Operating Expenses.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations payable from the Revenues Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the Series 2000 B Facilities 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 B Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2000 B Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the Revenues are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in

accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the Series 2000 B Facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the Series 2000 B Facilities pursuant to the Act.

Section 7.09. Rates. In the event the 2000 B O & M Agreement or the Lease is terminated, the Issuer shall fix and collect rates, fees and other charges for use of the Series 2000 B Facilities, shall adjust and increase such rates, fees and other charges and shall take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement. In such event, the Issuer shall establish rates and charges sufficient together with other revenues of the Series 2000 B Facilities (i) to provide for all Operating Expenses of the Series 2000 B Facilities and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 B Bonds; provided that, in the event that an amount equal to or in excess of the Series 2000 B Bonds Reserve Requirement is on deposit in the Series 2000 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2000 B Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 B Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the 2000 B O & M Agreement is terminated, the Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased

expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, 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 resident 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 resident 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 shall employ qualified operating personnel properly certified by the State to operate the Series 2000 B Facilities so long as any of the Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B Facilities, to all users of the services of the Series 2000 B Facilities delinquent in payment of charges for the services of the Series 2000 B Facilities and will not restore such services until all delinquent charges for the services of the Series 2000 B 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 Series 2000 B 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 Series 2000 B 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 Series 2000 B Facilities, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the Series 2000 B Facilities.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain, or cause to be carried under the 2000 B O & M Agreement, insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the Series 2000 B Facilities. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the Series 2000 B Facilities in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer and the Authority from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the Series 2000 B Facilities, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the Series 2000 B Facilities.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SERIES 2000 B FACILITIES ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the Series 2000 B Facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the Series 2000 B Facilities, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall 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. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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 Series 2000 B Facilities to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete, or cause to be completed, the Project as promptly as possible and operate and maintain, or cause to be operated and maintained under the 2000 B O & M Agreement, the Series 2000 B Facilities in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the Series 2000 B Facilities and make all necessary repairs and replacements so long as the Series 2000 B Bonds are outstanding. To the extent maintenance is done by the Company, the Issuer shall enforce the provisions of the 2000 B O & M Agreement to fulfill this covenant.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the Series 2000 B Facilities.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement, the Act and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the Series 2000 B Facilities.

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

A. 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 2000 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

B. FURTHER ACTIONS. The Issuer will take any and all actions that may be deemed necessary by the Authority so that the interest on the obligations of the Authority, the proceeds of which were used by the Authority to purchase the Series 2000 B Bonds, will be and remain excludable from gross income for federal income tax purposes.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2000 B Bonds held in "contingency" as set forth in the Schedule A attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2000 B Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Deed of Trust and Security Agreement. The Issuer shall grant for the benefit of the Authority a deed of trust and security interest in the Series 2000 B Facilities.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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, 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 2000 B Bonds are Outstanding.

Section 8.02. RESERVED.

Section 8.03. RESERVED.

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 2000 B Bonds:

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2000 B Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the Series 2000 B 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 a Series 2000 B Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the Series 2000 B Facilities, the making and collection of sufficient rates and charges for services rendered by the Series 2000 B Facilities and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all

other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the Series 2000 B Facilities or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the Series 2000 B Facilities, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said Series 2000 B Facilities and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the Series 2000 B 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 Series 2000 B 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.

Any receiver appointed as provided herein shall hold and operate the Series 2000 B Facilities in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the Series 2000 B Facilities, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the Series 2000 B Facilities for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said Series 2000 B Facilities shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the Series 2000 B Facilities.

In the event that the Bondholder should exercise its rights under this Article IX or any other rights available to it provided under law upon the occurrence of a default by the Issuer, and the 2000 B O & M Agreement has not been terminated, the 2000 B O & M Agreement shall remain in effect.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all of the Series 2000 B 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 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 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 2000 B 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 2000 B 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 2000 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2000 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2000 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 B Bonds, this Ordinance may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2000 B 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 Bonds shall be made without the consent in writing of the Registered Owners of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or 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 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 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 thereto, or the Series 2000 B 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. 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 adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required

by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Issuer were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

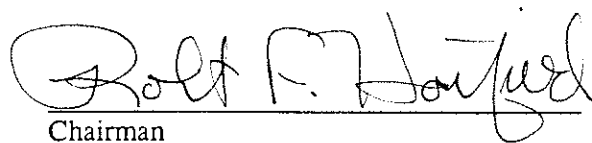
Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

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

Passed on First Reading: - December 15, 1999

Passed on Second Reading: - December 22, 1999

Passed on Final Reading
Following Public
Hearing: - January 5, 2000

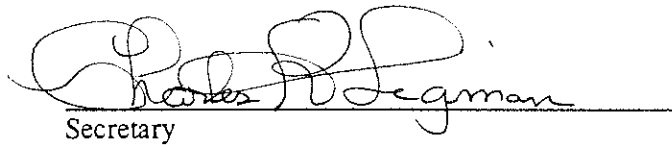

Chairman

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the PUTNAM COUNTY
BUILDING COMMISSION on the 5th day of January, 2000.

Dated: January 27, 2000.

[SEAL]


Secretary

01/05/99
731000.97001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

WDA-LP III
(1/25/00)

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").

Putman County Building Commission (B)
(Governmental Agency)

WITNESSETH:

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 finance, 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 for private activity related projects, known as Loan Program III (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, and designated in the Application and any qualified successor thereto.

1.3 "Governmental Lease" means a lease of a Project from one Governmental Agency to another.

1.4 "Governmental Lease Payment" means the payment of rent by the lessee of a Project to the lessor thereof pursuant to a Governmental Lease.

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

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

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

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

1.9 "O&M Agreement" means the operating and maintenance agreement pursuant to the terms of which a Person, other than the Governmental Agency owning a specific Project, has agreed to assist in the acquisition, construction and equipping of a Project and/or to operate, repair and maintain such Project.

1.10 "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.

1.11 "Operator" means the Person operating and maintaining the Project under the O&M Agreement.

1.12 "Person" means any public or private corporation, institution, association, firm or company organized or existing under the laws of the State or any other state or country; the United States or the State; any federal or state governmental agency; political subdivision; county commission; municipality; industry; sanitary district; public service district; drainage district; soil conservation district; watershed improvement district; partnership; trust; estate; person or individual; group of persons or individuals acting individually or as a group or any other legal entity whatsoever.

1.13 "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.

1.14 "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 whatever.

1.15 "Use Fee" means the payment made by the Operator to the Governmental Agency pursuant to an O&M Agreement.

1.16 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 determined that the Project is consistent with the applicable comprehensive plan of water management approved by the director of the West Virginia Division of Environmental Protection (or in the process of preparation by such director) and is consistent with the standards set by the West Virginia Environmental Quality Board for the waters of the State affected thereby.

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, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle

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

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

2.10 The Governmental Agency shall itself provide, or under the Governmental Lease or the O&M Agreement provide for, operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ, or cause to be employed under the Governmental Lease or the O&M Agreement, 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 construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is

attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

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) Unless the funds pledged to the payment of the Local Bonds are either Use Fees or Governmental Lease Payments, 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;

(j) In the event that the funds pledged to the payment of the Local Bonds are either Use Fees or Governmental Lease Payments, then the Local Act shall provide that (i) the Project financed by such Local Bonds shall be subject to an O&M Agreement pursuant to which the Operator shall be responsible, at its expense, to operate and

maintain such Project; and (ii) in the event the O&M Agreement or the Governmental Lease is terminated or either the Use Fee or the Governmental Lease Payment, as the case may be, is not paid, then the Governmental Agency shall fix, collect, adjust and increase rates, fees and other charges for use of the System and shall take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement; and

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan

Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans 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 such execution, 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, or any Use Fees or Governmental Lease Payments, as the case may be, shall always be used for purposes of the System. Such gross revenues, or any Use Fees or Governmental Lease Payments, as the case may be, shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System, to the extent such Operating Expenses are not paid under the O&M Agreement or the Governmental Lease;

(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, if a reserve account is required by the Local Statute or in the event the O&M Agreement or Governmental Lease is terminated, 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) if required by the Local Statute or in the event the O&M Agreement or Governmental Lease is terminated, 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 Use Fees or Government Lease Payments, as the case may be, or in the absence of either form of such revenues, by a pledge of either the gross or net revenues of the System, as the case may be, as more fully set forth in the Local Act;

(ii) That, in the absence of a pledge of either Use Fees or Governmental Lease Payments to the payment of the Local Bonds or in the event the O&M Agreement or the Governmental Lease is terminated, 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, or cause to be completed, the Project, shall operate and maintain, or cause to be operated and maintained under the O&M Agreement and/or Governmental Lease, the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the DEP and EPA 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, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the EPA and the DEP, if required;

(iv) That, except as otherwise permitted 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;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System, including any Use Fees or Governmental Lease Payments, which rank prior to, or equally, as to lien and security with the Local Bonds, without the Authority's prior written consent.

(vi) That the Governmental Agency will carry, or cause to be carried under the O&M Agreement or otherwise, 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, or allow to be rendered, 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, if applicable and to the extent legally allowable, 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 the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues or Use Fees or Governmental Lease Payments, as the case may be, are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That, except as otherwise provided by law, in the absence of an O&M Agreement, the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during

the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

(xiii) That, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

(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 if the funds pledged to the payment of the Local Bonds are either Use Fees or Governmental Lease Payments, then the Governmental Agency shall grant, for the benefit of the Authority, a deed of trust on and security interest in the System;

(xix) That except as provided by law, in the absence of a pledge of either Use Fees or Governmental Lease Payments to the payment of the Local Bonds or in the event the O&M Agreement or the Governmental Lease is terminated, the Governmental Agency shall covenant to fix and collect rates, fees and other charges for use of the System, to adjust and increase such rates, fees and other charges and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement;

(xx) That the Governmental Agency shall require its contractors to furnish 100% performance and payment bonds; shall also require them to maintain workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts satisfactory to the Authority; and shall maintain, or require its contractors to maintain, builder's risk insurance (fire and extended coverage) on a 100% basis on the insurable portion of the Project being constructed;

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

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

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

(xxiv) 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 fund 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 to the Authority by the 5th day of such calendar month;

(xxv) That the Governmental Agency will annually furnish to the Authority information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxvi) 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 Engineer; and

(xxvii) 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.

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, 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 Use Fees or Governmental Lease Payments or 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 of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis 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 at the time of closing and shall be paid to the Commission as set forth on Schedules X and Y attached hereto. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 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 shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution.

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, in the absence of a pledge of

either Use Fees or Governmental Lease Payments or in the event the O&M Agreement or the Governmental Lease is terminated, 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 O&M Agreement or the Governmental Lease is terminated or the schedule of Use Fees or Governmental Lease Payments or 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 Use Fees or Governmental Lease Payments or rates, fees and charges 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 due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

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

6.4 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.

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

6.6 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 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.

Putnam County Building Commission

[Name of Governmental Agency]

(SEAL)

By: Robert F. Hartfield

Its: Chairman

Attest:

Date: January 27, 2000

Charles F. Degman

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Lyubarsky
Director

Attest:

Date: January 27, 2000

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify 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 meanings set forth in the _____ [passed/adopted] 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 _____.

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 firm* has ascertained that all successful bidder(s) 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 bidder(s) 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 form(s) provided to the bidders contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid form(s); (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, **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. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia 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 June 1 and December 1 of each year, commencing _____ 1, _____, at the rate _____% per annum, and with principal payable annually on June 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 purpose of _____ and paying certain issuance and other costs in connection therewith.

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

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

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

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

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

4. The 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 and legally enforceable and binding special obligations of the Governmental Agency, payable from the sources set forth in the Local Act and secured by a first lien on and pledge of such sources, 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]

Fiscal Year - ____

Report Month: _____

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

Witnesseth my signature this ____ day of ____, ____.

[Name of Governmental Agency]

By: _____

Authorized Officer

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$3,800,000</u>
Purchase Price of Local Bonds	<u>\$3,800,000</u>

Interest on the Local Bonds is payable on June 1 and December 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. Principal of the Local Bonds is payable on June 1 in each year, with an administrative fee as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the Use fees or Governmental Lease Payments, as the case may be, or the gross or net revenues of the Governmental Agency's system, as the case may be, as provided in the Local Act.

