$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

Closing Date: June 26, 2012

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STATE OF WEST VIRGINIA

BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM

STATE COLLEGE SYSTEM REVENUE AND REFUNDING BONDS

GENERAL RESOLUTION

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A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE FROM TIME TO TIME BY THE BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM OF STATE COLLEGE SYSTEM REVENUE BONDS TO FINANCE ALL OR A PORTION OF THE COSTS OF ACQUISITION, CONSTRUCTION, RENOVATION, IMPROVEMENT AND EQUIPPING OF FACILITIES, BUILDINGS AND STRUCTURES FOR STATE INSTITUTIONS OF HIGHER EDUCATION, CONSISTING OF THOSE COLLEGES AND COMMUNITY COLLEGES UNDER THE SUPERVISION, MANAGEMENT AND CONTROL OF THE BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM IN THE STATE OF WEST VIRGINIA; AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF STATE COLLEGE SYSTEM REVENUE REFUNDING BONDS TO REFUND ALL OR A PORTION OF CERTAIN TUITION FEE AND REGISTRATION FEE REVENUE BONDS OF THE WEST VIRGINIA BOARD OF REGENTS; AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE FROM TIME TO TIME OF STATE COLLEGE SYSTEM REVENUE REFUNDING BONDS TO REFUND ALL OR A PORTION OF THE STATE COLLEGE SYSTEM REVENUE OR REVENUE REFUNDING BONDS TO BE ISSUED HEREUNDER BY THE BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM AND OTHER BONDS HERETOFORE OR HEREAFTER ISSUED TO ACQUIRE, CONSTRUCT, RENOVATE, IMPROVE OR EQUIP FACILITIES, BUILDINGS AND STRUCTURES FOR SUCH STATE INSTITUTIONS OF HIGHER EDUCATION OR TO REFUND SUCH BONDS.

WHEREAS, the Legislature of the State of West Virginia has, pursuant to Chapter 18B, Articles 1, 2 and 3 of the Code of West Virginia, 1931, as amended (the "Governing Board Act"), created two governing boards for State institutions of higher education to succeed to the powers, duties, responsibilities and properties previously vested in the West Virginia Board of Regents, such governing boards being designated the "University of West Virginia

Board of Trustees" and the "Board of Directors of the State College System," respectively;

WHEREAS, pursuant to the Governing Board Act, the University of West Virginia Board of Trustees is to govern the University of West Virginia and the State university system, being the multi-campus, integrated university of the State, consisting of West Virginia University including West Virginia University at Parkersburg, Potomac State College of West Virginia University and the West Virginia University Health Sciences Center; Marshall University including the Marshall University School of Medicine; the University of West Virginia Graduate College; and the West Virginia School of Osteopathic Medicine;

WHEREAS, pursuant to the Governing Board Act, the Board of Directors of the State College System is to govern the State college system, consisting of all state colleges and community colleges in the State, including Bluefield State College, Concord College, Fairmont State College, Glenville State College, Shepherd College, West Liberty State College, West Virginia Institute of Technology, West Virginia State College, Southern West Virginia Community College, West Virginia Northern Community College and any institution of higher education which has been designated as a community college by the Board of Directors of the State College System;

WHEREAS, the West Virginia Board of Regents (the "Board of Regents") has heretofore issued several series of revenue bonds or revenue refunding bonds (hereinafter collectively defined as the "Prior Bonds"), payable from and secured by tuition and registration fees collected from students at State institutions of higher education;

WHEREAS, the Board of Directors of the State College System (the "Board") and the University of West Virginia Board of Trustees (the "State University System Board") have determined that interest cost savings may be realized by the refunding of the Prior Bonds currently outstanding and that such refunding is therefore advantageous, and each have determined to concurrently issue revenue refunding bonds to accomplish such refunding and to allocate the amount of such revenue refunding bonds to be issued by each board in proportion to the tuition and registration fees available to each board for payment of debt service of such bonds;

WHEREAS, the respective boards have further determined to provide for future issues of revenue bonds and revenue refunding bonds pursuant to this General Resolution and pursuant to a similar general resolution to be adopted by the State University System Board;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (the "General Resolution") is adopted pursuant to the Governing Board Act, Chapter 18, Article 12B and Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended (collectively, together with the Governing Board Act, the "Act"), Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended (the "Refunding Act"), and other applicable provisions of law. This resolution is hereinafter sometimes referred to as the "State College System Revenue Bond General Resolution" and may be so cited.

Section 1.02. Definitions. In addition to the terms defined in the recitals hereto, the following terms shall have the following meanings unless the context shall otherwise clearly require:

"Accountant" means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by the Board.

"Accreted Value" means the amounts set forth in and the amounts computed pursuant to the formula set forth in a Related Supplemental Resolution authorizing the issuance of the Capital Appreciation Bonds the Accreted Value of which is being determined.

"Act" means, collectively, Chapter 18, Article 12B and Chapter 18B, Articles 1, 2, 3 and 10 of the Code of West Virginia, 1931, as the same have been and may from time to time be amended.

"Additional Bonds" means any Bonds issued, executed, authenticated and delivered pursuant to this General Resolution, other than the Series 1992 Bonds, to finance the Costs of Projects or for any other purpose permitted hereunder and by the Act, and may include Variable Rate Bonds or Capital Appreciation Bonds, provided that, if Variable Rate Bonds, such Additional Bonds shall provide a cap upon

the interest rate for such Additional Bonds and upon the interest rate to be paid to the issuer of any Credit Facility issued in connection with such Additional Bonds.

"Authorized Denominations" means, with respect to the Series 1992 Bonds, $5,000 and integral multiples thereof, and, with respect to any Additional Bonds or Refunding Bonds issued hereunder, such denominations as may be set forth in the Related Supplemental Resolution.

"Authorized Newspaper" means a newspaper or financial journal, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, of general circulation in the Borough of Manhattan, State of New York.

"Authorized Officer" means the Chairman or Vice-Chairman of the Board, and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Board then authorized to perform such act or discharge such duty.

"Board" means the Board of Directors of the State College System, a public corporation and a governmental instrumentality of the State, exercising essential governmental functions for a public purpose and created by the Act, and any body, agency, board or instrumentality which may succeed to the functions of the Board.

"Bonds" means one of the bonds delivered pursuant to this General Resolution, including the Series 1992 Bonds, any Additional Bonds and any Refunding Bonds issued pursuant to Article II hereof.

"Bond Counsel" means an attorney or firm of attorneys of recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Board.

"Bond Counsel's Opinion" means an opinion signed by Bond Counsel rendered pursuant to the provisions of this General Resolution.

"Bond Fund" means a fund by that name established with the Commission pursuant to Section 7.01 hereof with respect to a Series of Bonds.

"Bond Proceeds Fund" means a fund by that name established with the State Treasury pursuant to Section 7.01 hereof with respect to a Series of Bonds.

"Bond Year" means, with respect to a Series of Bonds, the period established and designated as such by the Related Supplemental Resolution.

"Budget Period" means a 12-month period commencing on July 1 and ending on the following June 30.

"Business Day" means any day other than (i) a Saturday, Sunday or legal holiday, and (ii) a day on which banking institutions located in the City of New York or in any of the cities in which the respective Principal Offices of the Registrar or any Paying Agent or Tender Agent are located, are required or authorized by law or executive order to close.

"Capital Appreciation Bonds" means Bonds that bear interest payable at maturity, upon redemption prior to maturity or prior to maturity at the date set forth in the Related Supplemental Resolution in the amounts determined by reference to the Accreted Value of such Capital Appreciation Bonds in accordance with the provisions of the Related Supplemental Resolution.

"Certificate" means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this General Resolution or (ii) the report of an Accountant as to audit or other procedures called for by this General Resolution.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

"Colleges" means, collectively, the State institutions of higher education under the supervision, management and control of the Board.

"Commission" means the West Virginia Municipal Bond Commission or its successor.

"Computation Date" means the last day of the fifth Bond Year and each succeeding fifth Bond Year applicable to a Series of Bonds, and the date on which the last Bond of such Series of Bonds is discharged.

"Costs of Issuance" means all items of fees and expenses, directly or indirectly payable or reimbursable by or to the Board and related to the authorization, sale and issuance of Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and

charges of the Commission, any Paying Agent, Tender Agent, Remarketing Agent or Registrar, legal fees, expenses and charges, fees, expenses and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums, fees and expenses of any Credit Provider providing a Credit Facility with respect to any Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

"Costs of Issuance Fund" means a fund by that name established pursuant to Section 7.01 hereof with respect to a Series of Bonds.

"Costs of Projects" means the costs of acquisition, construction, renovation, repair, equipping and safety upgrading of facilities, buildings and structures; the cost of land, equipment, machinery, furnishings, installation of roads, utilities and other similar items convenient in connection with placing the foregoing into operation for Colleges within the State; and costs of financing, interest during construction, professional service fees and all other charges or expenses, necessary, appurtenant or incident to the foregoing, and any other costs permitted to be financed under the Act.

"Credit Facility" means any letter of credit, policy of insurance, guaranty or similar instrument issued by a Credit Provider which secures the payment of the Principal, Purchase Price or Redemption Price of or interest on any Bonds, but shall not include any Reserve Fund Credit Facility.

"Credit Facility Agreement" means any agreement between the Board and a Credit Provider pursuant to the terms of which the Credit Provider delivers a Credit Facility, as amended and supplemented.

"Credit Provider" means any bank, trust company, national banking association, insurance company or other entity which is the issuer of a Credit Facility and, in the case of a Credit Facility for Variable Rate Bonds, which is rated in the highest short term rating category assigned by S&P or Moody's.

"Debt Service" means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installments of such Bonds during such Fiscal Year. For purposes of computing "Debt Service," the rate of interest used to determine (i) above shall be a rate per annum equal to (1) with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with

respect to any Series of Variable Rate Bonds, the rate which is equal to the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve month period.

"Debt Service/Additional Bonds" means, with respect to any Fiscal Year, an amount equal to the aggregate of (i) all interest payable during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued, plus (ii) any Principal Installments payable during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued. For purposes of computing "Debt Service/Additional Bonds," the rate of interest used to determine (i) above shall be a rate per annum equal to (1) with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with respect to any Series of Variable Rate Bonds, the rate which is equal to the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve (12) month period.

"Debt Service Reserve Fund" means a fund by that name established pursuant to Section 7.01 hereof with respect to a Series of Bonds.

"Debt Service Reserve Requirement" means, as of any date of calculation with respect to any Series of Bonds, the lesser of (i) the amount, if any, specified in the Related Supplemental Resolution, or (ii) an amount not exceeding the amount permitted as a reasonably required reserve under the Code.

"Defeasance Obligations" means cash or noncallable Government Obligations.

"Depository" means DTC, or any bank, trust company, national banking association or other financial institution selected by an Authorized Officer as a depository of securities held under the provisions of this General Resolution.

"DTC" means The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participant" or "DTC Participants" means securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations which have access to the DTC System.

"Event of Default" means any of the events specified in Section 9.01 hereof.

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

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year, or such other twelve-month period adopted as the Fiscal Year of the Board.

"Fitch" means Fitch Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized rating agency designated by an Authorized Officer.

"General Resolution" means this General Resolution.

"Government Agency Obligations" means bonds, notes or other evidence of indebtedness issued or guaranteed by, any agency of the United States of America.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, including but not limited to obligations issued by the Resolution Trust Corporation, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Interest Payment Date" means any date upon which interest on any Bonds is due and payable in accordance with their terms and the Related Supplemental Resolution.

"Interest Rate Swap Obligations" means obligations pursuant to any arrangement whereby directly or indirectly, the Board is entitled to receive from time to time periodic payments calculated by

applying either a floating or a fixed rate of interest on a stated principal amount in exchange for periodic payments made by the Board to another entity calculated by applying a fixed or a floating rate of interest on the same amount, which arrangement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

"Letter of Credit" means any letter of credit, line of credit, or other instrument which provides (i) security for payment of Bonds of a Series and (ii) for application of payments thereunder prior to use of amounts on deposit in the funds or accounts established hereunder to the payment of the Principal or Purchase Price of, or interest on the Bonds secured thereby.

"Maximum Rate" means, with respect to any particular Variable Rate Bond, the rate of interest set forth in the Related Supplemental Resolution as the maximum rate of interest such Bond may at any time bear.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by an Authorized Officer.

"Original Purchaser" means, with respect to any Series of Bonds, the investment banking firm or firms or other entities first purchasing such Series of Bonds directly from the Board, as shall be determined by a Supplemental Resolution.

"Other Bonds" means any bonds heretofore or hereafter issued by an issuer other than the West Virginia Board of Regents or the Board, the proceeds of which were used to acquire, construct, renovate, improve or equip Colleges.

"Outstanding," when used with reference to Bonds, means, as of any date, all Bonds theretofore delivered or thereupon being delivered under this General Resolution except:

(a) Any Bond cancelled by the Registrar or delivered to the Registrar for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Any Bond (or portion of a Bond) deemed to be paid within the meaning of Article VIII hereof; and

(c) Any Bond in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III hereof.

"Owner," "Holder," "Bondholder," "Registered Owner" or similar term when used with reference to a Bond, means any person in whose name a Bond is registered on the registration books of the Board maintained by the Registrar.

"Paying Agent" means, with respect to any Series of Bonds, the Commission, or such bank, trust company or national banking association appointed to act as paying agent or co-paying agent for a particular Series of Bonds pursuant to the Related Supplemental Resolution.

"Permitted Investments" means the following:

(a) Government Obligations;

(b) Government Agency Obligations;

(c) any other securities which may be applicable to a Series of Bonds as shall be set forth in the Related Supplemental Resolution and approved by the Credit Provider with respect to such Series of Bonds; and

(d) Any State-administered pool investment fund in which the Board is statutorily permitted or required to invest.

"Principal" or "principal" means, with respect to Bonds, the principal amount of any current interest bearing bonds and the Accreted Value of any Capital Appreciation Bonds.

"Principal Installment" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment

when due and application in accordance with this General Resolution of Sinking Fund Payments payable before such future date, plus (ii) any Sinking Fund Payments due on such certain future date, plus (iii) with respect to any Capital Appreciation Bonds due on such certain future date, the Accreted Value of such Capital Appreciation Bonds.

"Principal Payment Date" means, with respect to any Series of Bonds, any date upon which a Principal Installment is due and payable, other than a date for optional or mandatory redemption of Bonds (other than redemption from Sinking Fund Payments).

"Principal Office" means the office of the Paying Agent, the Registrar or any Tender Agent or Remarketing Agent designated as such in a Supplemental Resolution or in a written notice to the Board.

"Prior Bonds" means, collectively, the following bonds heretofore issued by the West Virginia Board of Regents and currently outstanding:

(a) State System Tuition Fee Revenue Bonds, 1977 Series A, dated August 1, 1977, issued in the original aggregate principal amount of $51,700,000;

(b) State System Tuition Fee Revenue Bonds, 1986 Series A, dated May 1, 1986, issued in the original aggregate principal amount of $73,000,000;

(c) Registration Fee Revenue Refunding Bonds, 1989 Series A, dated January 1, 1989, issued in the original aggregate principal amount of $19,395,000; and

(d) Registration Fee Revenue Bonds, 1989 Series B, dated January 1, 1989, issued in the original aggregate principal amount of $50,605,000.

"Project" means with respect to any Series of Bonds, the facilities, buildings, structures, renovations, improvements, repairs, equipment and safety upgrading for Colleges within the State as shall be financed by the Board through the issuance of such Series of Bonds.

"Purchase Fund" means with respect to any Variable Rate Bonds, the fund by that name or similar name created pursuant to the Related Supplemental Resolution for the Purchase Price of such Variable Rate Bonds.

"Purchase Price" means an amount equal to the principal amount of any Bond tendered or deemed tendered for purchase as may be provided in any Related Supplemental Resolution, together with accrued and unpaid interest thereon, if any, to the date of purchase.

"Rating Category" means one of the generic rating categories of either Moody's, S&P or Fitch without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Record Date" means, with respect to a Series of Bonds, the date or dates set forth as such in the Related Supplemental Resolution.

"Redemption Date" means the date upon which Bonds are to be called for redemption pursuant to this General Resolution.

"Redemption Price" means, with respect to any Bond, the principal amount thereof and accrued interest to the date fixed for redemption, plus the applicable premium, if any, payable upon redemption thereof.

"Refunding Act" means Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended from time to time.

"Refunding Bonds" means any Series or portion of a Series of Additional Bonds delivered upon original issuance in accordance with the conditions set forth in Section 2.05 hereof or thereafter delivered in lieu of or in substitution for any such Bond pursuant to this General Resolution.

"Registrar" means the agent of the Board at the office of which Bonds may be presented for registration, transfer or exchange as provided in Article III hereof, and shall mean such bank, trust company or national banking association appointed to act as Registrar for a particular Series of Bonds pursuant to the Related Supplemental Resolution.

"Related Supplemental Resolution" means with respect to a Series of Bonds, the Supplemental Resolution providing for the issuance of such Bonds.

"Remarketing Agent" means any remarketing agent appointed by the Board to serve in such capacity.

"Reserve Fund Credit Facility" means any bond insurance policy, surety bond, letter of credit or similar instrument deposited in a Debt Service Reserve Fund for any Series of Bonds.

"Revenues" means, collectively (i) all tuition and registration fees collected at Colleges governed by the Board and earnings thereon, except tuition collected at Southern West Virginia Community College and West Virginia Northern Community College, all as described in Chapter 18B, Article 3, Section 4 of the Code of West Virginia, 1931, as amended; (ii) all proceeds of any Bonds deposited with the State Treasury or the Commission and earnings thereon, until expended, and (iii) all other fees, charges, rentals, grants and moneys from any source collected at Colleges governed by the Board and earnings thereon, that may now or hereafter be legally available for payment of Debt Service and that are specifically pledged by resolution of the Board for payment of any Bonds pursuant to a Supplemental Resolution.

"Serial Bonds" means Bonds which are so designated in any Related Supplemental Resolution and which mature in annual or semiannual installments.

"Series" means all of the Bonds delivered on original issuance in a simultaneous transaction and designated as a distinct series, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

"Series 1992 Bonds" means the Board's State College System Revenue Refunding Bonds, Series 1992.

"Sinking Fund Payment" means, as of any particular date of calculation and with respect to a Series of Bonds, the amount required to be paid by the Board on a certain future date for the retirement of Outstanding Bonds of such Series which mature after said future date, but does not include any amount payable by the Board by reason of the maturity of a Bond or by call for redemption at the option of the Board.

"S&P" means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by an Authorized Officer.

"State" means the State of West Virginia.

"State Treasury" means the treasury of the State of West Virginia established pursuant to the Constitution and Laws of the State.

"Supplemental Resolution" means any resolution supplementing or amending this General Resolution, duly adopted by the Board and effective in accordance with Article X hereof.

"Tax Agreement" means the tax agreement, non-arbitrage certificate or similar agreement and/or certificate which may be entered into or delivered by the Board relating to a Series of Bonds.

"Tax-Exempt Bonds" means Bonds of any Series the interest on which, in Bond Counsel's Opinion, is excludable from the gross income of the recipients thereof for federal income tax purposes.

"Tender Agent" means any tender agent appointed by the Board to serve in such capacity.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption as may be set forth and prescribed in any Supplemental Resolution.

"Treasurer" means the Treasurer of the State of West Virginia.

"Variable Rate Bonds" means, for any period of time, any Bonds which during such period bear interest at a variable rate or rates, including rates which vary daily, weekly, monthly, quarterly, semiannually, annually or in the form of commercial paper; provided that Bonds the interest rate on which has been fixed for the remainder of the term thereof shall no longer be Variable Rate Bonds.

"West Virginia State Legislature" means the legislature of the State of West Virginia as it shall convene from time to time.

Section 1.03. Interpretation. (a) In this General Resolution, unless the context otherwise requires:

(i) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms used in this General Resolution refer to this General Resolution, and the term "heretofore" means before, and the term "hereafter" means after, the date of adoption of this General Resolution;

(ii) The words of the masculine gender mean and include correlative words of the feminine

and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(iii) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(iv) Any headings preceding the texts of the several articles and sections of this General Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this General Resolution, nor shall they affect its meaning, construction or effect;

(v) This General Resolution shall be governed by and construed in accordance with the applicable laws of the State;

(b) Nothing in this General Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Board, a Credit Provider and the Owners of the Bonds, any right, remedy or claim under or by reason of this General Resolution or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board, the Credit Providers and the Owners of the Bonds.

(c) If any one or more of the covenants or agreements provided herein on the part of the Board to be performed should be contrary to law, then such covenant or agreement shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this General Resolution or of the Bonds.

Section 1.04. Findings and Determinations. It is hereby found, determined and declared:

(a) The Board is authorized under the Act and the Refunding Act to issue its Bonds for the purposes of (i) refunding all or any portion of the Prior Bonds, (ii) paying Costs of Projects, (iii) refunding all or any portion of Bonds to be issued pursuant to this General Resolution, and (iv) paying Costs of Issuance.

(b) It is in the best interests of and advantageous to the Board to initially issue a Series of Bonds for the purpose of refunding a portion of the Prior Bonds and paying Costs of Issuance thereof, the designation, terms and other details of such Series of Bonds to be set forth in full in a Supplemental Resolution to be adopted by the Board.

(c) Such Series of Bonds shall be issued by the Board concurrently with the issuance of a similar series of refunding bonds by the State University System Board so that, upon the issuance and delivery of all such bonds, and application of other moneys which may be available to the respective boards for such purpose, all Prior Bonds will be refunded and defeased and no longer payable from or secured by the Revenues or any portion thereof.

(d) The Board has complied with all regulations of law relating to issuance of the initial Series of Bonds to be issued hereunder, or will have so complied prior to issuance of any thereof.

(e) The adoption of this General Resolution and the issuance of the initial Series of Bonds to be issued hereunder, subject to the terms thereof, will not result in a breach of, or constitute a default under, any resolution, instrument or agreement to which the Board is a party or by which it may be bound or affected.

Section 1.05. General Resolution Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall own or hold the same from time to time, this General Resolution shall be deemed to be and shall constitute a contract between the Board, the Holders of the Bonds and any Credit Providers, and the pledges made in this General Resolution and the covenants and agreements herein set forth to be performed by the Board shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as is expressly provided therein or herein.

ARTICLE II

TERMS OF BONDS

Section 2.01. Authorization of Bonds. In order to provide sufficient funds to pay costs of refunding the Prior Bonds or any portion thereof, Costs of Projects, Costs of Issuance, costs associated with the refunding of Outstanding Bonds or Other Bonds and for any other purpose permitted by the Act, the Refunding Act or other provisions of the Code of West Virginia, 1931, as it may now or hereafter be amended, Bonds of the Board are hereby authorized to be issued hereunder, in one or more Series, pursuant to the Constitution and laws of the State, including, particularly, the Act and the Refunding Act. The Series 1992 Bonds shall be the initial Series of Bonds issued hereunder. Additional Bonds (including Refunding Bonds) may be issued hereunder from time to time in accordance with the provisions hereof. All terms of the Series 1992 Bonds and any Additional Bonds or Refunding Bonds not provided herein shall be as set forth in the Related Supplemental Resolution. This General Resolution constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the Principal, Purchase Price and Redemption Price of, and interest on, all such Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Bonds Limited Obligations. The Bonds issued under this General Resolution are limited obligations of the Board payable solely from the Revenues. No provisions of this General Resolution shall be construed to authorize the Board at any time or in any manner to pledge the credit or taxing power of the State, nor shall any of the obligations or debts created by the Board or issued hereunder be deemed to be obligations of the State.

Section 2.03. Conditions Precedent to Delivery of Bonds. The Bonds of each Series shall be delivered upon the receipt by the Registrar of:

(a) A copy of this General Resolution and the Related Supplemental Resolution authorizing such Series, certified by the Secretary of the Board or an Authorized Officer, by which or pursuant to which the terms of the Series of Bonds are specified;

(b) A Bond Counsel's Opinion to the effect that (i) such Supplemental Resolution has been duly and lawfully adopted and is in

full force and effect; (ii) this General Resolution has been duly and lawfully adopted and is valid and binding upon, and enforceable against, the Board (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (iii) this General Resolution creates the valid pledge which it purports to create of the Revenues, and moneys and securities on deposit in any of the Funds established hereunder (other than a Purchase Fund, if any) subject to the application thereof to the purposes and on the conditions permitted by this General Resolution; and (iv) upon the execution and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with this General Resolution;

(d) A written order as to the authentication, registration and delivery of such Bonds and the application of the proceeds thereof, signed by an Authorized Officer; and

(e) If such Series of Bonds or any portion thereof are Additional Bonds, a Certificate of the Board as set forth in Section 2.04, hereof.

Section 2.04. Additional Bonds. Additional Bonds may be issued pursuant to this General Resolution, provided that all of the requirements of Section 2.03 hereof are met, and in addition that there has first been delivered to the Registrar a Certificate of the Board to the effect that:

(i) all payments into the respective funds and accounts provided for in this General Resolution and any Related Supplemental Resolution respecting Bonds theretofore issued and then Outstanding shall have been made in full to the date of issuance and delivery of such Additional Bonds and no Event of Default hereunder or thereunder shall then be existing; and

(ii) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in Section 1.02 hereof, collected by the Board for the last Fiscal Year preceding the date of issuance of such Additional Bonds shall have been not less than 120% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); or

(iii) (a) the Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the Board for the last Fiscal Year preceding the date of issuance of such Additional Bonds, plus Projected Revenues (as defined below) shall have been not less than 120% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); (b) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in Section 1.02 hereof collected by the Board for the last Fiscal Year preceding the date of issuance of such Additional Bonds shall have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); and (c) Projected Revenues shall not have been greater than 20% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds). For the purposes of this subsection (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under this Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of such Additional Bonds.