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:

SCHEDULE Y

Putnam County Building Commission (West Virginia)

WDA Loan (Loan Program III 2000 Series A)

2000 Series B (Governmental Lease Payments)

Lease and Debt Service Schedules

Payment Date (1)	Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission				Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
February 1, 2000		19,401.04	200.04	19,601.08			
March 1, 2000		19,401.05	200.04	19,601.09			
April 1, 2000		19,401.05	200.04	19,601.09			
May 1, 2000		19,401.05	200.04	19,601.09			
June 1, 2000		19,401.05	200.04	19,601.09		97,005.24	15,646.01
July 1, 2000	8,333.33	18,775.20	200.04	27,308.57			
August 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
September 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
October 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
November 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
December 1, 2000	8,333.33	18,775.21	200.04	27,308.58		112,651.25	
January 1, 2001	8,333.33	18,775.20	200.04	27,308.57			
February 1, 2001	8,333.33	18,775.21	200.04	27,308.58			
March 1, 2001	8,333.34	18,775.21	200.04	27,308.59			
April 1, 2001	8,333.34	18,775.21	200.04	27,308.59			
May 1, 2001	8,333.34	18,775.21	200.05	27,308.60			
June 1, 2001	8,333.34	18,775.21	200.05	27,308.60	100,000.00	112,651.25	
July 1, 2001	8,333.33	18,412.70	200.05	26,946.08			
August 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
September 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
October 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
November 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
December 1, 2001	8,333.33	18,412.71	200.05	26,946.09		110,476.25	
January 1, 2002	8,333.33	18,412.70	200.05	26,946.08			
February 1, 2002	8,333.33	18,412.71	200.05	26,946.09			
March 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
April 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
May 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
June 1, 2002	8,333.34	18,412.71	200.05	26,946.10	100,000.00	110,476.25	
July 1, 2002	8,750.00	18,012.70	200.05	26,962.75			
August 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
September 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
October 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
November 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
December 1, 2002	8,750.00	18,012.71	200.05	26,962.76		108,076.25	
January 1, 2003	8,750.00	18,012.70	200.05	26,962.75			
February 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
March 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
April 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
May 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
June 1, 2003	8,750.00	18,012.71	200.05	26,962.76	105,000.00	108,076.25	

Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission					Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2003	9,166.66	17,575.20	200.05	26,941.91			
August 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
September 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
October 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
November 1, 2003	9,166.67	17,575.21	200.05	26,941.93			
December 1, 2003	9,166.67	17,575.21	200.05	26,941.93		105,451.25	
January 1, 2004	9,166.67	17,575.20	200.05	26,941.92			
February 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
March 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
April 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
May 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
June 1, 2004	9,166.67	17,575.21	200.05	26,941.93	110,000.00	105,451.25	
July 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
August 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
September 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
October 1, 2004	9,583.34	17,116.88	200.05	26,900.27			
November 1, 2004	9,583.34	17,116.88	200.05	26,900.27			
December 1, 2004	9,583.34	17,116.88	200.05	26,900.27		102,701.25	
January 1, 2005	9,583.33	17,116.87	200.05	26,900.25			
February 1, 2005	9,583.33	17,116.87	200.05	26,900.25			
March 1, 2005	9,583.34	17,116.87	200.05	26,900.26			
April 1, 2005	9,583.34	17,116.88	200.05	26,900.27			
May 1, 2005	9,583.34	17,116.88	200.05	26,900.27			
June 1, 2005	9,583.34	17,116.88	200.05	26,900.27	115,000.00	102,701.25	
July 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
August 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
September 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
October 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
November 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
December 1, 2005	10,416.67	16,625.73	200.05	27,242.45		99,754.38	
January 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
February 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
March 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
April 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
May 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
June 1, 2006	10,416.63	16,625.73	200.05	27,242.41	125,000.00	99,754.38	
July 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
August 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
September 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
October 1, 2006	10,833.33	16,078.86	200.05	27,112.24			
November 1, 2006	10,833.33	16,078.86	200.05	27,112.24			
December 1, 2006	10,833.33	16,078.86	200.05	27,112.24		96,473.13	
January 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
February 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
March 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
April 1, 2007	10,833.33	16,078.86	200.05	27,112.24			
May 1, 2007	10,833.33	16,078.86	200.05	27,112.24			
June 1, 2007	10,833.37	16,078.86	200.05	27,112.28	130,000.00	96,473.13	

Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission					Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
August 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
September 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
October 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
November 1, 2007	11,250.00	15,496.57	200.05	26,946.62			
December 1, 2007	11,250.00	15,496.57	200.05	26,946.62			
January 1, 2008	11,250.00	15,496.56	200.05	26,946.61		92,979.38	
February 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
March 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
April 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
May 1, 2008	11,250.00	15,496.57	200.05	26,946.62			
June 1, 2008	11,250.00	15,496.57	200.05	26,946.62	135,000.00	92,979.38	
July 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
August 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
September 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
October 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
November 1, 2008	12,083.33	14,889.07	200.05	27,172.45			
December 1, 2008	12,083.33	14,889.07	200.05	27,172.45			
January 1, 2009	12,083.33	14,889.06	200.05	27,172.44		89,334.38	
February 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
March 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
April 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
May 1, 2009	12,083.33	14,889.07	200.05	27,172.45			
June 1, 2009	12,083.37	14,889.07	200.05	27,172.49	145,000.00	89,334.38	
July 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
August 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
September 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
October 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
November 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
December 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
January 1, 2010	12,500.00	14,224.48	200.05	26,924.53		85,346.88	
February 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
March 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
April 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
May 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
June 1, 2010	12,500.00	14,224.48	200.05	26,924.53	150,000.00	85,346.88	
July 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
August 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
September 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
October 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
November 1, 2010	2,916.67	13,524.48	122.80	16,563.95			
December 1, 2010	2,916.67	13,524.48	122.80	16,563.95			
January 1, 2011	2,916.67	13,524.48	122.80	16,563.95		81,146.88	
February 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
March 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
April 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
May 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
June 1, 2011	2,916.67	13,524.48	122.80	16,563.95	35,000.00	81,146.88	

Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission					Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
August 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
September 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
October 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
November 1, 2011	2,916.67	13,349.48	122.80	16,388.95			
December 1, 2011	2,916.67	13,349.48	122.80	16,388.95		80,096.88	
January 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
February 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
March 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
April 1, 2012	2,916.67	13,349.48	122.81	16,388.96			
May 1, 2012	2,916.67	13,349.48	122.81	16,388.96			
June 1, 2012	2,916.67	13,349.48	122.81	16,388.96	35,000.00	80,096.88	
July 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
August 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
September 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
October 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
November 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
December 1, 2012	3,333.33	13,174.48	122.81	16,630.62		79,046.88	
January 1, 2013	3,333.33	13,174.48	122.81	16,630.62			
February 1, 2013	3,333.33	13,174.48	122.81	16,630.62			
March 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
April 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
May 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
June 1, 2013	3,333.34	13,174.48	122.81	16,630.63	40,000.00	79,046.88	
July 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
August 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
September 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
October 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
November 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
December 1, 2013	3,333.33	12,974.48	122.81	16,430.62		77,846.88	
January 1, 2014	3,333.33	12,974.48	122.81	16,430.62			
February 1, 2014	3,333.33	12,974.48	122.81	16,430.62			
March 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
April 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
May 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
June 1, 2014	3,333.34	12,974.48	122.81	16,430.63	40,000.00	77,846.88	
July 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
August 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
September 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
October 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
November 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
December 1, 2014	3,333.33	12,774.48	122.81	16,230.62		76,646.88	
January 1, 2015	3,333.33	12,774.48	122.81	16,230.62			
February 1, 2015	3,333.33	12,774.48	122.81	16,230.62			
March 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
April 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
May 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
June 1, 2015	3,333.34	12,774.48	122.81	16,230.63	40,000.00	76,646.88	

Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission					Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
August 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
September 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
October 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
November 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
December 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
January 1, 2016	3,750.00	12,574.48	122.81	16,447.29			75,446.88
February 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
March 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
April 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
May 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
June 1, 2016	3,750.00	12,574.48	122.81	16,447.29	45,000.00	75,446.88	
July 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
August 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
September 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
October 1, 2016	4,166.66	12,340.11	122.81	16,629.58			
November 1, 2016	4,166.67	12,340.11	122.81	16,629.59			
December 1, 2016	4,166.67	12,340.11	122.81	16,629.59			74,040.63
January 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
February 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
March 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
April 1, 2017	4,166.67	12,340.11	122.81	16,629.59			
May 1, 2017	4,166.67	12,340.11	122.81	16,629.59			
June 1, 2017	4,166.67	12,340.11	122.81	16,629.59	50,000.00	74,040.63	
July 1, 2017	4,166.66	12,079.66	122.81	16,369.15			
August 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
September 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
October 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
November 1, 2017	4,166.67	12,079.69	122.81	16,369.17			
December 1, 2017	4,166.67	12,079.89	122.81	16,369.17			72,478.13
January 1, 2018	4,166.67	12,079.88	122.81	16,369.16			
February 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
March 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
April 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
May 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
June 1, 2018	4,166.67	12,079.69	122.81	16,369.17	50,000.00	72,478.13	
July 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
August 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
September 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
October 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
November 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
December 1, 2018	4,583.33	11,819.28	122.81	16,525.42			70,915.63
January 1, 2019	4,583.33	11,819.27	122.81	16,525.41			
February 1, 2019	4,583.33	11,819.27	122.81	16,525.41			
March 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
April 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
May 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
June 1, 2019	4,583.34	11,819.28	122.81	16,525.43	55,000.00	70,915.63	

Payment Date (1)	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				Payments Due to the Trustee		
	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
August 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
September 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
October 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
November 1, 2019	5,000.00	11,532.82	122.81	16,655.63			
December 1, 2019	5,000.00	11,532.82	122.81	16,655.63		69,196.88	
January 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
February 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
March 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
April 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
May 1, 2020	5,000.00	11,532.82	122.81	16,655.63			
June 1, 2020	5,000.00	11,532.82	122.81	16,655.63	60,000.00	69,196.88	
July 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
August 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
September 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
October 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
November 1, 2020	5,000.00	11,220.32	122.81	16,343.13			
December 1, 2020	5,000.00	11,220.32	122.81	16,343.13		67,321.88	
January 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
February 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
March 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
April 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
May 1, 2021	5,000.00	11,220.32	122.81	16,343.13			
June 1, 2021	5,000.00	11,220.32	122.81	16,343.13	60,000.00	67,321.88	
July 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
August 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
September 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
October 1, 2021	5,418.66	10,914.06	122.81	16,453.53			
November 1, 2021	5,416.67	10,914.07	122.81	16,453.55			
December 1, 2021	5,416.67	10,914.07	122.81	16,453.55		65,484.38	
January 1, 2022	5,416.87	10,914.06	122.81	16,453.54			
February 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
March 1, 2022	5,418.67	10,914.06	122.81	16,453.54			
April 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
May 1, 2022	5,416.87	10,914.07	122.81	16,453.55			
June 1, 2022	5,416.67	10,914.07	122.81	16,453.55	65,000.00	65,484.38	
July 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
August 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
September 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
October 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
November 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
December 1, 2022	5,833.33	10,582.30	122.81	16,538.44		63,493.75	
January 1, 2023	5,833.33	10,582.29	122.81	16,538.43			
February 1, 2023	5,833.33	10,582.29	122.81	16,538.43			
March 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
April 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
May 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
June 1, 2023	5,833.34	10,582.30	122.81	16,538.45	70,000.00	63,493.75	

Payment Date (1)	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				Payments Due to the Trustee		
	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
August 1, 2023	6,250.00	10,225.00	122.81	16,597.61			
September 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
October 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
November 1, 2023	6,250.00	10,225.00	122.61	16,597.81			
December 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
January 1, 2024	6,250.00	10,225.00	122.61	16,597.61		61,350.00	
February 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
March 1, 2024	8,250.00	10,225.00	122.61	16,597.81			
April 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
May 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
June 1, 2024	6,250.00	10,225.00	122.81	16,597.81	75,000.00	61,350.00	
July 1, 2024	6,666.66	9,842.18	122.81	16,631.65			
August 1, 2024	6,666.66	9,842.19	122.81	16,631.66			
September 1, 2024	6,666.66	9,842.19	122.81	16,631.66			
October 1, 2024	6,666.66	9,842.19	122.81	16,631.66			
November 1, 2024	6,666.67	9,842.19	122.81	16,631.67			
December 1, 2024	6,666.67	9,842.19	122.81	16,631.67			
January 1, 2025	6,666.67	9,842.18	122.81	16,631.66		59,053.13	
February 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
March 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
April 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
May 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
June 1, 2025	6,666.67	9,842.19	122.81	16,631.67	80,000.00	59,053.13	
July 1, 2025	6,666.66	9,433.85	122.81	16,223.32			
August 1, 2025	6,666.66	9,433.85	122.81	16,223.32			
September 1, 2025	6,666.66	9,433.85	122.81	16,223.32			
October 1, 2025	6,666.66	9,433.86	122.81	16,223.33			
November 1, 2025	6,666.67	9,433.86	122.81	16,223.34			
December 1, 2025	6,666.67	9,433.86	122.81	16,223.34			
January 1, 2026	6,666.67	9,433.85	122.81	16,223.33		56,603.13	
February 1, 2026	6,666.67	9,433.85	122.81	16,223.33			
March 1, 2026	6,666.67	9,433.85	122.81	16,223.33			
April 1, 2026	6,666.67	9,433.86	122.81	16,223.34			
May 1, 2026	6,666.67	9,433.86	122.81	16,223.34			
June 1, 2026	6,666.67	9,433.86	122.81	16,223.34	80,000.00	56,603.13	
July 1, 2026	7,500.00	9,017.18	122.81	16,639.99			
August 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
September 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
October 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
November 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
December 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
January 1, 2027	7,500.00	9,017.18	122.81	16,639.99		54,103.13	
February 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
March 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
April 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
May 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
June 1, 2027	7,500.00	9,017.19	122.81	16,640.00	90,000.00	54,103.13	

Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission					Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2027	7,916.66	8,548.43	122.81	16,587.90			
August 1, 2027	7,916.66	8,548.44	122.81	16,587.91			
September 1, 2027	7,916.66	8,548.44	122.81	16,587.91			
October 1, 2027	7,916.66	8,548.44	122.81	16,587.91			
November 1, 2027	7,916.67	8,548.44	122.81	16,587.92			
December 1, 2027	7,916.67	8,548.44	122.81	16,587.92		51,290.63	
January 1, 2028	7,916.67	8,548.43	122.81	16,587.91			
February 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
March 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
April 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
May 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
June 1, 2028	7,916.67	8,548.44	122.81	16,587.92	95,000.00	51,290.63	
July 1, 2028	8,333.33	8,053.64	122.81	16,509.78			
August 1, 2028	8,333.33	8,053.64	122.81	16,509.78			
September 1, 2028	8,333.33	8,053.65	122.81	16,509.79			
October 1, 2028	8,333.33	8,053.65	122.81	16,509.79			
November 1, 2028	8,333.33	8,053.65	122.81	16,509.79			
December 1, 2028	8,333.33	8,053.65	122.81	16,509.79		48,321.88	
January 1, 2029	8,333.33	8,053.64	122.81	16,509.78			
February 1, 2029	8,333.33	8,053.64	122.81	16,509.78			
March 1, 2029	8,333.34	8,053.65	122.81	16,509.80			
April 1, 2029	8,333.34	8,053.65	122.81	16,509.80			
May 1, 2029	8,333.34	8,053.65	122.81	16,509.80			
June 1, 2029	8,333.34	8,053.65	122.81	16,509.80	100,000.00	48,321.88	
July 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
August 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
September 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
October 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
November 1, 2029	8,750.00	7,532.82	122.81	16,405.63			
December 1, 2029	8,750.00	7,532.82	122.81	16,405.63		45,196.88	
January 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
February 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
March 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
April 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
May 1, 2030	8,750.00	7,532.82	122.81	16,405.63			
June 1, 2030	8,750.00	7,532.82	122.81	16,405.63	105,000.00	45,196.88	
July 1, 2030	9,166.66	6,985.93	122.81	16,275.40			
August 1, 2030	9,166.66	6,985.94	122.81	16,275.41			
September 1, 2030	9,166.66	6,985.94	122.81	16,275.41			
October 1, 2030	9,166.66	6,985.94	122.81	16,275.41			
November 1, 2030	9,166.67	6,985.94	122.81	16,275.42			
December 1, 2030	9,166.67	6,985.94	122.81	16,275.42		41,915.63	
January 1, 2031	9,166.67	6,985.93	122.81	16,275.41			
February 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
March 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
April 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
May 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
June 1, 2031	9,166.67	6,985.94	122.81	16,275.42	110,000.00	41,915.63	

Schedule of Monthly Lease Payments					Debt Service Schedule		
Putnam County Building Commission					Municipal Bond Commission		
Deposits Due to the Municipal Bond Commission					Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
August 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
September 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
October 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
November 1, 2031	10,000.00	6,401.57	122.81	16,524.38			
December 1, 2031	10,000.00	6,401.57	122.81	16,524.38			
January 1, 2032	10,000.00	6,401.56	122.81	16,524.37			38,409.38
February 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
March 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
April 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
May 1, 2032	10,000.00	6,401.57	122.81	16,524.38			
June 1, 2032	10,000.00	6,401.57	122.81	16,524.38	120,000.00	38,409.38	
July 1, 2032	10,418.66	5,764.06	122.81	16,303.53			
August 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
September 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
October 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
November 1, 2032	10,416.67	5,764.07	122.81	16,303.55			
December 1, 2032	10,418.67	5,764.07	122.81	16,303.55			34,584.38
January 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
February 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
March 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
April 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
May 1, 2033	10,416.67	5,764.07	122.81	16,303.55			
June 1, 2033	10,416.67	5,764.07	122.81	16,303.55	125,000.00	34,584.38	
July 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
August 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
September 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
October 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
November 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
December 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
January 1, 2034	11,250.00	5,100.00	122.81	16,472.81			30,600.00
February 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
March 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
April 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
May 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
June 1, 2034	11,250.00	5,100.00	122.81	16,472.81	135,000.00	30,600.00	
July 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
August 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
September 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
October 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
November 1, 2034	12,083.33	4,382.82	122.81	16,588.96			
December 1, 2034	12,083.33	4,382.82	122.81	16,588.96			26,296.88
January 1, 2035	12,083.33	4,382.81	122.81	16,588.95			
February 1, 2035	12,083.33	4,382.81	122.81	16,588.95			
March 1, 2035	12,083.34	4,382.81	122.81	16,588.96			
April 1, 2035	12,083.34	4,382.81	122.81	16,588.96			
May 1, 2035	12,083.34	4,382.82	122.81	16,588.97			
June 1, 2035	12,083.34	4,382.82	122.81	16,588.97	145,000.00	26,296.88	

Schedule of Monthly Lease Payments					Debt Service Schedule		
Putnam County Building Commission					Municipal Bond Commission		
Deposits Due to the Municipal Bond Commission					Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2035	12,916.66	3,812.50	122.81	16,651.97			
August 1, 2035	12,916.66	3,812.50	122.81	16,651.97			
September 1, 2035	12,916.66	3,812.50	122.81	16,651.97			
October 1, 2035	12,916.66	3,812.50	122.81	16,651.97			
November 1, 2035	12,916.67	3,812.50	122.81	16,651.98			
December 1, 2035	12,916.67	3,812.50	122.81	16,651.98		21,675.00	
January 1, 2036	12,916.67	3,812.50	122.81	16,651.98			
February 1, 2036	12,916.67	3,812.50	122.81	16,651.98			
March 1, 2036	12,916.67	3,812.50	122.81	16,651.98			
April 1, 2036	12,916.67	3,812.50	122.81	16,651.98			
May 1, 2036	12,916.67	3,812.50	122.81	16,651.98			
June 1, 2036	12,916.67	3,812.50	122.81	16,651.98	155,000.00	21,675.00	
July 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
August 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
September 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
October 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
November 1, 2036	13,750.00	2,789.07	122.81	16,661.88			
December 1, 2036	13,750.00	2,789.07	122.81	16,661.88		16,734.38	
January 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
February 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
March 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
April 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
May 1, 2037	13,750.00	2,789.07	122.81	16,661.88			
June 1, 2037	13,750.00	2,789.07	122.81	16,661.88	165,000.00	16,734.38	
July 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
August 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
September 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
October 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
November 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
December 1, 2037	14,583.33	1,912.50	122.81	16,618.64		11,475.00	
January 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
February 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
March 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
April 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
May 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
June 1, 2038	14,583.37	1,912.50	122.81	16,618.68	175,000.00	11,475.00	
July 1, 2038	15,416.66	982.81	122.81	16,522.28			
August 1, 2038	15,416.66	982.81	122.81	16,522.28			
September 1, 2038	15,416.66	982.81	122.81	16,522.28			
October 1, 2038	15,416.66	982.81	122.81	16,522.28			
November 1, 2038	15,416.67	982.82	122.81	16,522.30			
December 1, 2038	15,416.67	982.82	122.81	16,522.30		5,896.88	
January 1, 2039	15,416.67	982.81	122.81	16,522.29			
February 1, 2039	15,416.67	982.81	122.81	16,522.29			
March 1, 2039	15,416.67	982.81	122.81	16,522.29			
April 1, 2039	15,416.67	982.81	122.81	16,522.29			
May 1, 2039	15,416.67	982.82	122.81	16,522.30			
June 1, 2039	15,416.67	982.82	122.81	16,522.30	185,000.00	5,896.88	

Schedule of Monthly Lease Payments Putnam County Building Commission Deposits Due to the Municipal Bond Commission					Debt Service Schedule Municipal Bond Commission Payments Due to the Trustee		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
TOTALS	3,800,000.00	5,216,831.78	87,743.77	9,084,575.55	3,800,000.00	5,216,831.78	15,646.01

(1) Deposits are due with the Municipal Bond Commission two (2) working day prior to the first of each month.

(2) Excludes Accrued Interest of \$15,646.01 deposited with the Trustee on January 26, 2000.

(3) Includes Accrued Interest of \$15,646.01 deposited with the Trustee on January 26, 2000 and will require approximately \$97,005.24 in debt service funds for the June 1, 2000, deposit with the Trustee. The final amount of the deposit will need to be finalized on May 31, 2000, by the West Virginia Water Development Authority and the Municipal Bond Commission.

Putnam County Building Commission (West Virginia)
WDA Loans (Loan Program III)
Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	112,651.25	112,651.25
12/01/2000	-	-	112,651.25	112,651.25
6/01/2001	100,000.00	4.350%	112,651.25	212,651.25
12/01/2001	-	-	110,476.25	110,476.25
6/01/2002	100,000.00	4.800%	110,476.25	210,476.25
12/01/2002	-	-	108,076.25	108,076.25
6/01/2003	105,000.00	5.000%	108,076.25	213,076.25
12/01/2003	-	-	105,451.25	105,451.25
6/01/2004	110,000.00	5.000%	105,451.25	215,451.25
12/01/2004	-	-	102,701.25	102,701.25
6/01/2005	115,000.00	5.125%	102,701.25	217,701.25
12/01/2005	-	-	99,754.38	99,754.38
6/01/2006	125,000.00	5.250%	99,754.38	224,754.38
12/01/2006	-	-	96,473.13	96,473.13
6/01/2007	130,000.00	5.375%	96,473.13	226,473.13
12/01/2007	-	-	92,979.38	92,979.38
6/01/2008	135,000.00	5.400%	92,979.38	227,979.38
12/01/2008	-	-	89,334.38	89,334.38
6/01/2009	145,000.00	5.500%	89,334.38	234,334.38
12/01/2009	-	-	85,346.88	85,346.88
6/01/2010	150,000.00	5.600%	85,346.88	235,346.88
12/01/2010	-	-	81,146.88	81,146.88
6/01/2011	35,000.00	6.000%	81,146.88	116,146.88
12/01/2011	-	-	80,096.88	80,096.88
6/01/2012	35,000.00	6.000%	80,096.88	115,096.88
12/01/2012	-	-	79,046.88	79,046.88
6/01/2013	40,000.00	6.000%	79,046.88	119,046.88
12/01/2013	-	-	77,846.88	77,846.88
6/01/2014	40,000.00	6.000%	77,846.88	117,846.88
12/01/2014	-	-	76,646.88	76,646.88
6/01/2015	40,000.00	6.000%	76,646.88	116,646.88
12/01/2015	-	-	75,446.88	75,446.88
6/01/2016	45,000.00	6.250%	75,446.88	120,446.88
12/01/2016	-	-	74,040.63	74,040.63
6/01/2017	50,000.00	6.250%	74,040.63	124,040.63
12/01/2017	-	-	72,478.13	72,478.13
6/01/2018	50,000.00	6.250%	72,478.13	122,478.13
12/01/2018	-	-	70,915.63	70,915.63
6/01/2019	55,000.00	6.250%	70,915.63	125,915.63
12/01/2019	-	-	69,196.88	69,196.88
6/01/2020	60,000.00	6.250%	69,196.88	129,196.88
12/01/2020	-	-	67,321.88	67,321.88
6/01/2021	60,000.00	6.125%	67,321.88	127,321.88
12/01/2021	-	-	65,484.38	65,484.38
6/01/2022	65,000.00	6.125%	65,484.38	130,484.38

Putnam County Building Commission (West Virginia)
WDA Loans (Loan Program III)
Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2022	-	-	63,493.75	63,493.75
6/01/2023	70,000.00	6.125%	63,493.75	133,493.75
12/01/2023	-	-	61,350.00	61,350.00
6/01/2024	75,000.00	6.125%	61,350.00	136,350.00
12/01/2024	-	-	59,053.13	59,053.13
6/01/2025	80,000.00	6.125%	59,053.13	139,053.13
12/01/2025	-	-	56,603.13	56,603.13
6/01/2026	80,000.00	6.250%	56,603.13	136,603.13
12/01/2026	-	-	54,103.13	54,103.13
6/01/2027	90,000.00	6.250%	54,103.13	144,103.13
12/01/2027	-	-	51,290.63	51,290.63
6/01/2028	95,000.00	6.250%	51,290.63	146,290.63
12/01/2028	-	-	48,321.88	48,321.88
6/01/2029	100,000.00	6.250%	48,321.88	148,321.88
12/01/2029	-	-	45,196.88	45,196.88
6/01/2030	105,000.00	6.250%	45,196.88	150,196.88
12/01/2030	-	-	41,915.63	41,915.63
6/01/2031	110,000.00	6.375%	41,915.63	151,915.63
12/01/2031	-	-	38,409.38	38,409.38
6/01/2032	120,000.00	6.375%	38,409.38	158,409.38
12/01/2032	-	-	34,584.38	34,584.38
6/01/2033	125,000.00	6.375%	34,584.38	159,584.38
12/01/2033	-	-	30,600.00	30,600.00
6/01/2034	135,000.00	6.375%	30,600.00	165,600.00
12/01/2034	-	-	26,296.88	26,296.88
6/01/2035	145,000.00	6.375%	26,296.88	171,296.88
12/01/2035	-	-	21,675.00	21,675.00
6/01/2036	155,000.00	6.375%	21,675.00	176,675.00
12/01/2036	-	-	16,734.38	16,734.38
6/01/2037	165,000.00	6.375%	16,734.38	181,734.38
12/01/2037	-	-	11,475.00	11,475.00
6/01/2038	175,000.00	6.375%	11,475.00	186,475.00
12/01/2038	-	-	5,896.88	5,896.88
6/01/2039	185,000.00	6.375%	5,896.88	190,896.88
Total	3,800,000.00	-	5,232,477.79	9,032,477.79 *

Ferris, Baker Watts, Inc.

West Virginia Public Finance Department

File = wda2000d.sf-Putnam-Putnam B

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*Plus administrative fee as set forth on Schedule Y.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$3,800,000

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$3,800,000), in annual installments on June 1 of each year, commencing June 1, 2001, 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 rates 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 therefor, and until payment of such installment, such interest shall be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2000, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated January 27, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, in the event the 2000 B O & M Agreement or the Lease (as defined in the Bond Legislation) is terminated, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Series 2000 B Facilities and the services rendered thereby, and shall take all such actions necessary to provide funds, which shall be sufficient, together with other revenues of the Series 2000 B Facilities, to provide for the reasonable expenses of operation, repair and maintenance of the Series 2000 B Facilities, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds; provided, however, that so long as there exists in the Reserve Account created for the Bonds, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount equal to the requirements therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the

registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the 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 the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 a sufficient amount of the Revenues received by the Issuer has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated January 27, 2000.