Section 2.05. Conditions Precedent to Delivery of Refunding Bonds. In addition to the requirements of Sections 2.03 and 2.04, Refunding Bonds of any Series shall be delivered only upon the receipt by the Registrar of instructions as to the payment or redemption of the bonds or other obligations of the Board or the West Virginia Board of Regents to be refunded, together with instructions as to the giving of notice of redemption, if any, of the Bonds or other obligations to be refunded.

Section 2.06. Interest Rate Swap Obligations and Derivatives. The Board is hereby authorized to enter into Interest Rate Swap Obligations and derivative financial instruments, as deemed necessary or desirable by the Board, provided, however, that prior to entering into any such instrument, the Board shall obtain a Bond Counsel's Opinion to the effect that the Board's entering into such instrument will not materially adversely affect the interests of any Bondholder and will not cause the interest on any Tax-Exempt Bond to not be excludable from gross income of the recipient thereof for federal income tax purposes.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Medium of Payment, Denominations, Maturities, Form and Date. (a) The Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Except as may be provided with respect to a Series of Bonds in a Related Supplemental Resolution, interest on Bonds shall be paid by check or draft mailed by the Paying Agent to the Owners of such Bonds as of the applicable Record Date at their last addresses appearing on the registration books of the Board maintained by the Registrar, or at the option of an Owner of not less than $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date.

(b) All Bonds shall be in Authorized Denominations.

(c) The Principal Payment Dates and Interest Payment Dates on Bonds of any Series shall be established in the Related Supplemental Resolution.

(d) All Bonds shall be issued in fully registered form, without coupons.

(e) To the extent permitted by law and notwithstanding any other provision of this General Resolution, the Board is hereby authorized to provide by Supplemental Resolution for the issuance of one or more Series of Bonds in fully registered form upon the conditions and with the restrictions provided therefor in such Supplemental Resolution. Such Supplemental Resolution shall include but shall not be limited to provisions concerning the medium of payment, denomination, form, date, redemption, purchase, transfer, cancellation and execution of such Series of Bonds.

(f) The Board is hereby authorized to provide by Related Supplemental Resolution for the issuance of one or more Series of Bonds solely in fully registered form registrable to a Depository, a nominee or the beneficial owner of the Bonds. The Board is further authorized to provide by the Related Supplemental Resolution that such Series of Bonds shall be evidenced by one or more certificates or by a system of book entries in form satisfactory to an Authorized Officer and to provide for payment, redemption, notices and like provisions in a manner consistent with such system of registration.

(g) All Bonds shall bear interest at such rate or rates and shall be dated the date specified by the Related Supplemental Resolution. If, however, as shown by the records of the Registrar, interest on such Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer shall be dated the date to which interest has been paid in full on the Bonds surrendered or if no interest has been paid, from the date specified in the Related Supplemental Resolution.

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this General Resolution as may be necessary or desirable to comply with custom, or otherwise.

Section 3.03. Interchangeability of Bonds. Upon surrender thereof at the Principal Office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or his duly authorized attorney, Bonds may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of Authorized Denominations.

Section 3.04. Negotiability, Transfer and Registry. All Bonds issued under this General Resolution shall be negotiable, subject to the provisions for registration, transfer and exchange contained in this General Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Board shall cause to be maintained and kept, at the Principal Office of the Registrar, books for the registration, transfer and exchange of Bonds. Upon presentation thereof for such purpose at said office, the Registrar shall register or cause to be registered in such books, and permit to be transferred thereon, any Bonds entitled to registration or transfer, under such reasonable regulations as the Registrar may prescribe.

Section 3.05. Transfer of Bonds. (a) Each Bond shall be transferable only upon the books of the Registrar, by the Owner thereof in person or by his duly authorized attorney, upon surrender thereof with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner thereof or his duly authorized attorney.

(b) The Board and any Paying Agent or Tender Agent may deem and treat the person in whose name any Bond shall be registered upon the books of the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such

Bond and for all other purposes, and all such payments so made to any such Owner shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Board nor any Paying Agent or Tender Agent shall be affected by any notice to the contrary.

Section 3.06. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Board shall execute and deliver or cause to be executed and delivered Bonds in accordance with the provisions of this General Resolution. For every such exchange or transfer of Bonds, whether temporary or definitive, the Board, the Paying Agent or the 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, except with respect to the delivery of definitive Bonds in exchange for temporary Bonds, or as otherwise provided herein or a Supplemental Resolution, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Board or the Registrar shall not be obliged to make any such exchange or transfer of Bonds of a Series during the period preceding an Interest Payment Date on such Bonds specified in the Related Supplemental Resolution.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Board shall execute a new Bond of like interest rate or rates, if any, maturity, principal amount and other terms as the Bond so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond shall be delivered only upon surrender and cancellation of such mutilated Bond. In the case of Bonds issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond shall be delivered only upon filing with the Registrar evidence satisfactory to establish to the Board and the Registrar that such Bond has been destroyed, stolen or lost and to prove the ownership thereof and upon furnishing the Board and the Registrar with indemnity satisfactory to them. The person requesting the delivery of a new Bond pursuant to this Section shall comply with such other reasonable regulations as the Board and the Registrar may prescribe and pay such expenses as the Board and the Registrar may incur or reasonably and customarily charge in connection therewith. All Bonds so surrendered to the Registrar shall be cancelled. Evidence of such cancellation shall be given to the Board upon request.

Section 3.08. Preparation of Definitive Bonds; Temporary Bonds. (a) Until definitive Bonds are prepared, the Board may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, with such omissions, insertions and variations as may be appropriate to temporary Bonds. Upon surrender of such temporary Bonds for exchange and cancellation, the Board at its own expense shall prepare and execute and, without charge to the Owner thereof, deliver in exchange therefor, at the Principal Office of the Registrar, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this General Resolution.

(b) All temporary Bonds surrendered in exchange for definitive Bonds shall be forthwith delivered to the Registrar for cancellation.

Section 3.09. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity shall be delivered to the Registrar when such payment or redemption is made, and such Bonds shall thereupon be promptly cancelled. Bonds so cancelled may at any time be cremated or otherwise destroyed by the Registrar, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with the Board and the other executed Certificate shall be retained by the Registrar.

Section 3.10. Execution. After their authorization by a Related Supplemental Resolution, Bonds of a Series may be executed by or on behalf of the Board and delivered to the purchasers thereof. The Bonds shall be executed in the name and on behalf of the Board by the manual or facsimile signature of the Governor of the State and the manual or facsimile signature of the Chairman of the Board or in such other manner as prescribed by applicable law. The great seal of the State (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Secretary of State of the State, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may nevertheless be 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 or be so employed. Any Bond may be signed and sealed on behalf of the Board by such persons as at the actual time of execution of such Bond of a Series shall be duly authorized or hold the proper office in or employment by the State, although at the date of delivery of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER MONEYS OF THE BOARD

Section 4.01. Application of Bond Proceeds, Accrued Interest and Premium. A. Except as provided below or in a Related Supplemental Resolution, the proceeds of sale of any Series of Bonds shall initially be deposited in the Bond Proceeds Fund in the State Treasury. Thereafter, such proceeds or portions thereof shall be applied by the Board as follows:

(a) The accrued interest on the Bonds, if any, shall be deposited in the related Bond Fund;

(b) Any capitalized interest authorized by the Related Supplemental Resolution providing for the Bonds shall be deposited in the related Bond Fund;

(c) The amount required to cause the amount on deposit in the related Debt Service Reserve Fund (less any Reserve Fund Credit Facility) to equal the Debt Service Reserve Requirement for such Series of Bonds shall be deposited in such Debt Service Reserve Fund;

(d) The amount, if any, of the premium paid for the purchase of the Bonds shall be applied as required by the Related Supplemental Resolution;

(e) The amount, if any, to be applied to the refunding of Bonds or other obligations of the Board or its predecessor, the Board of Regents or Other Bonds, shall be applied as provided in the Related Supplemental Resolution establishing the issuance of the Refunding Bonds or the issuance of Bonds to refund other obligations of the Board or its predecessor, the Board of Regents or Other Bonds; and

(f) The amount to be applied to Costs of Issuance shall be deposited in the related Costs of Issuance Fund.

B. The balance remaining after such deposits and payments have been made shall be retained in the Bond Proceeds Fund and thereafter shall be disbursed by the State Treasurer (in accordance with applicable law) for payment of Project Costs, at the times and in the respective amounts as shall be determined by the Board.

Section 4.02. Application of Other Moneys. Upon issuance of a Series of Bonds, moneys of the Board which may be available therefore shall be deposited as provided in the Related Supplemental Resolution authorizing such Series of Bonds or the escrow agreement, if any, authorized thereby.

ARTICLE V

REDEMPTION OF BONDS

Section 5.01. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such other terms as may be specified in this General Resolution or in the Related Supplemental Resolution.

Section 5.02. Redemption at the Option of the Board. In the case of any redemption of Bonds other than as provided in Section 5.03 hereof, an Authorized Officer shall give written notice to the Registrar of its election or direction to so redeem, on the Redemption Date, the principal amounts of the Bonds of such Series and maturities to be redeemed (which Redemption Date, Series, maturities and principal amounts thereof to be redeemed shall be determined by the Board in its sole discretion, subject to any limitations with respect thereto contained in or permitted by this General Resolution or the Related Supplemental Resolution) and of any moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least ten (10) days prior to the last permissible date for giving notice of redemption to Owners or such later date as shall be acceptable to the Registrar. In the event notice of redemption shall have been given as provided in Section 5.05 hereof, the Board shall, prior to the Redemption Date, pay or cause to be paid to the Paying Agent, an amount which, in addition to other moneys, if any, available therefor, will be sufficient to redeem on the Redemption Date at the Redemption Price thereof all the Bonds to be redeemed.

Section 5.03. Redemption Other Than at Board's Option. Whenever by the terms of this General Resolution or a Related Supplemental Resolution the Registrar is required to redeem Bonds of a Series other than at the option of the Board, and subject to and in accordance with the terms of this Article and the Related Supplemental Resolution, the Registrar shall select the Redemption Date of the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price to the Owners of the Bonds. The Board may receive a credit against any such obligation to redeem as provided in the Related Supplemental Resolution.

Section 5.04. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Registrar shall assign to each such Outstanding Bond a distinctive number for each Authorized Denomination of the principal amount thereof so as to distinguish each such Authorized Denomination from each other portion of the Bonds subject

to such redemption. The Registrar shall select by lot, using such method of selection as it shall deem proper in its sole discretion, from the numbers assigned to such Bonds, as many numbers as, at Authorized Denomination for each number, shall equal the principal amounts of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of an Authorized Denomination shall be redeemed as shall equal an Authorized Denomination for each number assigned to it and so selected; provided that Bonds of such Series owned by a Credit Provider or its designee or pledged to a Credit Provider shall be selected before any other Bonds of the Series. For the purposes of this Section, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

Section 5.05. Notice of Redemption. When the Registrar receives notice from the Board of its exercise of its option to redeem Bonds pursuant to Section 5.02 hereof, and when redemption of Bonds is required by this General Resolution pursuant to Section 5.03 hereof, the Registrar shall give notice, in the name of the Board, of the redemption of such Bonds. Such notice shall specify the Series and maturities of the Bonds to be redeemed, the Redemption Date and the place or places where amounts due upon such redemption will be payable and, if less than all the Bonds of any like maturity are to be redeemed, the numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy thereof, by first-class mail, postage prepaid, to the Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing on the registration books of the Board maintained by the Registrar not more than 60 nor less than 30 days prior to the date fixed for redemption or at such other time or times, provided in the Related Supplemental Resolution. The Registrar, at its discretion, may also give such notice by publication once in an Authorized Newspaper at such time in the Registrar's discretion so as to give sufficient notice to Owners of Bonds to be redeemed, but such publication shall not be a condition precedent to such redemption and failure so to publish any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

Section 5.06. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 5.05 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price. If there shall be selected for redemption less than the entire principal amount of a Bond, the Board shall execute and deliver or cause to be executed and delivered, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series and maturity in any of the Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Payment of Bonds. Subject to the provisions of Section 2.01 hereof, the Board shall duly and punctually pay or cause to be paid, as herein provided, the Principal, Purchase Price or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Section 6.02. Offices for Servicing Bonds. The Board shall at all times maintain an office or agency where notices, presentations and demands upon the Board in respect of the Bonds or of this General Resolution may be served.

Section 6.03. Power to Issue Bonds and Pledge of Revenues.

(a) The Board is duly authorized under the Constitution and laws of the State to authorize and issue the Bonds and to enter into, execute and deliver this General Resolution and to pledge the Revenues in the manner and to the extent herein provided. The Bonds and the provisions of this General Resolution are and will be the valid and legally enforceable obligations of the Board in accordance with the terms of the Bonds and of this General Resolution.