[SEAL]


Chairman

ATTEST:

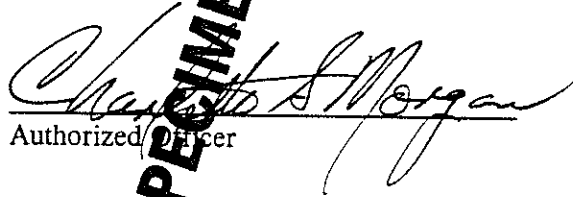

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: January 27, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar


Authorized Officer

SPECIMEN

EXHIBIT A

Putnam County Building Commission (West Virginia)
WDA Loans (Loan Program III)
Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	112,651.25	112,651.25
12/01/2000	-	-	112,651.25	112,651.25
6/01/2001	100,000.00	4.350%	112,651.25	212,651.25
12/01/2001	-	-	110,476.25	110,476.25
6/01/2002	100,000.00	4.800%	110,476.25	210,476.25
12/01/2002	-	-	108,076.25	108,076.25
6/01/2003	105,000.00	5.000%	108,076.25	213,076.25
12/01/2003	-	-	105,451.25	105,451.25
6/01/2004	110,000.00	5.000%	105,451.25	215,451.25
12/01/2004	-	-	102,701.25	102,701.25
6/01/2005	115,000.00	5.125%	102,701.25	217,701.25
12/01/2005	-	-	99,754.38	99,754.38
6/01/2006	125,000.00	5.250%	99,754.38	224,754.38
12/01/2006	-	-	96,473.13	96,473.13
6/01/2007	130,000.00	5.375%	96,473.13	226,473.13
12/01/2007	-	-	92,979.38	92,979.38
6/01/2008	135,000.00	5.400%	92,979.38	227,979.38
12/01/2008	-	-	89,334.38	89,334.38
6/01/2009	145,000.00	5.500%	89,334.38	234,334.38
12/01/2009	-	-	85,346.88	85,346.88
6/01/2010	150,000.00	5.600%	85,346.88	235,346.88
12/01/2010	-	-	81,146.88	81,146.88
6/01/2011	35,000.00	6.000%	81,146.88	116,146.88
12/01/2011	-	-	80,096.88	80,096.88
6/01/2012	35,000.00	6.000%	80,096.88	115,096.88
12/01/2012	-	-	79,046.88	79,046.88
6/01/2013	40,000.00	6.000%	79,046.88	119,046.88
12/01/2013	-	-	77,846.88	77,846.88
6/01/2014	40,000.00	6.000%	77,846.88	117,846.88
12/01/2014	-	-	76,646.88	76,646.88
6/01/2015	40,000.00	6.000%	76,646.88	116,646.88
12/01/2015	-	-	75,446.88	75,446.88
6/01/2016	45,000.00	6.250%	75,446.88	120,446.88
12/01/2016	-	-	74,040.63	74,040.63
6/01/2017	50,000.00	6.250%	74,040.63	124,040.63
12/01/2017	-	-	72,478.13	72,478.13
6/01/2018	50,000.00	6.250%	72,478.13	122,478.13
12/01/2018	-	-	70,915.63	70,915.63
6/01/2019	55,000.00	6.250%	70,915.63	125,915.63
12/01/2019	-	-	69,196.88	69,196.88
6/01/2020	60,000.00	6.250%	69,196.88	129,196.88
12/01/2020	-	-	67,321.88	67,321.88
6/01/2021	60,000.00	6.125%	67,321.88	127,321.88
12/01/2021	-	-	65,484.38	65,484.38
6/01/2022	65,000.00	6.125%	65,484.38	130,484.38

Putnam County Building Commission (West Virginia)
WDA Loans (Loan Program III)
Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2022	-	-	63,493.75	63,493.75
6/01/2023	70,000.00	6.125%	63,493.75	133,493.75
12/01/2023	-	-	61,350.00	61,350.00
6/01/2024	75,000.00	6.125%	61,350.00	136,350.00
12/01/2024	-	-	59,053.13	59,053.13
6/01/2025	80,000.00	6.125%	59,053.13	139,053.13
12/01/2025	-	-	56,603.13	56,603.13
6/01/2026	80,000.00	6.250%	56,603.13	136,603.13
12/01/2026	-	-	54,103.13	54,103.13
6/01/2027	90,000.00	6.250%	54,103.13	144,103.13
12/01/2027	-	-	51,290.63	51,290.63
6/01/2028	95,000.00	6.250%	51,290.63	146,290.63
12/01/2028	-	-	48,321.88	48,321.88
6/01/2029	100,000.00	6.250%	48,321.88	148,321.88
12/01/2029	-	-	45,196.88	45,196.88
6/01/2030	105,000.00	6.250%	45,196.88	150,196.88
12/01/2030	-	-	41,915.63	41,915.63
6/01/2031	110,000.00	6.375%	41,915.63	151,915.63
12/01/2031	-	-	38,409.38	38,409.38
6/01/2032	120,000.00	6.375%	38,409.38	158,409.38
12/01/2032	-	-	34,584.38	34,584.38
6/01/2033	125,000.00	6.375%	34,584.38	159,584.38
12/01/2033	-	-	30,600.00	30,600.00
6/01/2034	135,000.00	6.375%	30,600.00	165,600.00
12/01/2034	-	-	26,296.88	26,296.88
6/01/2035	145,000.00	6.375%	26,296.88	171,296.88
12/01/2035	-	-	21,675.00	21,675.00
6/01/2036	155,000.00	6.375%	21,675.00	176,675.00
12/01/2036	-	-	16,734.38	16,734.38
6/01/2037	165,000.00	6.375%	16,734.38	181,734.38
12/01/2037	-	-	11,475.00	11,475.00
6/01/2038	175,000.00	6.375%	11,475.00	186,475.00
12/01/2038	-	-	5,896.88	5,896.88
6/01/2039	185,000.00	6.375%	5,896.88	190,896.88
Total	3,800,000.00	-	5,232,477.79	9,032,477.79 *

Ferris, Baker Watts, Inc.

West Virginia Public Finance Department

File = wda2000d.sf-Putnam-Putnam B

1/24/2000 11:44 AM

*Plus administrative fee as set forth on Schedule Y.

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2180
CLARKSBURG, W. VA. 26302-2180
(304) 824-8000
FACSIMILE (304) 824-8183

1000 HAMPTON CENTER
P. O. BOX 1818
MORGANTOWN, W. VA. 26507-1818
(304) 598-8000
FACSIMILE (304) 598-8118

126 EAST BURKE STREET
P. O. BOX 2829
MARTINSBURG, W. VA. 25402-2829
(304) 263-8991
FACSIMILE (304) 262-3541

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

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 828
PARKERSBURG, W. VA. 26102-0828
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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

Ladies and Gentlemen:

We are bond counsel to the Putnam County Building Commission (the "Governmental Agency"), a county building commission and public corporation of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated January 27, 2000, 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 January 27, 2000 (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 \$3,800,000, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on June 1 and December 1 of each year, commencing June 1, 2000, at the rates per annum as set forth in the "Schedule Y", which rates shall not exceed 6.5%, and with principal payable annually on June 1 of each year, commencing June 1, 2001, 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) paying a portion of the costs of acquisition and construction of a new public waterworks system of the Governmental Agency, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 33 and certain provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended (the "Local Statute"),

and the bond ordinance duly enacted by the Governmental Agency on January 5, 2000, as supplemented by the Supplemental Resolution duly adopted by the Governmental Agency on January 26, 2000 (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:

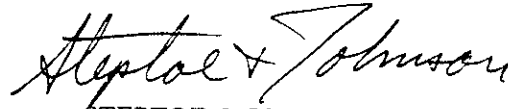
1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended 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 presently existing county building commission and public corporation, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The 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 and legally enforceable and binding special obligations of the Governmental Agency, payable from the sources set forth in the Local Act and secured by a first lien on and pledge of such sources, 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 from taxation by the State of West Virginia, and other taxing bodies of the State.

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

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 BR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,


STEPTOE & JOHNSON

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2100
(304) 624-8000
FACSIMILE (304) 624-8183

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

126 EAST BURKE STREET
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P. O. BOX 150
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200 STAR AVENUE, SUITE 220
P. O. BOX 628
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WRITER'S DIRECT DIAL NUMBER

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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

Ladies and Gentlemen:

We are bond counsel to the Putnam County Building Commission (the "Governmental Agency"), a county building commission and public corporation of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated January 27, 2000, 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 January 27, 2000 (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 \$3,800,000, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on June 1 and December 1 of each year, commencing June 1, 2000, at the rates per annum as set forth in the "Schedule Y", which rates shall not exceed 6.5%, and with principal payable annually on June 1 of each year, commencing June 1, 2001, 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) paying a portion of the costs of acquisition and construction of a new public waterworks system of the Governmental Agency, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 33 and certain provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended (the "Local Statute"),

and the bond ordinance duly enacted by the Governmental Agency on January 5, 2000, as supplemented by the Supplemental Resolution duly adopted by the Governmental Agency on January 26, 2000 (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:

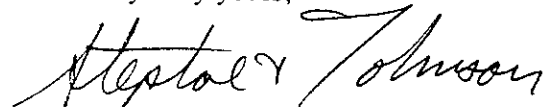
1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended 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 presently existing county building commission and public corporation, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The 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 and legally enforceable and binding special obligations of the Governmental Agency, payable from the sources set forth in the Local Act and secured by a first lien on and pledge of such sources, 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 from taxation by the State of West Virginia, and other taxing bodies of the State.

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

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 BR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

Franklin L. Gritt, Jr.

Attorney at Law

Middleton Place
19 Valley Street
Winfield, WV 25213
(304) 586-3693
Fax 586-9412

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

Putnam County Building Commission
Winfield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Putnam County Building Commission, a duly organized and presently existing county building commission and public corporation in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, the loan agreement for the Bonds, dated January 27, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), the Bond Ordinance duly enacted by the Issuer on January 5, 2000, the Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), the Agreement dated January 26, 2000, by and among the Issuer, The County Commission of Putnam County (the "County Commission") and West Virginia-American Water Company (the "Company") (the "2000 B O & M Agreement"), the Agreement and Lease of Series 2000 B Facilities dated January 27, 2000, by and between the Issuer and the County Commission (the "Lease"), the Deed of Trust, Security Agreement and Fixture Filing dated January 27, 2000, by and between the Issuer and the trustees named therein for the benefit of the Authority (the "Deed of Trust") and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Putnam County relating to the Issuer and the appointment of members of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of West Virginia as a county building commission and public corporation of the State of West Virginia, with corporate power under Chapter 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act").

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

3. The 2000 B O & M Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the County Commission and the Company, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

5. The Deed of Trust has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

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

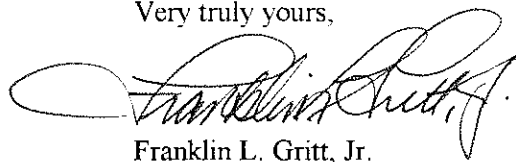
8. The execution and delivery of the Bonds, the Lease, the 2000 B O & M Agreement, the Deed of Trust and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Lease, the 2000 B O & M Agreement, the Deed of Trust, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

9. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Deed of Trust, the Lease, the Loan Agreement, the 2000 B O & M Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the pledge of the Revenues therefor.

Putnam County Building Commission, et al.
Page 3

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 "Franklin L. Gritt, Jr.", written in black ink.

Franklin L. Gritt, Jr.

Franklin L. Gritt, Jr.

Attorney at Law

Middleton Place
19 Valley Street
Winfield, WV 25213
(304) 586-3693
Fax 586-9412

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

The County Commission of Putnam County
Winfield, West Virginia

Putnam County Building Commission
Winfield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I have served as counsel to The County Commission of Putnam County, in Putnam County, West Virginia (the "County Commission"), in connection with the issuance and sale by the Putnam County Building Commission (the "Issuer") of its Waterworks Lease Revenue Bonds, Series 2000 B (the "Series 2000 B Bonds").

The Series 2000 B Bonds are being issued under and pursuant to an Ordinance enacted by the Issuer on January 5, 2000 (the "Bond Ordinance"), and an Ordinance adopted by the County Commission on January 5, 2000 (the "County Commission Ordinance") for the purpose of permanently financing the costs of acquisition and construction of a public waterworks system of the Issuer (the "Series 2000 B Facilities"). Pursuant to the Agreement and Lease of Series 2000 B Facilities, dated as of January 27, 2000 (the "Lease"), by and between the Issuer and the County Commission, the Issuer has leased the Series 2000 B Facilities to the County Commission and the County Commission has agreed to, among other things, make rental payments in amounts and at times sufficient to pay the principal of and interest on the Series 2000 B Bonds when due, and other amounts payable thereunder. Pursuant to an Agreement dated January 26, 2000 (the "2000 B O & M Agreement"), by and among the Issuer, the County Commission and West Virginia-American Water Company (the "Company"), the Issuer and the County Commission have agreed that the Series 2000 B Facilities should be acquired, constructed, equipped, operated, maintained, repaired and replaced by the Company.

In that connection, I have examined such documents, certificates, agreements, instruments and records, including, without limitation, all proceedings of the County Commission in connection with the authorization of the Lease and the 2000 B O & M Agreement, including the County Commission Ordinance and executed counterparts of the Lease and the 2000 B O & M Agreement, and I have made such investigations as I have deemed necessary or appropriate to enable me to render this opinion. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Lease, unless the context otherwise requires.

Based upon and subject to the foregoing, I am of the opinion that:

1. The County Commission is a duly created and validly existing public corporation and political subdivision of the State of West Virginia.

2. The President, Clerk and other members of the County Commission have been duly and properly elected, have taken the requisite oaths and are duly qualified and authorized to act in their respective capacities on behalf of the County Commission.

3. The County Commission has complied in all material respects with the applicable provisions of law and has full legal right, power and authority to enact the County Commission Ordinance, and to enter into, execute and deliver the Lease, the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and perform its obligations thereunder, to lease and use the Series 2000 B Facilities, to conduct its business as contemplated in the Lease and the 2000 B O & M Agreement and to carry out and consummate all transactions contemplated by the foregoing.

4. The County Commission Ordinance is in full force and effect and was duly adopted by the County Commission at a meeting duly called and held pursuant to law, with all public notice required by law, at which a quorum was present and acting throughout. By the County Commission Ordinance, the County Commission duly and validly authorized, approved, ratified and/or confirmed, by all necessary action, the execution and delivery of the Lease and the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and the taking of any and all such action as may be required on the part of the County Commission to carry out, give effect to and consummate the transactions contemplated by the foregoing; and the Lease and the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith have been duly executed and delivered by the County Commission and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the County Commission in accordance with their respective terms.

5. The County Commission has obtained or received, and has in full force and effect, all consents, permits, licenses, approvals, certificates, exemptions, rights, orders, franchises, privileges and authorizations, all of which have been validly granted, issued and/or assigned and has timely made and/or submitted all declarations, filings, payments, reports, notices, statements, papers and registrations, necessary to adopt the County Commission Ordinance, to enter into and perform its obligations under and consummate

the transactions contemplated in the County Commission Ordinance, the Lease, the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and to lease and use the Series 2000 B Facilities; and the County Commission has taken all other action required in connection with the consummation of the transactions contemplated in the County Commission Ordinance, the Lease, the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and the leasing and use of the Series 2000 B Facilities. The County Commission is in compliance with all applicable laws, rules and regulations relating to the Series 2000 B Facilities, the violation of which would have a materially adverse effect on the Series 2000 B Facilities.

6. The execution and delivery of the Lease, the 2000 B O & M Agreement and all documents, agreements, instruments and certificates in connection therewith by the County Commission, the consummation of the transactions contemplated thereby and by the County Commission Ordinance, and the compliance with and carrying out of the provisions and terms thereof did not, do not and will not, with or without the giving of notice or passage of time, or both, conflict with or constitute on the part of the County Commission a violation or breach of or constitute or result in a default or loss of rights (or give rise to any right of termination, cancellation or acceleration) under or result in the creation of any lien, charge or encumbrance (other than under the Lease and the County Commission Ordinance) pursuant to, and are not prohibited or materially adversely affected by, any mortgage, indenture, note agreement, bond, contract, lease, document, deed of trust or other agreement, obligation or instrument to which the County Commission is a party or by which the County Commission or its properties are bound or affected or any judgment, statute, ordinance, resolution, order, rule, law, court decision, decree or regulation by which the County Commission or its properties are subject or affected, and will not cause any forfeiture or impairment of any license.

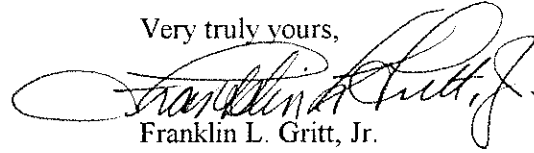
7. To the best of my knowledge, there is no action, suit, proceeding, inquiry, order, claim, counterclaim, arbitration, demand, litigation or investigation at law or in equity or before or by any court, public board, authority, arbitrator or body, pending or threatened, or any order, judgment or decree in progress, nor is there any basis therefor, which would adversely affect the County Commission, the Series 2000 B Facilities, or the transactions contemplated by the County Commission Ordinance, the Lease, the 2000 B O & M Agreement or any of the documents, agreements, instruments or certificates referred to in the County Commission Ordinance or the consummation of the transactions contemplated thereby or the performance of the County Commission thereunder, the application of any money or security granted by the County Commission that may be used for payment of the Bonds or the leasing of the Series 2000 B Facilities, or which in any way would adversely affect the validity or enforceability of the Lease, the 2000 B O & M Agreement, or the Series 2000 B Bonds, or which in any way would adversely affect the ability of the County Commission to perform its obligations under the Lease or the 2000 B O & M Agreement, the County Commission Ordinance or any agreement, document or instrument in connection therewith, the creation, organization or existence of the County Commission, the title to office of any officer thereof or the power of the County Commission to lease and use the Series 2000 B Facilities.

8. No authority or proceedings for the execution and delivery of the Lease or the 2000 B O & M Agreement and the performance of the obligations thereunder has or have been repealed, revoked or rescinded.

The County Commission of Putnam County, et al.
Page 4

9. The County Commission has appropriated sufficient funds for fiscal year 1999- 2000 to pay all Rent under the Lease during that period.

Very truly yours,

A handwritten signature in black ink, appearing to read "Franklin L. Gritt, Jr.", written over a horizontal line.

Franklin L. Gritt, Jr.

Franklin L. Gritt, Jr.

Attorney at Law

Middleton Place
19 Valley Street
Winfield, WV 25213
(304) 586-3693
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January 27, 2000

Putnam County Building Commission
Winfield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Putnam County Building Commission
Waterworks Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority)

And

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

Ladies and Gentleman:

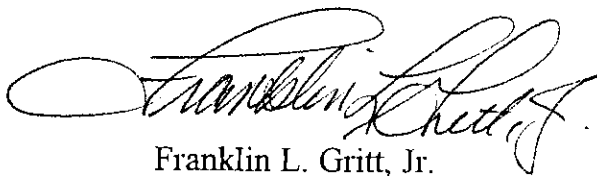
I am counsel to the Putnam County Building Commission, a duly organized and presently existing county building commission and public corporation in Putnam County, West Virginia (the "Issuer"), and as such counsel:

1. I have investigated and ascertained the location of and am familiar with the legal description of the necessary easements and rights-of-way required for the Series A and Series B facilities.

2. I have examined the deed records of Putnam County, West Virginia in which the Series A and Series B facilities are to be constructed and, in my opinion, the Issuer has legal and valid fee simple title in the acquired easements and rights-of-way, sufficient to assure its undisturbed use and possession for the purpose of construction, operation, and maintenance of said facilities or that the Issuer may initiate formal condemnation proceedings to acquire the legal and valid fee simple title in certain un-acquired easements and rights-of-way, sufficient to assure its undisturbed use and possession for the purpose of construction, operation, and maintenance of the Series A and Series B facilities.

3. All deeds or documents required to be recorded in order to protect the title and interest of the Issuer in the acquired easements and rights-of-way for the Series A and Series B facilities have been duly recorded and filed for record in the Office of the Clerk of the County Commission of Putnam County, West Virginia.

Very truly yours,

A handwritten signature in cursive script, reading "Franklin L. Gritt, Jr.", written in dark ink. The signature is fluid and stylized, with a large initial 'F' and a prominent 'L'.

Franklin L. Gritt, Jr.

JACKSON & KELLY PLLC

ATTORNEYS AT LAW

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MEMBER OF LEX MUNDI
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

January 27, 2000

Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority)

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Putnam County Building Commission
Winfield, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with an Agreement dated January 26, 2000, by and among the Putnam County Building Commission (the "Issuer"), The County Commission of Putnam County (the "County Commission") and the Company (the "2000 B O & M Agreement"), whereby the Issuer and the County Commission have agreed that the Series 2000 B Facilities should be acquired, constructed, equipped, operated, maintained, repaired and replaced by the Company. The above-captioned bonds (the "Bonds") are being issued by the Issuer under Chapter 8, Article 33 and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, as supplemented by the Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), for the purposes of (i) paying a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) paying interest on the Series 2000 B Bonds during construction of the Project and for not more than six months thereafter; and (iii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation when used herein.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Good Standing and the By-laws of the Company, and all amendments thereto, the 2000 B O & M Agreement, and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

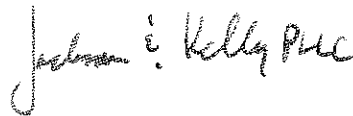
Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.
2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.
3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

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

5. The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Putnam County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer and the Company have taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Commission Order of the Public Service Commission of West Virginia entered on January 11, 2000, and the Commission Order of the Public Service Commission of West Virginia entered on January 26, 2000, both in Case No. 99-0674-PWD-PC-CN, granting a certificate of public convenience and necessity for the Series 2000 B Facilities and approving the financing therefor. The time for appeal of such Orders has not expired prior to the date hereof. However, the parties to such Orders have stated that they will not appeal such Final Orders. Such Final Orders are not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Jackson E. Kelly PUC". The signature is written in a cursive, somewhat stylized script.

PUTNAM COUNTY BUILDING COMMISSION

**Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)**

Date of Closing: January 27, 2000

BOND TRANSCRIPT

Volume II

STEPTOE & JOHNSON

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PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority)

BOND TRANSCRIPT

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8. Public Service Commission Orders
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10. Financing Statements
11. Certificates of Recordation of Documents with County Clerk and Secretary of State
12. Cross-Receipt for Bonds and Bond Proceeds
13. Direction to Authenticate and Deliver Bonds

14. Specimen Bond

OPINIONS OF COUNSEL

15. Approving Opinion of Steptoe & Johnson, Bond Counsel
16. Opinion of Franklin L. Gritt, Jr., Counsel to Issuer
17. Opinion of Franklin L. Gritt, Jr., Counsel to the County Commission
18. Title Opinion
19. Opinion of Jackson & Kelly, Counsel to Company

CERTIFICATES

20. General Certificate of Issuer and Attorney
21. Certificate of Company
22. Certificate of The County Commission of Putnam County
23. Certificate of Engineer, with Schedule A Attached
24. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

25. County Commission Order Creating Issuer
26. County Commission Orders Appointing Current Members of Issuer
27. Oaths of Office
28. Bylaws of Issuer
29. Minutes on Adoption of Bond Ordinance and Supplemental Resolution
30. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
31. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

- 32. Acceptance by City National Bank of West Virginia of Appointment as Depository Bank
- 33. Acceptance by One Valley Bank, National Association, of Duties as Registrar
- 34. Certificate of Registration of Bonds
- 35. Registrar's Agreement
- 36. Agreement between Issuer and Company
- 37. Assignment Separate from Bond
- 38. Ordinance of The County Commission of Putnam County
- 39. RESERVED
- 40. Certified copies of Chapter 8, Article 33, Chapter 8, Article 16 of the West Virginia Code of 1931, as amended

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PUTNAM COUNTY BUILDING COMMISSION

**Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)**

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OPINIONS OF COUNSEL

15. Approving Opinion of Steptoe & Johnson, Bond Counsel
16. Opinion of Franklin L. Gritt, Jr., Counsel to Issuer
17. Opinion of Franklin L. Gritt, Jr., Counsel to the County Commission
18. Title Opinion
19. Opinion of Jackson & Kelly, Counsel to Company

CERTIFICATES

20. General Certificate of Issuer and Attorney
21. Certificate of Company
22. Certificate of The County Commission of Putnam County
23. Certificate of Engineer, with Schedule A Attached
24. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

25. County Commission Order Creating Issuer
26. County Commission Orders Appointing Current Members of Issuer
27. Oaths of Office
28. Bylaws of Issuer
29. Minutes on Adoption of Bond Ordinance and Supplemental Resolution
30. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
31. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

- 32. Acceptance by City National Bank of West Virginia of Appointment as Depository Bank
- 33. Acceptance by One Valley Bank, National Association, of Duties as Registrar
- 34. Certificate of Registration of Bonds
- 35. Registrar's Agreement
- 36. Agreement between Issuer and Company
- 37. Assignment Separate from Bond
- 38. Ordinance of The County Commission of Putnam County
- 39. RESERVED
- 40. Certified copies of Chapter 8, Article 33, Chapter 8, Article 16 of the West Virginia Code of 1931, as amended

01/26/00
731000/97001

PUTNAM COUNTY BUILDING COMMISSION

**Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)**

BOND TRANSCRIPT

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2. Supplemental Resolution
3. Conformed Ordinance
4. Agreement and Lease of Series 2000 B Facilities
5. Deed of Trust, Security Agreement and Fixture Filing
6. Assignment of Lease and Rents
7. Loan Agreement
8. Public Service Commission Orders
9. Infrastructure Council Approval
10. Financing Statements
11. Certificates of Recordation of Documents with County Clerk and Secretary of State
12. Cross-Receipt for Bonds and Bond Proceeds
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PUTNAM COUNTY BUILDING COMMISSION

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(West Virginia Water Development Authority)**

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PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. [RESERVED]
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
15. NO FEDERAL GUARANTY
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST

We, the undersigned CHAIRMAN and undersigned SECRETARY of the Putnam County Building Commission in Putnam County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the \$3,800,000 Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted January 5, 2000, and a Supplemental Resolution duly adopted January 26, 2000 (collectively, the "Bond Legislation").

2. NO LITIGATION: No action, suit, inquiry, investigation, litigation, controversy or proceeding is pending against or affecting the Issuer or to our knowledge threatened against the Issuer in any court or administrative or governmental body or

arbitration board contesting or affecting the due organization and valid existence or power of the Issuer or the title of its officers to their respective offices or the validity, due authorization and execution of the documents relating to the Bonds (the "Bond Documents") or the enactment of the Bond Legislation, or attempting to limit, enjoin or otherwise affect, restrict or prevent the Issuer from executing, delivering or issuing the Bonds or the Series 2000 B Facilities or otherwise performing the transactions contemplated in the Bond Documents, or functioning and collecting Revenues pledged to the payment of the Bonds and other income, or which would adversely affect the validity or enforceability of the Bond Documents or any other document, instrument or agreement in connection therewith.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition, construction and operation of the Series 2000 B Facilities, and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Series 2000 B Facilities have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority.

There are no outstanding bonds or other obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 2000 B Bonds as to liens, pledge, source of and security for payment.

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

Bond Ordinance

Conformed Ordinance

Supplemental Resolution

Agreement and Lease of Series 2000 B Facilities

Deed of Trust, Security Agreement and Fixture Filing

Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Order Creating Issuer

County Commission Orders Appointing Current Members of Issuer

Oaths of Office of Current Members

Bylaws of Issuer

Minutes on Adoption of Bond Ordinance and Supplemental Resolution

Affidavit of Publication of Bond Ordinance and Notice of Public Hearing

Agreement between Issuer and Company

6. INCUMBENCY AND OFFICIAL NAME: The proper name of the Issuer is "Putnam County Building Commission," and the Issuer is a public corporation with perpetual existence and a county building commission, with principal office and situate in the City of Winfield, Putnam County, West Virginia. Each of the following persons has been duly appointed to the Board of the Issuer by The County Commission of Putnam County and each member was, at the time of such appointment, and presently is, duly qualified, authorized and acting in accordance with the provisions of West Virginia law for such office, for a term of office expiring on the date set opposite his or her name below:

<u>Member</u>	<u>Term Expires</u>
Robert F. Hatfield	August 27, 1996 - August 27, 2001
Charles Sigman	July 17, 1995 - July 17, 2000
Frank M. Armada	August 27, 1997 - August 26, 2002

Robert F. Hatfield is the duly appointed, qualified and acting Chairman of the Issuer. Charles Sigman is the duly appointed, qualified and acting Secretary of the Issuer. Franklin L. Gritt, Jr. is the duly appointed, qualified and acting Counsel to the Issuer.

The aforesaid have duly taken the prescribed oaths of office and have duly filed any bonds required by law.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Series 2000 B Facilities have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Series 2000 B Facilities were authorized or adopted at regular or special meetings of the Issuer duly and regularly called and held pursuant to the By Laws of the Issuer and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Board of the Issuer was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. [RESERVED]

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, all dated the date hereof by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being \$3,650,862.95.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Charleston Gazette a newspaper of general circulation in Putnam County, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Commission at the public hearing held at a public meeting of the Issuer on the 5th day of January, 2000, at 9:30 a.m., in the County Commission Meeting Room of the Putnam County Courthouse and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Secretary of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Board of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bond.

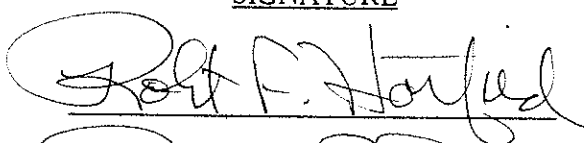
17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Series 2000 B Facilities, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

WITNESS our signatures and the official seal of the PUTNAM COUNTY
BUILDING COMMISSION on this 27th of January, 2000.