(b) The payment of the Debt Service on all Bonds issued under this General Resolution shall be secured forthwith equally and ratably by a first lien on the Revenues, and the Board hereby pledges the Revenues to payment of the Principal, Purchase Price and Redemption Price of and interest on the Bonds, but the existence of such pledge shall not prevent the expenditure, deposit or commingling of Revenues by the Board so long as all required payments under this General Resolution and any Supplemental Resolution are made at the times and in the amounts specified herein and therein, provided further, however, that the Board shall not commingle any of the Revenues with any revenues of the State University System Board. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of such Revenues pledged under this General Resolution and all the rights of the Owners under this General Resolution against all claims and demands of all persons whomsoever.

Section 6.04. Further Assurance. At any and all times the Board shall, so far as it may be authorized by law, pass, make, execute, acknowledge and deliver, all and every such further

resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular of the rights, Revenues and assets hereby pledged or assigned, or intended so to be, or which the Board may become bound to pledge or assign.

Section 6.05. Accounts and Reports. (a) The Board shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries are made, which shall at all reasonable times be subject to the inspection of the Registrar and the Owners of an aggregate of not less than five percent (5%) in principal amount of Bonds Outstanding or their representatives duly authorized in writing.

(b) The Board shall annually file with the Registrar and with any Credit Provider, within one hundred twenty (120) days after the close of each Fiscal Year, a copy of an audited annual financial report as to the Revenues and its obligations hereunder and financial statements for such Fiscal Year, setting forth in reasonable detail:

(i) A combined statement of assets, liabilities and fund balance at the end of such Fiscal Year; and

(ii) A statement of revenues collected, expenses and costs paid and changes in fund balance in accordance with the categories or classifications established by the Board for its administrative and program purposes and showing the revenues and expenses during such Fiscal Year.

Such financial statements shall be accompanied by an Accountant's Certificate stating whether the financial statements examined fairly present the financial position of the Board at the end of the Fiscal Year, and whether the results of its operations and the changes in financial position for the period examined are in conformity with the State's modified basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

(c) If at any time during any Fiscal Year there shall have occurred an Event of Default referred to in subsection (a) or (b) of Section 9.01 hereof, then the Board shall file or cause to be filed with the Registrar within sixty (60) days after the close of such

Fiscal Year, a special report, accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Fund hereunder.

Section 6.06. Debt Service Coverage. The Board shall at all times fix and otherwise provide for the collection of Revenues of the type set forth in subsection (i) of the definition of "Revenues" in section 1.02 hereof in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period, and Revenues of the type set forth in subsections (i) and (iii) of the definition of "Revenues" in Section 1.02 hereof in an amount not less than 120% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period. To evidence its compliance with this covenant, the Board shall, on or before each November 1, deliver to the Commission, any Credit Provider and each Original Purchaser of any Series of Bonds, a Certificate of an independent certified public accountant reciting that the Board was in compliance with this Section 6.06 hereof during the preceding Budget Period and setting forth the amount of Revenues collected, the amount of Debt Service paid and the percentage Debt Service coverage in effect for such Budget Period.

Section 6.07. Operation and Maintenance. The Board will, so long as any of the Bonds are Outstanding, cause the Colleges under its governance to maintain their facilities in good condition and operate the same in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof.

Section 6.08. Insurance. The Board will carry such insurance and in such amounts as is customarily carried with respect to properties similar to the facilities under its governance, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Board will require that each of its contractors and all subcontractors maintain workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance during the construction of any Project. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to all subcontractors as their interests may appear, during construction of any Project in the full insurable value thereof. The proceeds of all such insurance shall be used only for the repair and restoration of the damaged or destroyed properties. The Board will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and

customarily carried with respect to works and properties similar to the facilities under its governance.

Notwithstanding any of the foregoing, the Board may provide for the insurance required by this Section 6.08 through the State Board of Risk & Insurance Management by any program of self-insurance which the State provides for itself and its agencies.

Section 6.09. Issuance of Additional and Subordinate Obligations. (a) The Board will not issue any other obligations, except upon the conditions and in the manner provided in this General Resolution, payable from the Revenues or any portion thereof and having priority to or being on a parity with the lien of the Bonds issued pursuant to this General Resolution, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to this General Resolution.

(b) Nothing herein provided shall, however, prohibit the issuance by the Board of bonds, notes, certificates or other obligations or indebtedness of every kind and nature, the lien of which on the Revenues is subject to the prior and superior lien on such Revenues of the Bonds theretofore issued and to be issued pursuant to this General Resolution.

Section 6.10. Tax Covenants. (a) The Board shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on Tax-Exempt Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The Board shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Board to be used, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any Tax-Exempt Bond to be an "arbitrage bond" as defined in Section 148 of the Code or any successor provision.

Section 6.11. General. The Board shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Board under the provisions of this General Resolution in accordance with the terms of such provisions.

Section 6.12. Additional Covenants. The Board may make such additional covenants as it may deem necessary or advisable regarding any particular Series of Bonds in the Related Supplemental Resolution, so long as such additional covenants are not inconsistent with the terms of this General Resolution.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.01. Creation of Funds. A. There are hereby created by the Board and ordered established the following funds to be held by the Commission:

(a) A Bond Fund with respect to each Series of Bonds;

(b) A Debt Service Reserve Fund with respect to each Series of Bonds for which the Debt Service Reserve Requirement is greater than zero; and

(c) For any Series of Bonds issued in whole or in part as Variable Rate Bonds, a Purchase Fund if so specified by a Related Supplemental Resolution.

B. There are hereby created by the Board and ordered established the following funds to be held by the State Treasury:

(a) A Bond Proceeds Fund with respect to each Series of Bonds; and

(b) A Costs of Issuance Fund for each Series of Bonds.

C. In addition to the foregoing funds, the Board may establish such other funds and accounts as it may deem appropriate for any particular Series of Bonds by provision therefor in the Related Supplemental Resolution.

Section 7.02. Bond Funds. (a) Revenues sufficient for such purposes shall be applied by the Board in the following order of priority, and except as may otherwise be provided in a Supplemental Resolution, such deposits shall be made semiannually, on the first day of each April and October:

(i) To each Bond Fund, an amount equal to the interest which has accrued since the last Interest Payment Date for the related Series of Bonds to and including the applicable Interest Payment Date and not previously deposited therein, plus an amount

equal to one-half of the Principal which shall be due and payable on the applicable Principal Payment Date for the related Series of Bonds and not previously deposited therein;

(ii) To the Commission, Registrar, Paying Agents, Remarketing Agents, Credit Providers, Tender Agents and other agents or fiduciaries for any Series of Bonds, the fees and expenses thereof, payable on or prior to such date;

(iii) On each Interest Payment Date for a Series of Bonds to the applicable Bond Fund, any deficiency in the amount necessary to pay the interest due on such Interest Payment Date;

(iv) On each Principal Payment Date for a Series of Bonds to the applicable Bond Fund, any deficiency in the amount necessary to pay the Principal due on such Principal Payment Date;

(v) To each Debt Service Reserve Fund, the amount required to be deposited therein pursuant to Section 7.04(a) hereof, or the Related Supplemental Resolution authorizing such Series of Bonds; and

(vi) To the applicable Bond Fund, the amount designated by the Board for the optional or mandatory redemption of the related Series of Bonds (other than Sinking Fund Payments).

(b) In the event the Revenues are insufficient during any semiannual or other period to make all of the deposits required by Section 7.02(a) above for all Bonds issued hereunder, the Board shall make payments pro-rata, in accordance with the respective Debt Service Requirements for each Series of Bonds.

Section 7.03. Payments to be Made from Bond Funds. (a) Except as otherwise provided herein or in a Related Supplemental Resolution with respect to a Series of Bonds, moneys on deposit in a Bond Fund for a Related Series of Bonds shall be applied by the Commission in the following order and priority:

(i) On each Interest Payment Date, to payment of interest on all Bonds which has accrued and is payable on such Interest Payment Date;

(ii) On each Principal Payment Date, to payment of Principal on all Bonds which is payable on such Principal Payment Date;

(iii) If such Series of Bonds is secured by a Letter of Credit, to reimburse the Credit Provider for draws made under the Letter of Credit to pay the Principal of or interest on such Series of Bonds.

(b) Funds paid to the Commission to be used to redeem all or a portion of a Series of Bonds pursuant to optional or mandatory redemption provisions contained in a Related Supplemental Resolution (other than redemption from Sinking Fund Payments) shall be deposited in the related Bond Fund and used to pay the Redemption Price of Bonds called for optional or mandatory redemption (other than redemption from Sinking Fund Payments).

(c) Amounts received as a result of a draw under a Letter of Credit securing a Series of Bonds shall be deposited in the related Bond Fund and used solely to pay the principal of, premium, if secured by the Letter of Credit, and interest on the related Series of Bonds due on any Interest Payment Date, Principal Payment Date or date for optional or mandatory redemption of all or a portion of such Series of Bonds to the extent such redemptions are secured by such Letter of Credit.

(d) If any Series of Bonds is secured by a Letter of Credit, the Commission shall first apply amounts on deposit in the applicable Bond Fund to the payment of the principal of, premium, if any (to the extent premium may be secured by the Letter of Credit) and interest due on such Bonds and second, will apply other amounts available for such payment under this General Resolution.

Section 7.04. Debt Service Reserve Funds. (a) There shall be deposited into each Debt Service Reserve Fund the amounts provided in the Related Supplemental Resolution authorizing the applicable Series of Bonds.

(b) Moneys on deposit in a Debt Service Reserve Fund shall be transferred to the Bond Fund relating to the same Series of Bonds on any Interest Payment Date or Principal Payment Date for such Series of Bonds to the extent amounts on deposit in such Bond Fund are

insufficient to pay the Debt Service due on the related Series of Bonds on such date and if the related Series of Bonds is secured by a Credit Facility, to reimburse the Credit Provider for amounts paid under the Credit Facility for payment of the principal of and/or interest due on such Series of Bonds. Moneys on deposit in a Debt Service Reserve Fund shall be transferred to the Bond Fund relating to the same Series of Bonds at the direction of the Board for the purpose of paying the last maturing Principal of such Bonds on a Principal Payment Date or if all of the Bonds are being redeemed pursuant to provisions of the Related Supplemental Resolution pursuant to optional or mandatory redemption (other than redemption from Sinking Fund Payments), to such Bond Fund for redemption of such Series of Bonds. If a Reserve Fund Credit Facility is delivered to the Commission for deposit in a Debt Service Reserve Fund and it is necessary to use money in the Debt Service Reserve Fund to satisfy a deficiency in the applicable Bond Fund, the Commission shall first use any moneys or securities on deposit in such Debt Service Reserve Fund to satisfy such deficiency in the priority described above and second, draw on such Reserve Fund Credit Facility in a timely manner and pursuant to the terms of such Reserve Fund Credit Facility to the extent necessary to satisfy any remaining deficiency. Amounts drawn under any Reserve Fund Credit Facility shall be deposited in the appropriate Account of the applicable Bond Fund.

(c) Unless the Related Supplemental Resolution provides for periodic payments to be made to such Debt Service Reserve Fund or as may otherwise be provided therein, moneys in a Debt Service Reserve Fund shall at all times be maintained in an aggregate amount not less than the Debt Service Reserve Requirement for the applicable Series of Bonds. During any period the amount on deposit in a Debt Service Reserve Fund is less than the related Debt Service Reserve Requirement, all income from the investment of moneys in such Debt Service Reserve Fund shall be retained therein and, unless otherwise provided in the Related Supplemental Resolution, the Board shall restore any deficiency from the first available Revenues transferred in the order of priority described in Section 7.02(a) hereof.

(d) If at any time the amount on deposit in a Debt Service Reserve Fund exceeds the applicable Debt Service Reserve Requirement, the Commission shall, at the direction of the Board, either transfer the amount by which the amount of money on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement to the related Bond Fund or transfer such amount to the Board, if the Board's direction is accompanied by a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the excludability from gross income of the interest on Tax-Exempt Bonds.

(e) In lieu of making a deposit to a Debt Service Reserve Fund in compliance with Section 7.04(a) hereof, or in replacement of any or all moneys then on deposit in a Debt Service Reserve Fund, the Board, with the consent of the Credit Provider for such Series of Bonds, if any, may deliver to the Commission a Reserve Fund Credit Facility in an amount which, together with moneys, Permitted Investments or other Reserve Fund Credit Facilities on deposit in such Debt Service Reserve Fund, equals or exceeds the Debt Service Reserve Requirement. Except as may otherwise be provided in a Related Supplemental Resolution, such Reserve Fund Credit Facility shall name the Commission as beneficiary or insured, shall have a term of no less than one (1) year and shall provide by its terms that it may be drawn upon as provided in this subparagraph (e). At least three months prior to the stated expiration of such Reserve Fund Credit Facility, the Board shall either (i) provide for delivery of a replacement Reserve Fund Credit Facility meeting the requirements of this subparagraph (e), or (ii) deliver an extension of the Reserve Fund Credit Facility for at least an additional year. Upon delivery of a replacement Reserve Fund Credit Facility, the Commission shall deliver the then-effective Reserve Fund Credit Facility to or upon the order of the Board. If the Board fails to deposit a replacement Reserve Fund Credit Facility or extend the existing Reserve Fund Credit Facility, the Commission shall immediately commence to make monthly deposits from the Bond Fund in accordance with the priority set forth in Section 7.02(a) hereof, so that an amount equal to the applicable Debt Service Reserve Requirement is on deposit in the related Debt Service Reserve Fund no later than the fifteenth (15th) day immediately preceding the stated expiration date of the Reserve Fund Credit Facility. If the amount on deposit in a Debt Service Reserve Fund on the fifteenth day immediately preceding the stated expiration date of such Reserve Fund Credit Facility is less than the Debt Service Reserve Requirement, the Commission shall draw on the Reserve Fund Credit Facility in the amount of such shortfall and shall deposit the proceeds of such drawing in the applicable Debt Service Reserve Fund.

(f) Except as may otherwise be provided in a Related Supplemental Resolution, for the purposes of determining the amount from time to time on deposit in a Debt Service Reserve Fund, Permitted Investments shall be valued semiannually on April 1, and October 1 of each year, commencing April 1, 1993. To the extent such Permitted Investments are United States Treasury Certificates and Notes - State and Local Government Series, such investments shall be valued as if such United States Treasury Certificates and Notes - State and Local Government Series were Open Market United States Treasury Bonds having the same maturities and interest rates.

Section 7.05. Costs of Issuance Funds. The Board shall deposit into the Costs of Issuance Fund relating to a Series of Bonds the amount required to be deposited therein in the Related Supplemental Resolution. The State Treasury is hereby authorized and directed to make disbursements from a Costs of Issuance Fund upon receipt of a Requisition signed by an Authorized Officer. The State Treasury shall keep and maintain adequate records pertaining to each Costs of Issuance Fund and all disbursements therefrom. Any amounts remaining in a Costs of Issuance Fund after receipt of written notice by the Board that all such Costs of Issuance have been paid or six months after their deposit therein, whichever is earlier, shall be transferred by the State Treasury to the Board.

Section 7.06. Nonpresentment of Bonds; Disposition of Unclaimed Money. In the event any Bond shall not be presented for payment when the Principal thereof becomes due on a Principal Payment Date, if funds sufficient to pay any such Bond have been made available to the Paying Agent for the benefit of the Owner thereof, all liability of the Board to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this General Resolution or on, or with respect to, such Bond.

Any moneys so deposited with and held by the Paying Agent not so applied to the payment of Bonds within five (5) years after the Principal Payment Date on which the same shall have become due shall be repaid by the Paying Agent to the Board upon direction of an Authorized Officer, and thereafter the Owners of Bonds shall be entitled to look only to the Board for payment, and then only to the extent of the amount so repaid, and all liability of the Paying Agent with respect to such money shall thereupon cease, and the Board shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 7.07. Moneys to be Held in Trust. With the exception of moneys in a Bond Purchase Fund, all moneys required to be deposited with or paid to the Commission for the account of any fund or account shall be held by the Commission in trust, and shall, while held by the Commission, be subject to the lien and security interest created hereby.

Section 7.08. Repayment to Board from Funds. Any amounts remaining in a Bond Fund, a Costs of Issuance Fund or a Debt Service Reserve Fund relating to a Series of Bonds after payment in full of

the Principal of, premium, if any, and interest on the Bonds of such Series, the fees, charges and expenses of the Commission and any agents thereof, the fees and expenses of any Credit Provider with respect to such Series of Bonds, any Registrar, Paying Agent or any Remarketing Agent and all other amounts required to be paid hereunder with respect to such Series of Bonds shall be disbursed by the Commission to the Board to be used for any lawful purpose of the Board.

Section 7.09. Creation of Additional Funds, Accounts and Subaccounts. The Commission shall, at the written request of the Board, establish such additional funds, accounts and subaccounts within or in addition to any of the funds established under this General Resolution as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from such funds, accounts and subaccounts; but the establishment of any such additional funds, accounts or subaccounts shall not alter or modify any of the requirements of this General Resolution with respect to the deposit or use of moneys in any fund, account or subaccount established hereunder.

Section 7.10. Investment of Certain Funds. Any fund or account held by the Board or on behalf of the Board by the Commission or the State Treasury, may be invested and reinvested or deposited in Permitted Investments having yields and maturities as determined by an Authorized Officer.

(b) Subject to the right of an Authorized Officer to direct the investment or deposit of funds hereunder, moneys in any fund or account held by the Commission or the State Treasury shall be continuously invested and reinvested or deposited and redeposited by the Commission or the State Treasury in the highest yield Permitted Investments that may be reasonably known to the Commission or the State Treasury, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. An Authorized Officer shall consult with the Commission or the State Treasury from time to time as to the investment of amounts in the funds and accounts held by the Commission or the State Treasury. An Authorized Officer may direct the Commission or the State Treasury to, or in the absence of direction, the Commission or the State Treasury shall, invest and reinvest the moneys in all funds and accounts in Permitted Investments so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with the times at which moneys are needed to be so expended. The Permitted Investments purchased shall be held by the Commission or the State Treasury and shall be deemed at all times to be part of such fund or account, and the Commission or the State

Treasury shall keep the Board advised as to the details of all such investments.

(c) Permitted Investments purchased as an investment of moneys in any fund or account under the provisions of this General Resolution shall be deemed at all times to be a part of such fund or account, and the income or interest earned and gains realized in excess of losses suffered by a fund or account due to the investment thereof shall be credited thereto.

Section 7.11. Valuation and Sale of Investments. (a) Except as may be provided in a Related Supplemental Resolution with respect to funds and accounts relating to the applicable Series of Bonds, in computing the amount in any fund or account, Permitted Investments shall be valued at the lower of the cost or market price, exclusive of accrued interest. With respect to all funds and accounts except a Debt Service Reserve Fund, valuation shall occur annually. All Debt Service Reserve Funds shall be valued semiannually, except in the event of a withdrawal from such Debt Service Reserve Fund, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in any Debt Service Reserve Fund shall at any time be less than the applicable Debt Service Reserve Requirement, such deficiency shall be made up from first available moneys after required deposits to the Related Bond Fund.

(b) Except as otherwise provided herein, the Commission or the State Treasury shall sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be required in writing by an Authorized Officer to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any fund or account held by it, and the Commission or the State Treasury shall sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any fund or account held by the Board. An Investment Security may be credited on a pro-rata basis to more than one fund or account and need not be sold in order to provide for the transfer of amounts from one fund or account to another.

Section 7.12 Disposition of Revenues. Upon receipt of any Revenues by the State Treasury during each January and September, the Board shall retain and not expend for any purpose (other than payment of routine administrative costs associated with the Board's capital improvement program) an amount at least equal to the portion of Debt Service payable on the next semiannual Interest Payment Date.

ARTICLE VIII

DEFEASANCE

Section 8.01. Defeasance. (a) If the Board shall pay or cause to be paid to the Owners of the Bonds the Principal, Purchase Price or Redemption Price, if applicable, and interest and all other amounts due or to become due thereon, at the times and in the manner stipulated therein and in this General Resolution, then the pledge of the Revenues, payments made by the Board in satisfaction of covenants contained herein and other moneys, securities and funds hereby pledged and all other rights granted hereby shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Commission shall, upon the request of the Board, execute and deliver to the Board all instruments as may be desirable to evidence such discharge and satisfaction and shall pay over or deliver to the Board all moneys or securities held by the Commission or the State Treasury pursuant to this General Resolution which are not required for the payment of Bonds. If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series the Principal, Purchase Price or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this General Resolution, then such Bonds shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Board to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Payments of Principal and interest on Bonds made by a Credit Provider pursuant to a Credit Facility shall not be deemed to have been paid within the meaning of this Section and such payments shall continue to be due and owing hereunder until paid by the Board within the meaning of this Section and any agreement pursuant to the terms of which such Credit Facility is delivered.

(b) Bonds for the payment of which moneys or securities shall have been set aside and held in trust by the Commission, the State Treasury or an escrow trustee designated by the Board (through deposit by the Board of funds for such payment or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. All Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Board shall have given to the Commission, the State Treasury or escrow trustee, in form satisfactory to it, irrevocable instructions to give notice of redemption of such Bonds (other than Bonds which have been delivered to the Registrar by

the Board and cancelled by the Registrar as provided in paragraph (c) of this Section prior to the mailing of such notice of redemption) on said date as provided in Article V, (ii) there shall have been deposited with the Commission or escrow trustee, Defeasance Obligations (including any Defeasance Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Commission or escrow trustee at the same time, shall be sufficient to pay when due the Principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Board shall have given the Commission or escrow trustee, in form satisfactory to it, irrevocable instructions to mail, by first class mail, postage prepaid, as soon as practicable, a notice to the Owners of such Bonds as of the date of such deposit that the deposit required by (ii) above has been made and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Principal or Redemption Price of and interest on said Bonds (other than Bonds which have been delivered to the Registrar by the Board and cancelled by the Registrar as provided in paragraph (c) of this Section prior to the mailing of the notice of redemption referred to in (i) above).

(c) If at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with paragraph (b) of this Section which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in paragraph b(i) of this Section with respect to Bonds deemed to have been paid in accordance with paragraph (b) of this Section which are to be redeemed on any date prior to their maturity, the Board purchases or otherwise acquires any such Bonds and delivers such Bonds to the Registrar prior to their maturity date or the date of mailing notice of redemption, as the case may be, the Registrar shall immediately cancel all such Bonds so delivered. Such delivery of Bonds to the Registrar shall be accompanied by directions from an Authorized Officer to the Registrar specifying the portion, if any, of such Bonds to be applied against the obligation of the Commission or escrow trustee to pay Bonds deemed paid in accordance with paragraph (b) of this Section upon their maturity date and the portion, if any, of such Bonds to be applied against the obligation of the Commission or escrow trustee to redeem Bonds deemed paid in accordance with paragraph (b) of this Section on any date prior to their maturity. In the event that on any date as a result of any delivery and cancellation of Bonds as provided in this paragraph the total amount

of moneys and Defeasance Obligations held in trust under this Section is in excess of the total amount which would have been required to be set aside in trust on such date in respect of the remaining Bonds in order to satisfy paragraph (b) of this Section, the Commission or escrow trustee shall, if requested by an Authorized Officer, pay the amount of such excess to the Board free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this General Resolution provided that the Board also delivers with such request (i) a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the excludability of interest on Tax-Exempt Bonds from the Owners thereof and (ii) an Accountant's Certificate to the effect that the moneys and Defeasance Obligations remaining on deposit are sufficient to pay the principal of or Redemption Price of the remaining Bonds deemed to have been paid. The Commission or escrow trustee shall be entitled to rely upon such opinion and certificate and the same shall be conclusive as to the Commission or escrow trustee.

(d) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of Defeasance Obligations in accordance with paragraph (b) of this Section, the interest to come due on such Variable Rate Bonds on or prior to their maturity date or redemption date, as the case may be, shall be calculated at the Maximum Rate; provided, however, that if on such date of calculation the interest rate on such Bonds shall then be fixed for a specified period, the interest rate used for such specified period for purposes of the foregoing calculation shall be such actual interest rate; provided further that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such Maximum Rate for any period, the total amount of Defeasance Obligations set aside in trust for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be set aside in trust on such date in respect of such Variable Rate Bonds in order to satisfy paragraph (b) of this Section, the Commission or escrow trustee shall, if requested by an Authorized Officer, pay the amount of such excess to the Board free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this General Resolution.

(e) If, through the deposit of moneys by the Board or otherwise, the Commission or escrow trustee shall hold, pursuant to this General Resolution, moneys sufficient to pay the principal of and interest to maturity on all Outstanding Bonds, or in the case of Bonds in respect of which the Board shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of the Board all

moneys held by the Commission or escrow trustee shall be held by the Commission or escrow trustee for the payment of Outstanding Bonds.

(f) Any cash received from principal of or interest payments on Defeasance Obligations deposited with the Commission or escrow trustee pursuant to this Section, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amount sufficient to pay when due the principal or Redemption Price of and interest to become due on said Bonds on and prior to such maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Board, as received by the Commission or escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events is hereby declared to be an "Event of Default" hereunder:

(a) Failure by the Board to make payment of the Principal or Redemption Price, if any, of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) Failure by the Board to make payment of interest on any of the Bonds when and as the same shall become due;

(c) Failure or refusal by the Board to comply with the provisions of this General Resolution or any Supplemental Resolution, or default by the Board in the performance or observance of any of the covenants, agreements or conditions on its part contained herein, in any Supplemental Resolution or in the Bonds and the continuance of such failure, refusal or default for a period of sixty (60) days after written notice thereof by the Commission, a Credit Provider or the Owners of not less than fifty percent (50%) in Principal amount of the Outstanding Bonds;

(d) A decree or order by a court of competent jurisdiction shall have been entered adjudging the Board a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Board under the United States Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of ninety (90) days; or a decree or order of a court of competent jurisdiction for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the Board or of its property, or for the winding

up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days;

(e) The Board shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the United States Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(f) Any event of default under any Supplemental Resolution.