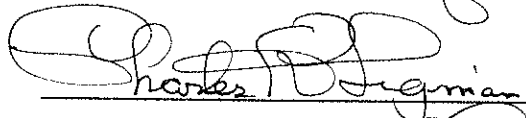
[CORPORATE SEAL]

SIGNATURE

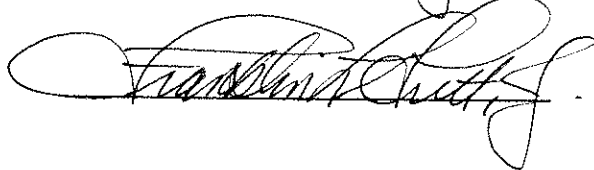
OFFICIAL TITLE


Robert F. Horford

Chairman


Charles D. Sigmund

Secretary


Franklin D. Smith

Counsel to Issuer

01/21/00
731000/97001

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND GOOD STANDING
3. CERTIFICATION OF COPIES OF DOCUMENTS
4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS
5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT
6. NO LITIGATION
7. AGREEMENTS AND OBLIGATIONS
8. NO CHANGE IN CONDITION
9. PUBLIC SERVICE COMMISSION ORDERS

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES in connection with the authorization, execution and delivery of an Agreement, dated January 26, 2000, by and among the Putnam County Building Commission (the "Issuer"), The County Commission of Putnam County (the "County Commission") and the Company (the "2000 B O & M Agreement"), relating to the acquisition, construction and equipping of the Project and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, pursuant to a Bond Ordinance of the Issuer enacted January 5, 2000, as supplemented by a Supplemental Resolution of the Issuer adopted January 26, 2000 (collectively, the "Bond Legislation") authorizing the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) in the total aggregate principal amount of \$3,800,000 (the "Series 2000 B Bonds"), to be issued to the West Virginia Water Development Authority (the "Authority"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Legislation, as follows:

1. INCUMBENCY AND SIGNATURES: The undersigned is and was at all relevant times the duly elected, qualified and serving Vice President of the Company, duly elected or appointed by the Board of Directors of the Company, and is familiar with the terms

of the transactions described in the Documents, herein defined. Set forth below is my true and genuine signature.

2. DUE INCORPORATION AND GOOD STANDING: The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the 2000 B O & M Agreement and the other Documents, herein defined.

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

Certified copy of Certificate of Good Standing

Orders of the Public Service Commission of West Virginia

2000 B O & M Agreement

4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS: The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The 2000 B O & M Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, has not been altered, modified or otherwise amended and is in full force and effect as of the date hereof. The 2000 B O & M Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the 2000 B O & M Agreement by the Company and the compliance with the provisions thereof will not conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of

Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the 2000 B O & M Agreement by the Company or in connection with the Project, the 2000 B O & M Agreement or the transactions contemplated thereby, except those already obtained.

6. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened looking toward liquidation or dissolution of the Company.

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

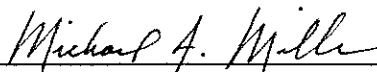
8. NO CHANGE IN CONDITION: There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds.

9. PUBLIC SERVICE COMMISSION ORDERS: The Issuer and Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the

Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Putnam County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer and the Company have taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and Company have received the Commission Order of the Public Service Commission of West Virginia entered on January 11, 2000, and the Commission Order of the Public Service Commission of West Virginia entered on January 26, 2000, both in Case No. 99-0674-PWD-PC-CN, granting a certificate of public convenience and necessity for the Series 2000 B Facilities and approving the financing therefor. The time for appeal of such Orders has not expired prior to the date hereof. However, the parties to such Orders have stated that they will not appeal such Orders. The Company hereby certifies that it will not appeal such Orders. Such Orders are not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

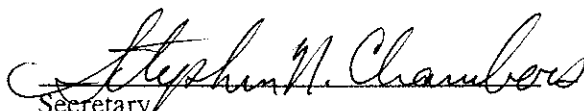
IN WITNESS WHEREOF, I have hereunto set my hand on this 27th day of January, 2000.

WEST VIRGINIA-AMERICAN WATER COMPANY



Vice President

ATTEST:



Secretary
01/26/00
731000/97001

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF THE COUNTY COMMISSION OF
PUTNAM COUNTY ON:

1. INCUMBENCY; CORRECT NAME OF LESSEE
2. SIGNATURES
3. SEAL
4. AUTHORIZING RESOLUTION, ETC.
5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS
6. NO LITIGATION
7. NO ADVERSE CIRCUMSTANCES, ETC.
8. REPRESENTATIONS OF THE LESSEE
9. NO FEDERAL GUARANTY
10. CONFLICT OF INTEREST
11. RELIANCE

The undersigned PRESIDENT and the undersigned CLERK of THE COUNTY COMMISSION OF PUTNAM COUNTY (the "Lessee"), a public corporation and political subdivision of the State of West Virginia, HEREBY CERTIFY, for and on behalf of the Lessee, to all counsel connected with the above-captioned bond issue and to other interested parties as follows, jointly unless otherwise stated, all capitalized terms used herein and not otherwise defined herein having the meanings set forth in the Agreement and Lease of Series 2000 B Facilities dated as of January 27, 2000 (the "Lease"), between the Putnam County Building Commission (the "Issuer"), as lessor (the "Lessor"), and the lessee, as Lessee, and the Agreement dated January 26, 2000, by and among the Issuer, the Lessee and West Virginia-American Water Company (the "2000 B O & M Agreement"):

1. INCUMBENCY; CORRECT NAME OF LESSEE. The proper name of the Lessee is "The County Commission of Putnam County," and the Lessee is a public corporation and political subdivision of the State of West Virginia. The members and officers of the Issuer, all duly elected, qualified, authorized and acting in accordance with the provisions of law, are and have been at all relevant times, as follows:

James H. Caruthers, Jr.	-	President and Member
Clinton E. Beaver	-	Member
James A. Withrow	-	Member
Michael W. Elliott	-	Clerk

The aforesaid Commissioners and Clerk have duly taken the prescribed oaths of office and have duly filed bonds as required by law.

2. SIGNATURES. Below are our true and genuine signatures.

3. SEAL. The seal which is impressed upon this certificate is the legally adopted, proper and only official corporate seal of the Lessee.

4. AUTHORIZING ORDINANCE, ETC. Delivered herewith is a true, correct and complete copy of an Ordinance (the "Authorizing Legislation"), among other things, authorizing the execution and delivery of the hereinafter defined and described Bond Documents, approving the financing of the acquisition, construction and equipping of the Project by the Issuer through the issuance of its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) (the "Bonds"), and the leasing of the Series 2000 B Facilities by the Lessee from the Issuer pursuant to the Lease, duly enacted by the Lessee at a meeting duly and regularly called and held on January 5, 2000, after due and proper notice thereof, at which meeting a quorum of duly elected, qualified and serving members of the Lessee was present and acting throughout. Since adoption, the Authorizing Legislation has not been amended, annulled, modified, rescinded, repealed, revoked or otherwise altered and the same is in full force and effect on the date hereof.

5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS. The following documents conform with the forms prescribed in the Authorizing Legislation, the execution and delivery thereof having been duly authorized, approved, ratified and/or confirmed by all necessary and proper action, and each such document required to be executed by the Lessee has been properly executed by the President, acknowledged, where appropriate, and the seal of the Lessee has been duly affixed and attested by the Clerk, where appropriate, in multiple counterparts thereof and such documents (the "Bond Documents") have been delivered to the Issuer and others:

Agreement & Lease of Series 2000 B Facilities

2000 B O & M Agreement

Authorizing Legislation

6. NO LITIGATION. No action, suit, inquiry, investigation, litigation, controversy or proceeding is pending against or affecting the Lessee or to our knowledge

threatened against the Lessee in any court or administrative or governmental body or arbitration board contesting, questioning or affecting the due organization and valid existence or powers of the Lessee, the titles of the members of the Lessee to their offices or the validity, due authorization and execution of the Bond Documents or the Authorizing Legislation, or attempting to limit, enjoin or otherwise affect, restrict or prevent the issuance of the Bonds, the acquisition, construction and equipping of the Project, the creation and valid existence of the Issuer, the appointment of the members thereof, the leasing of the Facilities by the Lessee, the performing of the transactions contemplated in the Lease, the 2000 B O & M Agreement and the Authorizing Legislation or the functioning and making payments pursuant to the Lease or the 2000 B O & M Agreement or which would adversely affect the validity or enforceability of the Bonds, the Lease, the 2000 B O & M Agreement, the Authorizing Legislation or any other document, instrument or agreement in connection therewith.

7. NO ADVERSE CIRCUMSTANCES, ETC. To our knowledge, no event affecting the Lessee has occurred since the date of the creation thereof which should be disclosed at this time to make all certifications herein and all covenants and provisions regarding the Lessee contained in the Lease, the 2000 B O & M Agreement, the Authorizing Legislation and all documents, instruments, agreements and certificates in connection therewith apply fully and in good faith upon delivery of the Lease and the 2000 B O & M Agreement. There has been no adverse change in the financial condition of the Lessee since June 30, 1999. There is not any indebtedness or obligation outstanding which has priority over or ranks on a parity with the Lease as to the source of and security for payment.

8. REPRESENTATIONS OF THE LESSEE. The representations and warranties of the Lessee or pertaining to the Lessee contained in the Lease and the 2000 B O & M Agreement and all documents, instruments, agreements and certificates in connection therewith are true, complete and correct in all material respects on and as of the date hereof, with the same effect as though such representations and warranties had been made on and as of the date hereof.

9. NO FEDERAL GUARANTY. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

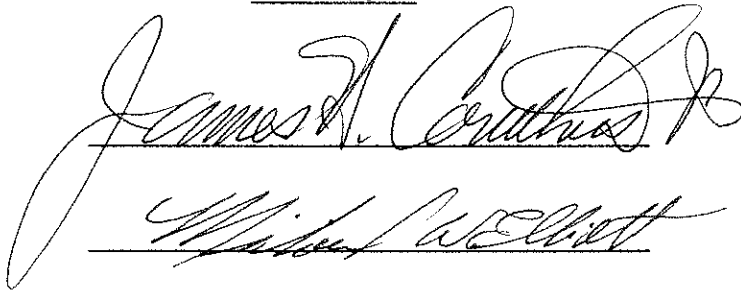
10. CONFLICT OF INTEREST. No member or officer of the Lessee is pecuniarily interested, directly or indirectly, in the Bonds, the Lease, the 2000 B O & M Agreement.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the official seal of THE COUNTY COMMISSION OF PUTNAM COUNTY to be affixed on this 27th day of January, 2000.

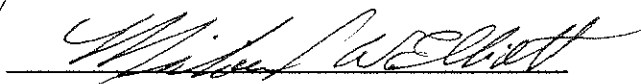
[SEAL]

SIGNATURE

OFFICIAL TITLE



President



Clerk

01/26/00
731000/97001

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, David A. Carovillano, Registered Professional Engineer, West Virginia License No. 12347, of West Virginia-American Water Company, Charleston, West Virginia (the "Company"), hereby certify as follows:

1. My company is engineer for the acquisition and construction of a public waterworks system (the "Project") of the Putnam County Building Commission (the "Issuer"), to be constructed primarily in Putnam 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 meanings set forth in the Bond Ordinance enacted by the Issuer on January 5, 2000, and the Loan Agreement dated January 27, 2000, by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

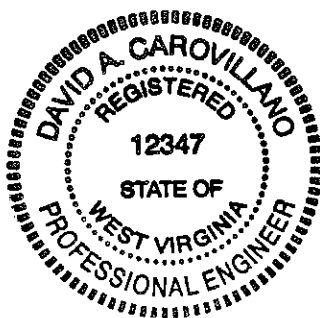
2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

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 the Company and approved by the Bureau for Public Health and the Public Service Commission of West Virginia 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 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 as set forth in the Schedule A attached hereto as Exhibit A and the Company has ascertained that all successful bidder(s) 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 bidder(s) 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 Bureau for Public Health and the Public Service Commission of West Virginia and the bid form(s) provided to the bidders contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid form(s); (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, in reliance upon the certificate of the Issuer's certified public accountant, Laura G. Gardner, of even date herewith, all Revenues of the Issuer received from The County Commission of Putnam County (the "County Commission") under and pursuant to the Agreement and Lease of Series 2000 B Facilities dated as of January 27, 2000 (the "Lease"), 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.

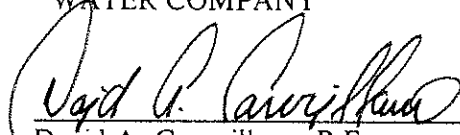
WITNESS my signature and seal on this 27th day of January, 2000.

(SEAL)



01/26/00
731000/97001

WEST VIRGINIA-AMERICAN
WATER COMPANY


David A. Carovillano, P.E.
West Virginia License No. 12347

*West Virginia Department of Transportation - Division of Highways permit issuance contingent upon contractors bond submission.

Date: January 26, 2000

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Putnam County Building Commission
ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF
AUTHORITY FINANCING.

A. Cost of Project

1. Construction	\$ 8,726,332	
1A. Design	\$ 531,271	
2. Technical Services	\$ 30,666	
3. Legal and Fiscal	\$ 40,000	
4. Administrative/Inspection	\$ 732,517	
5. Site and Other Lands	\$ 40,000	
6. Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$	
7. Interim Financing Costs	\$	
8. Contingency	\$ 872,633	
		<u>\$ 10,973,419</u>

B. Sources of Funds

10. Federal Grants ¹ (Specify Source)	\$	
11. State Grants: (Specify Source)	\$	
12. Other Grants: (Specify Source)	\$	
13. Any Other Source ² (Specify) WVAWC	\$ 1,590,000	
14. Total of Lines 10 through 13		<u>\$ 1,590,000</u>
15. Net Proceeds Required from Bond Issue (Line 9 less Line 14)		<u>\$ 9,383,419</u>

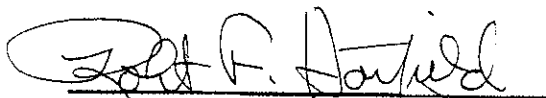
¹ Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

² For example: interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and exceptions as to availability).

C. Cost of Financing

16. Capitalized Interest (Construction period plus six months)	\$ 272,500	
17. Funded Reserve Account ³		
18. Other Costs ⁴ (Note 1)	<u>\$ 754,081</u>	
19. Total Cost of Financing (Lines 16 through 18)		<u>\$ 1,026,581</u>
20. Size of Bond Issue (Line 15 plus Line 19)		<u>\$ 10,410,000</u>

Additional or explanatory material may be provided on additional sheets attached to Schedule A.