Section 9.02. Remedies. (a) Upon the happening and continuance of any Event of Default, any Credit Provider or the Owners of not less than fifty percent (50%) in principal amount of the Outstanding Bonds may, by written notice to the Board and each Credit Provider, declare the entire Principal of the Bonds to be due and payable, and upon such declaration, the same shall become due and payable, anything in this General Resolution or the Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the Principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, (i) the Board pays or deposits with the Commission a sum sufficient to pay all interest due upon all such Bonds and the Principal and premium, if any, of all such Bonds that shall have become due otherwise than by acceleration (with interest on overdue interest and on such Principal and premium, if any, at the rate specified in the Related Supplemental Resolution) and the expenses of the Commission, the Registrar and the Paying Agent, (ii) any and all Events of Default under this General Resolution, other than the nonpayment of Principal of and accrued interest on such Bonds that shall have become due by acceleration, shall have been remedied, and (iii) each Credit Facility is fully reinstated to the coverage

amount provided in the Related Supplemental Resolution, such Owners shall, with the consent of each Credit Provider, waive all Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon. The Owners shall not have the right to waive any Event of Default hereunder, if, at the time of such Event of Default, a Credit Facility is in effect with respect to any Series of Bonds, without the written consent of the Credit Provider to such waiver.

(b) Upon the happening and continuance of any Event of Default, and in addition to the remedy provided in (a) above, the Owners of not less than fifty percent (50%) in aggregate Principal amount of the Bonds Outstanding, may proceed to protect and enforce the rights of the Owners by such of the following remedies, which are then permitted by law, as they shall deem most effectual to protect and enforce such rights:

(i) By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners, including the right to require the Board to receive and collect Revenues adequate to enable the Board to carry out any of the covenants or agreements with Owners and to perform its duties as prescribed by law;

(ii) By bringing suit upon the Bonds;

(iii) By action or suit in equity, to require the Board to account as if it were the trustee of an express trust for the Owners of the Bonds; or

(iv) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

(c) In the enforcement of any rights and remedies under this General Resolution, any Owner shall be entitled to sue for, enforce payment of and receive any and all amounts then, or during any

Event of Default becoming, and at any time remaining, due and unpaid from the Board for Principal, interest or otherwise, under any provisions of this General Resolution or a Related Supplemental Resolution or of the Bonds, with interest on overdue payments at the rate of interest specified in the Related Supplemental Resolution, together with any and all costs and expenses of collection and of all proceedings under such General Resolution, Supplemental Resolution or Bonds, without prejudice to any other right or remedy of any other Owners, and to recover and enforce a judgment or decree against the Board for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

(d) Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Owners under this General Resolution, the Owners shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and the Funds and Accounts, pending such proceedings, with such powers as the court making such appointment shall confer.

(e) Notwithstanding any provision of this Section 9.02 to the contrary, neither the Commission nor the Owners of any Bond of a Series for which a Credit provider has provided a Credit Facility may undertake any remedies under this General Resolution without the prior written consent of such Credit Provider.

Section 9.03. Priority of Payments After Event of Default. (a) In the event that upon the happening and continuance of any Event of Default the funds held by the Commission shall be insufficient for the payment of the Principal or Redemption Price of and interest then due on the Bonds, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity and amounts representing proceeds of a draw or payment under a Credit Facility) and any other amounts received or collected by the Commission acting pursuant to this Article (other than proceeds or a draw or payment under a Credit Facility), after making provision for the payment of any expenses necessary in the opinion of the Commission to protect the interest of the Owners of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Commission in the performance of its duties under this General Resolution, shall be applied, subject to Section 9.11, as follows:

(i) Unless the Principal of all of the Bonds shall have become

or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amounts available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which shall have become due and, if the amounts available shall not be sufficient to pay in full all the Bonds due, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

THIRD: To be held for the payment to the persons entitled

thereto, as the same shall become due, of the Principal or Redemption Price of and interest on the Bonds which may thereafter become due and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, payment shall be made ratably according to the amount of Principal due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the Principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the Principal and interest then due and unpaid upon the Bonds without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(b) Whenever moneys are to be applied by the Commission pursuant to the provisions of this Section, such moneys shall be applied by the Commission at such times, and from time to time, as the Commission in its sole discretion shall determine, having due regard to the amount of such moneys available for such application and the

likelihood of additional money becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose, shall constitute proper application by the Commission, and the Commission shall incur no liability whatsoever to the Board, to any Owner or to any other person for any delay in applying such moneys, so long as the Commission acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this General Resolution as may be applicable at the time of application by the Commission. Whenever the Commission shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Commission shall deem another date more suitable) upon which such application is to be made. The Paying Agent shall not be required to make payment to the Owner of any Bond unless such Bond shall be presented to the Registrar for appropriate endorsement or for cancellation if fully paid.

Section 9.04. Termination of Proceedings. In case any proceedings taken by the Commission on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Board, the Commission, the Credit Providers and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers, and duties of the Commission shall continue as though no such proceeding had been taken.

Section 9.05. Owners' Direction of Proceedings. Anything in this General Resolution to the contrary notwithstanding, the Owners of the majority in principal amount of the Bonds Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Board and the Commission, to direct the method of conducting all remedial proceedings to be taken by the Commission hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this General Resolution or a Supplemental Resolution, and that the Commission shall have the right to decline to follow a direction which, in the opinion of the Commission, it is not permitted or authorized to perform under the laws of the State or would be unjustly prejudicial to Owners not parties to such direction.

Section 9.06. Limitation on Rights of Owners. No Owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, for the protection or enforcement of any right under this General Resolution unless such Owner shall have given to the Board, each Credit Provider and the Commission written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than fifty percent (50%) in Principal

amount of the Bonds Outstanding shall have made written request of the Board and the Commission after the right to exercise such powers or right of action, as the case may be, shall have accrued. Such notifications are hereby declared in every such case, at the option of the Board, to be conditions precedent to the execution of the powers under this General Resolution or for any other remedy hereunder or by law. It is understood and intended that no one or more Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this General Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this General Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of the Outstanding Bonds. Nothing contained in this Article shall affect or impair the right of any Owner to enforce the payment of the Principal of and interest on his Bonds, or the obligation of the Board to pay the principal of and interest on each Bond issued hereunder to the Owner thereof at the time and place expressed in said Bond.

Section 9.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.08. No Waiver of Event of Default. No delay or omission of any Owner of the Bonds to exercise any right or power shall be construed to be a waiver of any such Event of Default or any acquiescence therein and every power and remedy given by this General Resolution to the Owner of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.09. Notice of Event of Default. The Board shall give to the Owners and each Credit Provider notice of each Event of Default hereunder known to the Board within ninety (90) days after actual knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into a Bond Fund, the Board shall be protected in withholding such notice if and so long as the Board in good faith determines that the withholding of such notice from the Owners is in the interest of the Owners. Each such notice to Owners of an Event of Default shall be given by the Board by mailing written notice thereof to all Owners appearing on the registration books of the Board maintained by the Registrar.

Section 9.10. Subordination of Claims for Interest. No claim for interest appertaining to any of the Bonds which in any way at or after maturity shall have been transferred or pledged (other than a Credit Provider upon the payment of such interest and the transfer to such Credit Provider of the right to payment of interest) separate and apart from the Bond to which it appertains shall, unless accompanied by such Bond, be entitled, in case of an Event of Default hereunder, to any benefit by or from this General Resolution, except after the prior payment in full of the Principal of all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

Section 9.11. Rights of Credit Providers. In the event that the Board provides for the securing of payment of the Principal, Redemption Price of or interest on the Bonds of one or more Series by obtaining a Credit Facility with respect to Debt Service, the Board by Supplemental Resolution or an Authorized Officer by contract with the Credit Provider is authorized to provide appropriate remedies for the Credit Provider upon payment of Debt Service, including, but not limited to, the right to be deemed and treated as the Owner of any Bonds secured by such Credit Facility for all purposes of this Article IX and Article X and for purposes of being given notices or giving directions or consents.

ARTICLE X

SUPPLEMENTAL RESOLUTIONS

Section 10.01. Supplemental Resolution Without Owner Consent. For any one or more of the following purposes and at any time or from time to time, the Board may adopt, execute and deliver a Supplemental Resolution, without notice to or the consent of the Owners of Bonds:

(a) To close this General Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this General Resolution on the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) To add to the covenants and agreements of the Board in this General Resolution other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with this General Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in this General Resolution other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with this General Resolution as theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Board by the terms of this General Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Board contained in this General Resolution;

(e) To subject to the lien and pledge created or to be created by, this General Resolution any other revenues or assets other than the Revenues;

(f) To cure any ambiguity, supply any omission, or cure or correct any defect or

inconsistent provision in this General Resolution;

(g) To insert such provisions clarifying matters or questions arising under this General Resolution as are necessary or desirable and are not contrary to or inconsistent with this General Resolution as theretofore in effect;

(h) To modify any of the provisions of this General Resolution in any respect whatsoever, if such modification shall be, and be expressed to be, effective only after all Bonds Outstanding and affected thereby at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding;

(i) To authorize the issuance of additional Series of Bonds and to prescribe the terms and conditions upon which such Bonds may be issued;

(j) To provide for the issuance of Bonds in such form as permitted by Section 3.01 hereof, and to make such other provisions as are necessary to provide for Bonds issued in such form;

(k) To modify, alter, amend or supplement this General Resolution in such manner as may be necessary or appropriate to qualify this General Resolution under the Trust Resolution Act of 1939 as then amended, or under any similar federal or state statute hereafter enacted;

(l) To modify, alter, amend or supplement this General Resolution in connection with the issuance of a Series of Bonds which by its terms affects only the proposed Series of Bonds and/or Bonds issued after the date of such Supplemental Resolution, which modification, alteration, amendment or supplement does not change the terms of redemption or maturity of the Principal of any Outstanding Bond or of any

installment of interest thereon, or reduce the percentages or otherwise affect the classes of Outstanding Bonds, the consent of the Owners of which is required to effect modifications, alterations, amendments, or supplements to this General Resolution;

(m) To impose a book-entry system for one or more Series of Bonds;

(n) To modify, alter, amend or supplement this General Resolution in any manner which is deemed necessary in Bond Counsel's Opinion to maintain the excludability from gross income of interest on any Tax-Exempt Bonds for federal income tax purposes;

(o) To modify, alter, amend or supplement this General Resolution in any manner which, in Bond Counsel's opinion does not materially adversely affect the interests of the Owners of the Bonds or any Credit Provider; or

(p) To modify, alter, amend or supplement this General Resolution or any Related Supplemental Resolution in any manner which affects only a Series of Bonds which are subject to optional or mandatory tender for purchase, after giving the notice for the period set forth in the Related Supplemental Resolution, if after receipt of such notice, the Owners have the opportunity to tender their Bonds for mandatory or optional tender at the time specified in the Related Supplemental Resolution.

Section 10.02. Supplemental Resolutions With Owner Consent. (a) Any modification of or amendment to this General Resolution and of the rights and obligations of the Board and of the Owners of the Bonds hereunder other than as permitted under Section 10.01 hereof, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 10.03 hereof (i) of the Owners of at least fifty percent (50%) in Principal amount of the Bonds Outstanding at the time such consent is given and the Credit Provider, if any, (ii) in case less than all of the several Series of Bonds Outstanding are affected by the modification or amendment, of

the Owners of at least fifty percent (50%) in Principal amount of the Bonds and the Credit Provider, if any, of each Series so affected and Outstanding at the time such consent is given, and (iii) in case less than all the maturities of a Series of Bonds are affected by the modification or amendment, of the Owners of at least fifty percent (50%) in Principal amount of the Bonds of each maturity and the Credit Provider, if any, so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect until certain Bonds shall no longer remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

(b) No such modification or amendment shall permit a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Commission or any Credit Provider without its written consent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this General Resolution if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Board may, in its sole discretion, determine whether or not Bonds of any particular Series or maturity would be affected by any modification or amendment made in accordance with the foregoing powers of amendment, provided however, that it first obtain a Bond Counsel's Opinion to such effect. Any such determination shall be binding and conclusive on all Owners of Bonds.

Section 10.03. Consent of Owners. (a) A copy of any Supplemental Resolution making a modification or amendment which is not permitted by the provisions of Section 10.01 hereof (or brief summary thereof or reference thereto), together with a request to Owners for their consent thereto, shall be mailed by the Board to any Owner of Bonds (including any Credit Provider) required to consent thereto by first class mail, postage prepaid. Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Board (a) the written consents of Owners of the percentages of Outstanding Bonds and consents of the Credit Provider, if any, specified in Section 10.02 hereof, and (b) a Bond Counsel's Opinion provided in Section 10.06 hereof.

(b) Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is

revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing such revocation with the Board, prior to the effective date of such Supplemental Resolution.