SIGNATURE OF AUTHORIZED
OFFICE OF APPLICANT


SIGNATURE OF ENGINEER

Note 1: Includes \$198,120 deposited to Escrow Account

³ Consult with bond counsel and the Authority before assuming a funded reserve.

⁴ For example, fees of bond counsel for the Governmental Agency.



Laura G. Gardner, CPA

P.O. Box 609
Poca, WV 25159

304 757-5710 304 757-7520 fax
penguin@citynet.net

January 27, 2000

Putnam County Building Commission
Waterworks Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the lease payments to be made by The County Commission of Putnam County (the "County Commission") to the Putnam County Building Commission (the "Issuer"), under that certain Agreement and Lease of Series 2000 B Facilities dated as of January 27, 2000, 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 on the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), to be issued to the West Virginia Water Development Authority on the date hereof.

Very truly yours,

Laura G. Gardner, CPA
Certificate No. 1237

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

NEW ISSUE REPORT FORM

Date of Report: January 27, 2000

(See Reverse for Instructions)

ISSUE: Putnam County Building Commission Waterworks Lease Revenue Bonds,
Series 2000 B (West Virginia Water Development Authority)

ADDRESS: 89 Winfield Road, Winfield, West Virginia 25213 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: January 27, 2000

CLOSING DATE: January 27, 2000

ISSUE AMOUNT: \$3,800,000

RATE: 4.350% - 6.375%

1ST DEBT SERVICE DUE: June 1, 2000

1ST PRINCIPAL DUE: June 1, 2001

1ST DEBT SERVICE AMOUNT: \$ 112,651.25

PAYING AGENT: Municipal Bond Commission

BOND

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

UNDERWRITERS

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

CLOSING BANK: City National Bank of West Virginia
Contact Person: Roy Hamilton
Phone: (304) 586-2100

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Robert F. Hatfield
Position: Chairman
Phone: (304) 586-0201

OTHER: _____

Contact Person: _____
Function: _____
Phone: (304) _____

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
_____ Check

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

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

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

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

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

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

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

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

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

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

PUTNAM COUNTY BUILDING COMMISSION

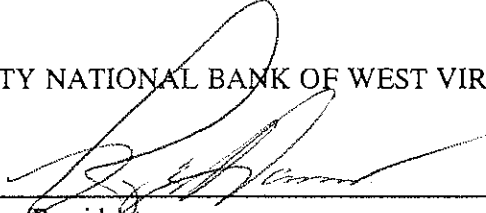
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

CITY NATIONAL BANK OF WEST VIRGINIA, Eleanor, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance duly enacted by the Putnam County Building Commission (the "Issuer") on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), dated January 27, 2000, in the principal amount of \$3,800,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with such Bonds, all as set forth in said Bond Legislation.

WITNESS my signature on this 27th of January, 2000.

CITY NATIONAL BANK OF WEST VIRGINIA



Vice President

01/25/00
731000.97001

PUTNAM COUNTY BUILDING COMMISSION

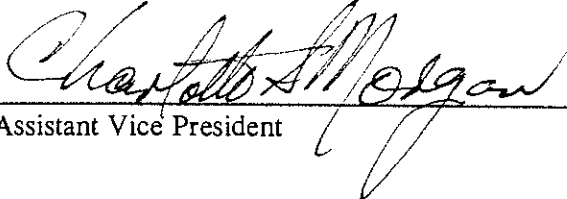
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), dated January 27, 2000, issued in the principal amount of \$3,800,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 27th day of January, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION


Assistant Vice President

01/18/00
731000.97001

PUTNAM COUNTY BUILDING COMMISSION

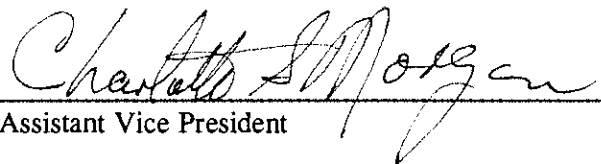
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement in connection with the above-captioned bond of the Putnam County Building Commission (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Putnam County Building Commission Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority), of the Issuer, dated January 27, 2000, in the principal amount of \$3,800,000, numbered BR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 27th day of January, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION


Assistant Vice President

01/18/00
731000.97001

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of January, 2000, by and between the PUTNAM COUNTY BUILDING COMMISSION, a public corporation of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$3,800,000 aggregate principal amount of Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted January 5, 2000, and a Supplemental Resolution of the Issuer duly adopted January 26, 2000 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

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

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Putnam County Building Commission
	89 Winfield Road
	Winfield, West Virginia 25213
	Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

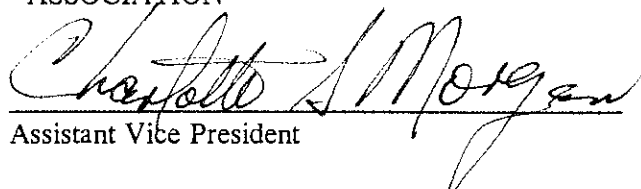
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

PUTNAM COUNTY BUILDING COMMISSION


Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

01/21/00
731000/97001

EXHIBIT A

[Included in transcript as Documents No. 1 and 2]

THIS 2000 B OPERATION AND MAINTENANCE AGREEMENT is made as of January 16, 2000, by and among WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (hereinafter the "Company"), PUTNAM COUNTY BUILDING COMMISSION, a public corporation ("PCBC") and THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA (the "County Commission").

WITNESSETH:

WHEREAS, Company, County Commission and PCBC have agreed to enter into a public/private water utility project (the "Project") for the construction of certain water utility assets (a) by PCBC (the "Commission Facilities"), (b) by PCBC and leased to the County (the "County Leased Facilities") and (c) by Company (the "Company Facilities") to provide water service to various areas of Putnam County, West Virginia; and

WHEREAS, after completion of the Project, all as more fully described herein and in the Application (the "Application") by Company, PCBC and County Commission filed or to be filed with the Public Service Commission of West Virginia (the "Public Service Commission"), PCBC will construct and own the County Leased Facilities and lease the same to the County Commission to provide water service to PCBC customers in Putnam County, West Virginia; and

WHEREAS, the County Leased Facilities to be constructed by PCBC are generally shown and described on the series of maps identified and incorporated by reference herein collectively as Appendix A; and

WHEREAS, Company currently provides the supply of potable water to substantial areas of Putnam County from Company's Kanawha Valley Treatment Plant and transmission and distribution system; and

WHEREAS, Company, through its existing water transmission and distribution facilities in Putnam County or through the Company Facilities to be constructed by Company, at its cost, as a part of the Project, will be in a position to serve citizens of Putnam County from Company Facilities or County Leased Facilities; and

WHEREAS, Company has offered to enter into this Agreement and to undertake the operation, maintenance, repair and replacement of the County Leased Facilities and to supply the estimated water needs of the customers to be served from the County Leased Facilities in Putnam County; and

WHEREAS, PCBC and the County Commission believe it is in the best interests of the residents of Putnam County for Company to operate, maintain, repair and replace the County Leased Facilities and to provide water service to the residents of Putnam County served by the Project as provided in this Agreement; and

WHEREAS, the PCBC wants Company to provide potable water directly to PCBC customers served through the County Leased Facilities and to provide assistance in the operation, maintenance, repair and replacement of the County Leased Facilities; and

WHEREAS, all new customers to be served from the Commission Facilities, the County Leased Facilities or the Company Facilities constructed as a part of the Project (all of such new customers being hereinafter referred to as "Project Customers") will be required to

pay a surcharge (the "Surcharge") of \$12.00 per month for ten (10) years to the County Commission; and

WHEREAS, the County Commission has leased the County Leased Facilities from PCBC pursuant to the Agreement of Lease dated as of January 21, 2000 (the "Lease").

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the County Commission, the Company and PCBC agree:

I. Supply of Water to Customers Served by the County Leased Facilities.

A. Upon the construction of the County Leased Facilities, Company agrees to provide to the Customers served from the County Leased Facilities (the "Leased Facilities Customers"), subject to the terms, conditions, undertakings, agreements and limitations provided in this Agreement, the total water requirements of the Leased Facilities Customers, said water delivered to the Leased Facilities Customers to be of the same quality as that supplied to Company's Customers in Kanawha and Putnam Counties. Company will be paid for the water supplied to the Customers in the manner set forth in Section V of this Agreement at the rates of Company from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended.

B. Company shall monitor the water quality and be responsible for compliance with all state and federal standards for furnishing water to the public.

C. In the event of an extended shortage of water, or if the supply of water from Company is otherwise diminished or impaired, the supply of water to the Leased Facilities Customers shall be reduced or diminished in approximately the same proportion as the supply of the water to Company's Kanawha and Putnam County customers is reduced or diminished. Any notification given to Company's Kanawha and Putnam County customers of any anticipated shortage of water shall also be given to Leased Facilities Customers.

II. Term of This Agreement.

The term of this Agreement shall extend for forty (40) years from the date hereof and thereafter may continue in effect from year to year by mutual consent of the parties; provided, however, PCBC shall have the right to terminate this Agreement on (i) sixty (60) days' prior written notice and (ii) payment at the time of such termination to Company of the amount calculated as set forth in Section VIII below; provided further, however, that in the event that termination is based upon Company's failure to remit the hereinafter described surcharge to the County Commission upon proper notice, and within a reasonable period to cure such default, no amount will be due Company hereunder, and Company will be obligated to collect service charges and surcharges from PCBC Customers, and remit the same on a monthly basis to the PCBC and to the County Commission, respectively.

III. Future Additions to and Future Extension of County Leased Facilities.

Company and PCBC are aware that there may be written requests by PCBC for future additional use of water by Leased Facilities Customers and that there may be future approved PCBC additions and extensions made to County Leased Facilities. In addition to the other requirements set forth in this Agreement, PCBC and Company hereby specifically agree that such additional use, additions and extensions will be made only if, in the opinion of Company, Company's Kanawha Valley Treatment Plant and, when interconnected, Company's Huntington Treatment Plant, have sufficient treatment capacity and transmission, distribution and pumping facilities, including County Leased Facilities and Company's transmission and distribution mains, adequate to serve PCBC's Customers and if Company believes it otherwise economically feasible to meet the total then present and anticipated needs of both the Leased Facilities Customers and the other customers of Company's Kanawha Valley and Huntington Districts. Further, the County Commission, PCBC and Company agree as follows:

A. Future Additions. All future additions to the County Leased Facilities constructed by PCBC shall be subject to this Agreement; provided, however, that future additions to the system must be approved by the County Commission, Company and PCBC.

B. Future Extension. Customer extensions from the County Leased Facilities and within PCBC boundary lines may be installed by either PCBC or Company. When PCBC receives a request for a Customer extension, PCBC shall notify Company in writing within fifteen (15) days of its receipt of said request whether it will install the Customer extension or desires Company to make the installation.

(1) In the event PCBC desires Company to install and own the Customer extension, (i) Company shall contract on its own behalf with the Customer requesting the extension and make the installation pursuant to the Rules and Regulations of the Public Service Commission, (ii) all Customers attaching to the Customer extension shall be considered Leased Facilities Customers for billing purposes at the rates of PCBC in accordance with Section V, and (iii) the Customer extension shall be, without further cost or expense of any kind, the property of Company.

(2) In the event PCBC elects to install and own the Customer extension, the construction for that Customer extension by PCBC will be contracted to a contractor acceptable to Company, and all plans and specifications for that extension shall be submitted to and approved by Company before becoming a part of PCBC's Facilities and being subject to this Agreement. When that extension is contracted to a contractor acceptable to Company, Company, on behalf of and as agent for PCBC, will contract directly with such contractor to provide the extension. Any extension deposits taken by Company on behalf of and as agent for PCBC pursuant to the Rules and Regulations of the Public Service Commission will be retained by Company and credited against the cost of the extension, and the balance of the deposit above the cost of the extension, if any, will be returned to the contracting Customer. Company, on behalf of and as agent for PCBC, will make refunds to the contracting Customers for the extensions pursuant to the Rules and Regulations of the Public Service Commission based on the rates of Company, using funds advanced to Company by PCBC (to the extent such advances are legally permissible).

(3) Refunds made pursuant to the Rules and Regulations of the Public Service Commission to Customers contracting directly with Company pursuant to subparagraph III B shall be the sole responsibility of Company, and the cost of such extensions, to the extent refunded or reimbursed to Customers pursuant to the Public Service Commission's Rules and Regulations, shall be properly includable in Company's depreciable utility plant in calculating Company's cost of service and resulting rates.

C. Surcharges Applicable. Customers served from future additions or future extensions to the Commission Facilities, the Company Facilities or the County Leased Facilities that are not otherwise connected to Company facilities shall be subject to the Surcharges provided in Section V of this Agreement.

IV. Operation and Maintenance of County Leased Facilities by Company; Company as Agent.

A. Company hereby agrees to operate, maintain, repair and replace (i) County Leased Facilities, and (ii) all water lines added thereto as additions and extensions with the written approval of the County Commission, Company and PCBC. Notwithstanding the foregoing, Company shall not be under any obligation to maintain, repair or replace at its expense, any condition, defect or malfunction arising from the installation of future additions or future extensions to the County Leased Facilities which fail to meet the standards of Company, if such discrepancy in design or installation is reported in writing by Company to PCBC within fifteen (15) days of discovery.

B. In the event that it becomes necessary to relocate, replace, maintain or repair any condition, defect or malfunction arising from faulty installation of any future additions or extensions for which notice as hereinabove set forth has been given to PCBC by Company, such replacement, relocation, maintenance or repair will be made by a contractor approved by Company or by Company upon notification by PCBC using funds advanced by Company for which Company shall be reimbursed upon termination of this Agreement under the procedures set forth in Section VIII hereof.

C. In the event Company, under the terms of this Agreement, is required to install, relocate or replace any "unit of property" within the County Leased Facilities as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), Company shall make such installation, relocation or replacement at its cost; provided, however, that in every such instance the unit of property shall be, and shall remain, the property of Company (unless purchased by PCBC from Company after termination of this Agreement as provided in Section VIII hereof or constitutes a part of the County Funded Portion, in which event such property will remain the property of the PCBC subject to the Lease) and shall be properly includable in the depreciable utility plant of Company in calculating its cost of service and resulting rates.

D. PCBC agrees that, in those instances in which Company installs, replaces or relocates any unit of property on the County Leased Facilities pursuant to the provisions of Subsection C of this Section IV, PCBC will, simultaneously therewith, convey to Company all related rights of way, easements, licenses or other property interests necessary for Company

to have and own such unit of property in the location and manner in which it is installed, replaced or relocated on the County Leased Facilities.

E. The Company is hereby appointed as the agent for PCBC to design, construct and install the County Leased Facilities in accordance with good utility construction standards, and the Company shall have the right to enter into such contracts with third parties as it deems necessary or desirable to effectuate such design, construction and installation without further act or deed of PCBC.

V. Reading Meters, Billing of Customers and Payments to PCBC, Including Joint Use Payments; Surcharges to Project Customers.

A. All Customers served directly from the County Leased Facilities under this Agreement shall be Leased Facilities Customers and all Customers served directly from Company Facilities shall be the Customers of Company. Company shall read all meters of the Leased Facilities Customers and render bills to those Customers, as agent for and on behalf of PCBC, in a manner consistent with the meter reading and billing practices of Company employed in billing its own Customers, such bills to be rendered and collected by Company on behalf of PCBC and to be computed based on the usage of each PCBC Customer at the rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. It is the understanding and intent of the parties to this Agreement that, except for the Surcharges provided in Section VI of this Agreement, the rates of the PCBC shall reflect or mirror the rates of Company.

B. It is the intent of the County Commission, Company and PCBC under this Agreement that the bills delivered to each Leased Facilities Customer reflect the amount due for the water used (such amount to be determined by applying the rates of PCBC to the consumption of water by Leased Facilities Customers as determined by monthly or estimated meter readings). From the amount of money collected from each Project Customer in payment of each monthly bill, Company will pay to the County Commission on a customer-by-customer basis the amount of the Surcharges approved in Company or PCBC's tariff. Notwithstanding the foregoing, in the event that a Project Customer fails to pay at least the amount of the Surcharge from each bill rendered to that Customer, then monies retained by Company from other Project Customers (exclusive of the Surcharge) shall not be used to pay to the County Commission the difference between the amount of the Surcharge and the actual amount paid by that Project Customer. Company shall be responsible for the collection of delinquent bills on behalf of PCBC. The bills delivered to the Leased Facilities Customers will be delivered by, and be payable to, Company, as agent for PCBC.

C. Company, in consideration of the respective rights, duties, obligations, agreements and undertakings of the parties under this Agreement, shall be entitled to receive from PCBC an amount for water service rendered to Leased Facilities Customers equal to the consumption of each individual Leased Facilities Customer at Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall prepare and deliver monthly statements or schedules to PCBC which shall reflect the total amount collected by Company, as agent for PCBC, and the total amount retained by

Company for the water service provided to Leased Facilities Customers at the respective rates of PCBC and Company, plus the Surcharges as provided in this Section V and Section VI below. A Leased Facilities Customer shall be charged a municipal B & O surcharge on his usage only if that Leased Facilities Customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to PCBC and to the County Commission by Company will also include the costs of any additions or extensions, and related refunds, made at the cost of the PCBC under Section III, and the cost of any fire hydrants under Section X installed at the cost of PCBC.

D. County Commission and PCBC agree to have its accountants review, at least annually, at their expense, the system of accounts maintained by Company for PCBC and report the results of that review to PCBC, Company and the County Commission.

VI. Collection of the Surcharge.

Subject to the terms and conditions of this Agreement, County Commission, Company and PCBC agree that Company shall be responsible for collecting the Surcharges imposed on the Project Customers as follows:

A. Company Responsibilities.

(1) Within a reasonable number of days after (i) execution of this Agreement, (ii) receipt by PCBC or the County Commission of the grants, loans or other funding sufficient to cover the cost of the County Leased Facilities, and (iii) receipt of the requisite regulatory approvals, PCBC shall proceed to construct, or contract for the construction of the County Leased Facilities portion of the Project. Except as expressly set forth in this Agreement, the

Company shall treat Project Customers as required by the Water Rules and the tariffs filed with the Public Service Commission by PCBC.

(2) Beginning with the first bills rendered to all Project Customers after the completion of the construction contemplated under this Agreement and the commencement of water service to the Project Customers, Company shall add the Surcharge of \$12.00 per month for ten (10) years to all bills rendered to Project Customers. Within thirty (30) days after the end of each monthly billing cycle, Company shall remit to the County Commission all Surcharges collected, along with a list of those Project Customers, if any, who have failed to pay the Surcharges; provided, however, that upon written notification from PCBC to the effect that County Commission has not paid the rent required of it with respect to the County Leased Facilities, then Company shall remit the Surcharges to PCBC until such time as it is notified by PCBC that County Commission is current with respect to such rent.

(3) Company assumes no responsibility for the payment, prompt or otherwise, by the Project Customers of the Surcharges, but shall act solely as collecting agent for the County Commission. In the event of a partial payment of a Company bill by a Project Customer subject to a Surcharge, the amount of such payment shall be applied first to the Surcharge and the balance, if any, shall be applied to the amount due for water service from Company or PCBC.

(4) Surcharges shall be subject to all provisions of the Water Rules and Company and PCBC's tariffs applicable to payments for water service, including terminations for nonpayment thereof. Company shall employ all reasonable means at its disposal consistent

with its general business practices to induce the prompt payment of Surcharges for Project Customers.

B. PCBC Responsibilities.

(1) PCBC shall indemnify and hold Company harmless from and against any and all costs, liabilities or expenses, including reasonable attorney's fees, arising from, in connection with, or related to suits, actions or proceedings related to this Agreement or the erroneous collection or failure to bill Surcharges as a result of a good faith mistake on the part of Company.

(2) All obligations of PCBC hereunder may be satisfied only from its interest in the County Leased Facilities.

C. Adjustment and Termination of Surcharge.

(1) Until such time as Surcharges have been collected by Company and remitted to the County Commission for the time required by this Agreement, all Project Customers and all other applicants for service directly connecting to the Project or any extensions or additions to the Project as provided in Section III of this Agreement shall be assessed the monthly Surcharges as provided under this Agreement.

(2) Surcharges to Project Customers shall terminate when Company has collected and remitted to the County Commission total Surcharges for each new Project Customer for 120 months.

VII. Installation of Domestic Services.

After the proposed construction of the County Leased Facilities has been completed, Company shall install domestic service lines, including the tap on the County Leased Facilities and the service line from the County Leased Facilities to the established curb line or within the public right of way nearest the main in accordance with the Rules and Regulations of the Public Service Commission. This installation shall include the meter setting. All such service lines from the County Leased Facilities to the Customer's property line, meter settings and taps shall be constructed and installed by Company and shall be the property of Company. Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain and replace the meters.

VIII. Termination of the Agreement.

A. At the time of termination of this Agreement, Company will be entitled to receive payment for the termination fee, all water delivered to County Leased Facilities customers through the termination date of this Agreement in accordance with the provisions of Section V of this Agreement, and all water meters installed on County Leased Facilities at the time of such termination will be removed by Company. PCBC agrees that it will either replace those meters, install nipples in place of those meters or buy the meters from Company at the depreciated original cost of those meters as provided in Subsection D of this Section VIII.

B. Upon termination of the Agreement, PCBC also agrees that it will purchase from Company, at the depreciated original cost of those items, all of the units of

property installed, replaced or relocated by Company on the County Leased Facilities under Section IV of this Agreement and all service lines from the County Leased Facilities to the Customers' property line, meter settings and taps installed at the cost of Company and reflected on the books of Company at the time of the termination of the Agreement.

C. Upon termination of the Agreement, Company shall, within thirty (30) days of such termination, provide to PCBC (i) the total cost of all such items described in Subparagraphs A and B of this Section VIII installed at the cost of Company and (ii) the total depreciation accrued on all of such items. PCBC agrees that it will pay to Company the total net depreciated cost (original cost less depreciation) of such items over a three-year period with such payments to be made in thirty-six (36) equal monthly payments of principal, plus accrued interest at the "Prime Rate," as defined below, commencing forty-five (45) days after termination of the Agreement. The Prime Rate shall be the prime rate as shown in The Wall Street Journal being defined therein as the "base rate on corporate loans at large U.S. money center commercial banks" and reported as the "Prime Rate" under the heading "Money Rates," as those terms shall be from time to time changed. The Prime Rate shall change not more often than the first day of each calendar quarter, and for each calendar quarter it shall be determined on the last day of the preceding calendar quarter on which The Wall Street Journal is published with the aforesaid prime rate quotation. In the event that The Wall Street Journal ceases to publish such rates, the Prime Rate shall be the prime rate established by One Valley Bank, National Association, of Charleston, West Virginia, from time to time.

IX. Installation of Private Fire Protection Services.

Fire services, approved by PCBC, may be installed by Company from the County Leased Facilities, but only in accordance with the Rules and Regulations of the Public Service Commission. Fire service will be installed by Company at the expense of the applicant and will be billed by Company to the applicant and paid by the applicant directly to Company at a rate equal to the then approved Company's private protection rate.

X. Installation of Fire Hydrants.

Public fire protection facilities approved by PCBC may be installed on the County Leased Facilities covered by this Agreement at the request of an appropriate governmental unit, and installation shall be made pursuant to the Rules and Regulations of the Public Service Commission, provided that all such fire hydrants shall have a flow capability of at least 500 GPM at 20 psi residential pressure for a sustained period of time.

XI. Water Service Franchise Territories.

It is expressly understood and agreed by Company and PCBC that:

A. Company shall be permitted to own Company Facilities purchased by Company and to serve Company Customers served directly from those Company Facilities within the water service franchise area of PCBC as are necessary to enjoy and fulfill its rights and obligations under this Agreement, subject to the terms and conditions set forth in this Agreement.

B. Except as otherwise provided in this Agreement, all persons residing outside of PCBC's water service franchise area, as defined above, and served, either at present or in the future, by Company shall be considered Customers of Company.

C. PCBC agrees that, as a part of the consideration for this Agreement, Company shall have the right, even after termination of this Agreement, to transfer water through the County Leased Facilities, and all future additions and future extensions thereto, and to serve customers who may be connected, directly or indirectly, to Company water mains, whether inside or outside PCBC's service area.

XII. Conditions Precedent to Effectiveness of Agreement.

Company and PCBC understand and agree that this Agreement, and the obligations of each of them hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement:

A. Rates and Surcharges The Public Service Commission shall have approved the rates and billing arrangements requested by PCBC in the Application, or any supplements thereto, filed with the Public Service Commission seeking approval of this Agreement.

B. The Public Service Commission shall have approved this Agreement and all of the terms, conditions, undertakings, agreements and limitations of that Agreement. Specifically, and without in anyway limiting the generality of this condition, the Order approving this Agreement and the transactions contemplated thereby shall:

(1) Authorize the inclusion in depreciable utility plant of Company any amounts expended by Company for the cost of installing, replacing or relocating any water lines or facilities on the County Leased Facilities which are defined as a "unit of property," in the NARUC Uniform System of Accounts and which are relocated or replaced by Company at its cost pursuant to Section IV under this Agreement and the cost to Company to install service lines, meter settings and taps on the County Leased Facilities pursuant to Section VII;

(2) Authorize Company to include in depreciable utility plant an amount equal to the tax expense associated with the obligations assumed by Company under the Agreement to the extent that the undertaking by Company to operate, maintain, repair or replace the County Leased Facilities under this Agreement, causes such County Leased Facilities, or any part thereof, to constitute taxable income or to otherwise generate tax expense for Company;

(3) Authorize the recognition in rate base of Company Facilities or other Company Property held by the County Commission and leased to Company under the Capital Lease, all as described in the Application; and

(4) Authorize the implementation of the Surcharges and the other rates requested in the Application.

C. The Public Service Commission shall not have attached to its Order any terms, conditions or limitations which shall adversely affect this Agreement or the economic feasibility of this project between the parties insofar as taking any action or refraining from taking any action which, in the opinion of their respective counsel, might require them, or

either of them, to breach any of their obligations under any Mortgage Indenture, as supplemented, or any other agreement to which either of them might be a party.

XIII. Representations and Warranties.

A. PCBC represents and warrants to Company as follows:

(1) The execution, delivery and performance of this Agreement by PCBC has been duly authorized, and this Agreement constitutes a valid and binding obligation of PCBC enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by PCBC will not violate any provisions of law or violate the terms or conditions of any grants or loans made to PCBC for construction of the County Leased Facilities.

B. Company represents and warrants to PCBC as follows:

(1) The execution, delivery and performance of this Agreement by Company has been duly authorized, and this Agreement constitutes a valid and binding obligation of Company enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by Company will not violate any provisions of Company's indentures.

XIV. Assignability.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XV. Notice.

Any notice, demand or request given hereunder shall be deemed sufficient if in writing and sent by certified mail, postal charges prepaid, to West Virginia-American Water Company, Attention: President, 1600 Pennsylvania Avenue, P. O. Box 1906, Charleston, WV 25327; to PCBC addressed to the Putnam County Building Commission, 3389 Winfield Road, Winfield, West Virginia 25213; and to County Commission, Court House, Winfield, West Virginia 25213, or to such address as the parties shall indicate by written notice to the other parties.

XVI. Captions.

The captions preceding the text of the sections of this Agreement are inserted solely for convenience and reference and shall not be used to construe, interpret or affect any provision of this Agreement.

XVII. Revocation of Prior O&M Agreements. This Agreement replaces in all respects the prior Agreements dated March 4, 1998, and September 9, 1998 (the "Prior Agreements"), between Company and County Commission relating to water projects in Putnam County, and Company and County Commission agree that the Prior Agreements are void and of no force and effect. County Commission has been added as a signatory to this Agreement for purposes of revoking the Prior Agreements.

XVIII. Governing Law. This Agreement shall be governed by West Virginia law.

XIX. Severability. If any provision of this Agreement is, for any reason, determined to be invalid, illegal or unenforceable in any respect, the Parties hereto shall

PUTNAM COUNTY BUILDING COMMISSION

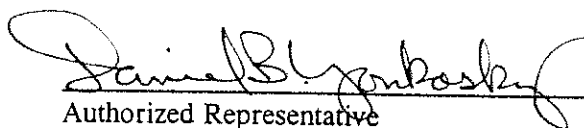
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Putnam County Building Commission in the principal amount of \$3,800,000, numbered BR-1, dated January 27, 2000, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 27th day of January, 2000.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

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