(c) At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Board, the Depository Bank and the Owners of all Bonds. Not more than ninety (90) days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Board on a stated date, a copy of which is on file with the Board) has been consented to by the Owners of the required percentages of Bonds and has become effective as provided in this Section, shall be given to the Owners by the Board by mailing such notice to the Owners first class mail, postage prepaid and may be given, at the discretion of the Board, by contemporaneous publication of the same in an Authorized Newspaper (but failure to publish or give such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this Section). A record, consisting of the papers required or permitted by this Section to be filed with the Commission, shall be proof of the matters therein stated.

Section 10.04. Modifications by Unanimous Consent. The terms and provisions of this General Resolution and the rights and obligations of the Board and of the Owners of the Bonds hereunder may be modified or amended in any respect upon the adoption and filing by the Board of a Supplemental Resolution and the consent of the Owners of all the Bonds Outstanding, and that of any Credit Provider for such Bonds, such consent to be given as provided in Section 10.03 hereof, but no such modification or amendment shall change or modify any of the rights or obligations of the Commission without the written consent of the Commission thereto. No notice of any such modification or amendment to Owners either by mailing or publication shall be required.

Section 10.05. Exclusion of Bonds. Unless the Board is the Owner of all Bonds required to give consent to a Supplemental Resolution, Bonds owned or held by or for the account of the Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Board shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Board shall furnish to the Commission a Certificate

of an Authorized Officer, upon which the Commission may rely, describing all Bonds to be so excluded.

Section 10.06. Bond Counsel's Opinion. No Supplemental Resolution shall be effective until there is filed with the Board a Bond Counsel's Opinion to the effect that the execution and delivery of such Supplemental Resolution is authorized or permitted under this General Resolution and the Act or the Refunding Act, and will not adversely affect the excludability from gross income of the recipients thereof of interest on the Tax-Exempt Bonds for federal income tax purposes.

Section 10.07. Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in this Article may, bear a notation, by endorsement or otherwise in a form approved by the Board, as to such action. Upon any transfer or exchange of any Bond Outstanding at such effective date or upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Bond, the Registrar, at the direction of the Board, shall make suitable notation as to such action on such Bond or upon any Bond issued upon any such transfer or exchange. If the Board shall so determine, new Bonds modified to conform to such action in the opinion of the Board shall be prepared, executed and delivered, and upon demand of the Owner of any Bond Outstanding shall be exchanged, without cost to such Owner, upon surrender of such Outstanding Bond.

ARTICLE XI

CONCERNING THE COMMISSION

Section 11.01. The Trust. By its certificate of acceptance delivered to the Board on the date of first delivery of the Bonds issued under this General Resolution, the Commission agrees to hold in trust, for the benefit of the Owners from time to time of the Bonds, all property conveyed or delivered to it under this General Resolution and all funds and accounts and the moneys or Permitted Investments held therein, and to act as Paying Agent and Registrar for the Bonds.

Section 11.02. Responsibility of the Commission. The statements of fact herein and in the Bonds contained shall be taken as the statements of the Board and the Commission does not assume any responsibility for the correctness of the same. The Commission makes no representations as to the validity or sufficiency of this General Resolution or of any Bonds or coupons issued hereunder or in respect of the security afforded by this General Resolution, and the Commission shall not incur any responsibility in respect thereof. The Commission shall not be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Board. The Commission shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. The Commission shall not be liable in connection with the performance of its duties hereunder except for its own negligence or default.

Section 11.03. Evidence on Which Commission May Act. The Commission shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Commission may consult with counsel, who may be counsel to the Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Commission shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of moneys out of any fund or account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer, and such Certificate shall be full warrant for any action taken or suffered in good faith thereon, but in its sole discretion the Commission may in lieu thereof

accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Commission nor any successor to its duties shall be liable to the Board, the Owners of any of the Bonds or any other person for any act or omission done or omitted to be done by the Commission in reliance upon any instruction, direction or certification received by the Commission pursuant to this General Resolution or for any act or omission done or omitted in good faith and without negligence or willful or reckless misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Board to the Commission shall be sufficiently executed if executed in the name of the Board by an Authorized Officer.

Section 11.04. Compensation. The Board shall pay to the Commission from time to time reasonable compensation as shall be agreed to by the Board and the Commission for all services rendered under this General Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this General Resolution.

Section 11.05. Permitted Acts and Functions. The Commission may become the Owner of any Bonds, with the same rights it would have if it were not the Commission. The Commission may act as Depository for, and permit any of its officers to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this General Resolution, whether or not any such committee shall represent the Owners of a majority in Principal amount of the Bonds Outstanding.

Section 11.06. Resignation of Commission. The Commission may at any time resign and be discharged of the duties and obligations created by this General Resolution by giving not less than forty-five (45) days' written notice to the Board and publishing notice thereof specifying the date when such resignation shall take effect once in an Authorized Newspaper, but such resignation shall not take effect until the appointment of a successor organization to its duties pursuant to Section 11.08 hereof and the acceptance of such duties by such successor.

Section 11.07. Appointment of Paying Agent. The Commission may, with the consent of the Board, appoint one or more Paying Agents to perform any of the obligations and duties of the Paying Agent hereunder by a written instrument executed by the Paying Agent and the Commission under which such Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this General

Resolution and any additional duties or obligations imposed upon it by agreement and shall agree, particularly:

(a) To hold all sums held by it for the payment of the Principal of or interest on Bonds in trust for the benefit of the Owners of such Bonds until such sums shall be paid to such Owners of such Bonds or otherwise disposed of as herein provided;

(b) To keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Board, the Commission, and the Registrar at all reasonable times; and

(c) Upon the request of the Commission, to forthwith deliver to the Commission all sums so held in trust by the Paying Agent.

Section 11.08. Qualifications of Paying Agent. Any Paying Agent other than the Commission shall be a corporation or banking association duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $25,000,000 or trust assets of not less than $500,000,000 and authorized by law to perform all the duties imposed upon it by this General Resolution.

Section 11.09. Evidence of Signatures of Owners and Ownership of Bonds. (a) Any request, consent or other instrument which this General Resolution may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their duly authorized attorneys. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this General Resolution (except as otherwise herein expressly provided) if made in the manner set forth in paragraph (b) of this Section, but the Registrar may nevertheless in their sole discretion require further or other proof in any case where they deem the same desirable.

(b) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the Certificate, which need not be acknowledged or verified, of an officer of a bank or trust company, financial institution or other member of the National Association of Securities Dealers, Inc. satisfactory to the Board, or

of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Owner may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(c) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registration books of the Board maintained by the Registrar.

(d) Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Board and any Owner and their agents and their representatives, any of whom may make copies thereof.

Section 11.10. Appointment of Registrar. The Board shall appoint one or more Registrars to perform any of the obligations and duties of the Registrar hereunder by designating such Registrar in a Supplemental Resolution or a written instrument executed by the Board. Such Registrar shall signify its acceptance of the duties and obligations imposed upon it by this General Resolution and any additional duties or obligations imposed upon it by agreement.

Section 11.11. Books and Records. The Commission, Registrar and Paying Agent (if other than the Commission) shall make available for inspection by any Authorized Officer and any Credit Provider at all reasonable times, upon reasonable notice, reports, statements and other information relating to all moneys received and disbursed, all investments of such moneys and all funds and accounts established hereunder or by any Supplemental Resolution.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Evidence of Acts of Owners. Any request, direction, consent or other instrument provided hereby to be signed and executed by the Owners of any Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Board, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(A) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(B) The ownership of all Bonds shall be proved by the register of such Bonds.

Nothing in this Section shall be construed as limiting the Board to the proof herein specified, it being intended that the Board may accept any other evidence of the matters herein stated which it may deem sufficient.

Any action taken or suffered by the Board pursuant to any provision hereof, upon the request or with the assent of any person who at the time is the Owner of any Bond or Bonds shall be conclusive and binding upon all future Owners of the same Bond or Bonds.

Section 12.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this General Resolution or the Bonds is intended or shall be construed to give to any person other than the parties hereto, and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect to this General Resolution or any covenants, conditions and provisions herein contained; this General Resolution and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners of the Bonds as herein provided.

Section 12.03. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 12.04. Holidays. When the date on which Principal of Redemption Price, or interest on any Bond is due and payable is a day other than a Business Day, payment may be made on Bonds on the next ensuing Business day with effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

Section 12.05. Governing Law. This General Resolution and the Bonds are contracts made under the laws of the State of West Virginia and shall be governed and construed in accordance with such laws.

Section 12.06. Notices. A. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by registered or certified mail, postage prepaid or by overnight courier service and addressed as follows:

(i) If to the Board, addressed to:

Board of Directors of the State College System
Central Office, State College and University
Systems of West Virginia
1018 Kanawha Boulevard, East
Charleston, West Virginia 25301
Attention: Chancellor - Board of Directors of State College System

(ii) If to the Commission, addressed to:

West Virginia Municipal Bond
Commission
1800 Washington Street, East
Building 3, Suite 337
Charleston, West Virginia 25305
Attention: Executive Director

(iii) If to the Treasurer, addressed to:

Treasury of the State of West Virginia
State Capitol Complex, Suite 145
Charleston, West Virginia 25305

(iv) If to the Owner of a Bond, addressed to such Owner at the address shown on the books of the Registrar kept pursuant hereto.

B. The Board, the Commission and the Treasurer may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

C. In connection with any consent required to be obtained from any Owner of Bonds, the Board shall establish a record date to determine the ownership of any Bonds for purposes of obtaining such consent, and shall give the Depository at least 15 calendar days advance notice of the record date so established.

D. Any notice that is required to be given to Owners of Bonds or to the Commission pursuant to this General Resolution or any Supplemental Resolution shall also be provided to any Credit Provider.

Section 12.07. Counterparts. This General Resolution may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

[Signature Page of State College System General Resolution]

Section 12.08. Immunity of Individuals. No recourse shall be had for the payment of the Principal of, Redemption Price or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, member, employee or agent of the Board, whether directly or indirectly and all such liability of any such individual as such is hereby expressly waived and released as a condition of and

in consideration for the execution hereof and the issuance of the Bonds.

Section 12.09. Conflicting Provisions. All resolutions or parts of resolutions or other proceedings of the Board in conflict herewith shall be and the same are repealed insofar as such conflict exists.

Section 12.10. Effective Date. This General Resolution shall take effect immediately.

Adopted this 9th day of September, 1992.

_____

Chairman, Board of Directors of the
State College System

11/25/92
SCJ.A8
86555/92001

CERTIFICATION

The undersigned, being the duly qualified, elected and acting Secretary of the Board of Directors of the State College System, does hereby certify that the foregoing General Resolution was duly adopted by the members of the Board of Directors of the State College System, at a regular meeting duly held, pursuant to proper notice thereof, on September 9, 1992, at Charleston, West Virginia, a quorum being present and acting throughout, and which General Resolution has not been modified, amended or revoked and is a true, correct and complete copy thereof as witness my hand and the seal of the Board of Directors of the State College System, this 2nd day of December, 1992.

[SEAL]

_____

Secretary, Board of Directors of the
State College System

SIXTH CONSOLIDATED
SUPPLEMENTAL RESOLUTION

OF THE

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

Authorizing

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A
and
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Adopted: May 9, 2012

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A
and
Revenue Bonds
(Higher Education Facilities)
2012 Series B

RESOLUTION

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STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A
and
Revenue Bonds
(Higher Education Facilities)
2012 Series B

RESOLUTION OF THE
HIGHER EDUCATION POLICY COMMISSION

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $140,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE COMMISSION'S REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES A; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $7,500,000 AGGREGATE PRINCIPAL AMOUNT OF THE COMMISSION'S REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES B; AND SUPPLEMENTING THE GENERAL RESOLUTION OF THE COMMISSION ADOPTED SEPTEMBER 9, 1992.

WHEREAS, the University of West Virginia Board of Trustees (the "Board of Trustees") on September 9, 1992, adopted a General Resolution (the "University General Resolution") pursuant to which it is authorized to issue one or more series of its revenue bonds (the "University Bonds");

WHEREAS, the Board of Directors of the State College System (the "Board of Directors") on September 9, 1992, adopted a General Resolution (the "College General Resolution" and collectively with the University General Resolution, the "General Resolution") pursuant to which it is authorized to issue one or more series of its revenue bonds (the "College Bonds" and collectively with the University Bonds, the "Bonds");

WHEREAS, the Higher Education Policy Commission (the "Commission"), an agency of the State of West Virginia (the "State"), is the successor to the Board of Trustees and the Board of Directors and is empowered and authorized to issue bonds pursuant to the Act and to fund the capital improvements at certain institutions of higher education;

WHEREAS, all capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the General Resolution;

WHEREAS, the General Resolution establishes the basic provisions regarding the structure of and security for all Bonds to be issued thereunder, and further provides that each Series of Bonds to be issued from time to time is to be individually authorized by a Supplemental Resolution setting forth the principal amount of such Series of Bonds, the terms and provisions of such Series of Bonds, provisions required by any Credit Provider for such Series of Bonds and any other provisions which may be specific to such Series of Bonds;

WHEREAS, pursuant to the General Resolution, as the same has been amended and supplemented from time to time, the Commission and its predecessors, the Board of Trustees and the Board of Directors, have outstanding nine series of bonds, comprised of (i) the University System Revenue Bonds (West Virginia University Projects), 1998 Series A, (ii) University System Revenue Bonds (West Virginia University Projects), 2000 Series A, (iii) Revenue Refunding Bonds (University Facilities), Series 2003, (iv) Revenue Refunding Bonds (State College Facilities), Series 2003, (v) Revenue Bonds (Higher Education Facilities), 2004 Series B, (vi) Revenue Refunding Bonds (Higher Education Facilities, 2007 Series A, (vii) Revenue Bonds (Higher Education Facilities), 2010 Series A, (viii) Revenue Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds), and (ix) Revenue Bonds (Higher Education Facilities), 2010 Series C (Taxable) (collectively, the "Prior Bonds");

WHEREAS, the Legislature, by the adoption of Senate Concurrent Resolution No. 41 ("Senate Concurrent Resolution No. 41") on March 13, 2010, authorized the payment of debt service on revenue bonds for new capital improvements, facilities, buildings and structures for state colleges and universities from the excess lottery revenues under West Virginia Code § 29-22-18a in an annual amount equal to Fifteen Million Dollars ($15,000,000.00);

WHEREAS, pursuant to the Act, the Commission is authorized to issue certain Additional Bonds to refund all or a portion of the Prior Bonds and pay the Costs of Issuance of such Additional Bonds and to otherwise carry out its purposes under the Act;

WHEREAS, pursuant to the Act, the Commission is authorized to issue certain Additional Bonds to finance the costs of new capital improvements, facilities, buildings and structures for state colleges and universities and pay the Costs of Issuance of such Additional Bonds and to otherwise carry out its purposes under the Act;

WHEREAS, the Commission deems it desirable and in keeping with its purposes under the Act, to issue its Revenue Refunding Bonds (Higher Education Facilities), 2012 Series (the "2012 Series A Bonds"), as a series of Additional Bonds for the purposes of refunding a portion of its Revenue Bonds (Higher Education Facilities), 2004 Series B (the "Bonds To Be Refunded") and paying Costs of Issuance of the 2012 Series A Bonds;

WHEREAS, the Commission deems it desirable and in keeping with its purposes under the Act, to authorize the issuance of its Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds" and together with the 2012 Series A Bonds, collectively, the "2012 Bonds"), as a series of Additional Bonds for the purposes of financing the

costs of new capital improvements, facilities, buildings and structures for state colleges and universities, with such projects to be identified, prioritized, approved and certified by the Chancellor or Interim Chancellor of the Commission (the "Project List"), and paying Costs of Issuance of the 2012 Series A Bonds;

WHEREAS, all of the requirements set forth in Section 2.03 of the General Resolution for issuance of Bonds and in Section 2.04 of the General Resolution for issuance of Additional Bonds in the manner and in the amount set forth herein have been met or will be met prior to the date of issuance and delivery of the 2012 Bonds;

WHEREAS, the Commission therefore wishes to take all necessary actions to issue the 2012 Bonds for the purposes set forth herein;

WHEREAS, there will be presented to one or more of the Authorized Officers designated in Section 1.03 hereof, the following documents (the "Bond Documents"), to be executed in connection with the issuance and sale of the 2012 Bonds;

(1) A Bond Purchase Agreement to be dated the date of acceptance thereof by an Authorized Officer of the Commission, by and between Citigroup Global Markets Inc., acting on behalf of itself, Piper Jaffray & Co. and Crews & Associates, Inc., as the original purchasers of the 2012 Bonds (collectively, the "Original Purchasers") and the Commission, pursuant to which the 2012 Bonds are proposed to be purchased; and

(2) A Continuing Disclosure Agreement (as defined herein), to be dated the Closing Date; and

(3) A Preliminary Official Statement (the "Preliminary Official Statement"), relating to the 2012 Bonds (which when executed in final form as provided in Section 5.02 hereof, the "Official Statement"); and

(4) A Tax Compliance Certificate (the "Tax Certificate"), to be dated the Closing Date; and

(5) A Rule 15c-2-12 Certificate; and

(6) An Escrow Agreement; and

(7) Agreements with any Service Provider (as hereinafter defined) (if any); and

(8) Any other documents deemed necessary or desirable to aid or effectuate the issuance and sale of the 2012 Bonds, including documents relating to hedge transactions and investment of the proceeds;

WHEREAS, the Commission desires to take all steps necessary for the issuance of the 2012 Bonds at the earliest practicable date;

WHEREAS, the Commission wishes to delegate to the Chancellor or the Interim Chancellor the authority to make the final determination of whether to issue the 2012 Series B Bonds and the authority to identify, prioritize, approve and certify a list of new capital improvement projects for state colleges and universities, upon the advice of bond counsel, to be financed with the proceeds of the 2012 Series B Bonds, without the requirement of further official action by the Commission; and

WHEREAS, the Commission wishes to delegate to each Authorized Officer the authority to approve the final terms of the 2012 Bonds, including the exact principal amount, interest rates, redemption provisions, maturities, purchase price and other terms of the 2012 Bonds and the final terms and provisions of the Bond Documents and other agreements relating to the 2012 Bonds, without the requirement of further official action by the Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE HIGHER EDUCATION POLICY COMMISSION, AS FOLLOWS:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION; DESIGNATION OF AUTHORIZED OFFICERS

Section 1.01. Definitions. All capitalized terms and definitions contained in the General Resolution shall, unless defined differently herein, have the same meanings herein, and in addition to the words and terms defined elsewhere in this Sixth Consolidated Supplemental Resolution, the following words, terms or phrases shall have the following respective meanings all unless the context clearly indicates a different meaning:

"Act" means, for purposes of this Sixth Consolidated Supplemental Resolution, Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10 of the Code of West Virginia, 1931, Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, and the Refunding Act, as the same have been and may from time to time be amended, together with Senate Concurrent Resolution No. 41.

"Authorized Officer" means the person designated pursuant to Section 1.03 hereof.

"Bond Documents" means the documents described in the recitals hereto.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Commission and the Original Purchasers pertaining to the sale of the 2012 Bonds.

"Bond Year" means, with respect to the 2012 Bonds, the period commencing July 1 in each year and ending on June 30 of each subsequent calendar year during the term of the 2012 Bonds, except that the first Bond Year shall commence on the Closing Date and end on June 30, 2012 (unless a different period is permitted or required by the Code).

"Bonds" means collectively, the 2012 Series A Bonds, the 2012 Series B Bonds, the Prior Bonds and any other Additional Bonds or Refunding Bonds hereafter issued pursuant to the General Resolution.

"Certificate of Determination" means the certificate executed by an Authorized Officer setting forth the determination by the Chancellor or Interim Chancellor as to the issuance of the 2012 Series B Bonds, the final terms and provisions of the 2012 Bonds (including, but not limited to, the form of the 2012 Series A Bonds and the Series 2012 Series B Bonds, if issued), the Bond Purchase Agreement and the other Bond Documents as provided in Section 2.03 hereof, and ratifying, confirming and approving the Project List (as hereinafter defined).

"Closing Date" means the date upon which the 2012 Bonds are delivered to the Original Purchaser upon payment of the purchase price set forth in the Bond Purchase Agreement.

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

"Continuing Disclosure Agreement" means a Continuing Disclosure Agreement between the Commission and the Original Purchaser, to be dated the Closing Date.

"Event of Default" means any one or more of those events set forth in Section 9.01 of the General Resolution.

"Escrow Agreement" means the Escrow Agreement between the Escrow Trustee and the Commission, to be dated the Closing Date.

"Escrow Trustee" means such entity designated as the escrow trustee for the Bonds To Be Refunded in the Certificate of Determination.

"Municipal Bond Commission" means the West Virginia Municipal Bond Commission, or its successor, to serve as fiscal agent for the 2012 Bonds.

"Official Statement" means the Official Statement to be dated the date of execution of the Bond Purchase Agreement, prepared and distributed in connection with the sale of the 2012 Bonds and approved by the Commission.

"Paying Agent" means such banking institution with offices within or without West Virginia or its successors, designated as a paying agency or place of payment for the 2012 Bonds in the Certificate of Determination.

"Preliminary Official Statement" means the Preliminary Official Statement to be prepared and distributed in connection with the sale of the 2012 Bonds.

"Project List" means a list of new capital improvement projects for state colleges and universities that may be identified, prioritized, approved and certified by the Chancellor or Interim Chancellor, upon the advice of bond counsel, if a determination is made by the Chancellor or Interim Chancellor to issue the 2012 Series B Bonds.

"Record Date" means 15 days before the interest payment dates of April 1 and October 1.

"Refunding Act" means Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended.

"Registrar" means such banking institution with offices within or without West Virginia or its successors, designated as registrar for the 2012 Bonds in the Certificate of Determination.

"Representation Letter" means the DTC Blanket Letter of Representations previously delivered to DTC.

"Resolution" means (unless the context clearly indicates otherwise) collectively, the General Resolution and this Sixth Consolidated Supplemental Resolution as they may be amended or supplemented.

"Service Provider" means a party described in clause (xii) of Section 2.03 hereof.

"Sixth Consolidated Supplemental Resolution" means this Sixth Consolidated Supplemental Resolution as it may be amended or supplemented, and includes all exhibits and schedules thereto.

"Tax Certificate" means the Tax Compliance Certificate of the Commission to be dated as of the Closing Date, as it may be amended or supplemented.

"Treasurer" means the State Treasurer of the State of West Virginia.

"Trustee" means such banking institution with offices within or without West Virginia or its successors, as may be designated as trustee for the 2012 Bonds in the Certificate of Determination.

"2012 Series A Bonds" means the Commission's Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, in such aggregate principal amount not to exceed $140,000,000 as shall be set forth in the Certificate of Determination.

"2012 Series A Bond Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series A Bond Proceeds Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series A Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series A Escrow Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series A Bonds Interest Account" means the account by that name established in the 2012 Series A Bonds (Higher Education Facilities) Bond Fund pursuant to Section 3.01 hereof.

"2012 Series A Principal Account" means the account by that name established in the 2012 Series A Bond Fund pursuant to Section 3.01 hereof.

"2012 Series A Redemption Account" means the account by that name established in the 2012 Series A Bond Fund pursuant to Section 3.01 hereof.

"2012 Series B Bonds" means the Commission's Revenue Bonds (Higher Education Facilities), 2012 Series B, in such aggregate principal amount not to exceed $7,500,000 as shall be set forth in the Certificate of Determination.

"2012 Series B Bond Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series B Bond Proceeds Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series B Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01 hereof.

"2012 Series B Bonds Interest Account" means the account by that name established in the 2012 Series B Bonds (Higher Education Facilities) Bond Fund pursuant to Section 3.01 hereof.

"2012 Series B Principal Account" means the account by that name established in the 2012 Series B Bond Fund pursuant to Section 3.01 hereof.

"2012 Series B Redemption Account" means the account by that name established in the 2012 Series B Bond Fund pursuant to Section 3.01 hereof.

Section 1.02. Interpretation.

A. Any reference herein to the Commission, or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

B. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

C. Any terms not defined herein but defined in the General Resolution, shall have the same meanings herein.

D. Headings or articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

E. Words importing the redemption of a 2012 Bond or the calling of a 2012 Bond for redemption do not mean or include the payment of a 2012 Bond at its stated maturity or the purchase of a 2012 Bond.

F. This Sixth Consolidated Supplemental Resolution shall inure to the benefit of and shall be binding upon the Commission and its respective successors and assigns subject to the limitations contained herein.

Section 1.03. Designation of Authorized Officers. The Commission hereby designates the Chairman and Vice Chairman, the Chancellor or Interim Chancellor, the Vice Chancellor of Administration, the Chief Financial Officer, and the Senior Director of Facilities of the Commission, whether acting jointly or severally, as Authorized Officers of the Commission with respect to the 2012 Bonds. Each of such Authorized Officers shall file a specimen of his signature with the Trustee (if any), Registrar and Paying Agent.

Section 1.04. Project List. The Commission hereby delegates to the Chancellor or the Interim Chancellor the authority to identify, prioritize, approve and certify the Project List, upon the advice of bond counsel, which Project List shall be ratified, confirmed and approved in the Certificate of Determination.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.01. Authorization of Bonds.

(A) In order to refund the Bonds To Be Refunded and to pay Costs of Issuance thereof, the Commission hereby authorizes the issuance of one or more series of the 2012 Series A Bonds, each of which shall constitute a "Series of Bonds" and "Additional Bonds" as such terms are defined in the General Resolution, and shall be issued and sold as directed by the Commission in accordance herewith.

(B) In order to finance new capital improvement projects identified on the Project List and to pay Costs of Issuance thereof, the Commission hereby authorizes the issuance of one or more series of the 2012 Series B Bonds, each of which shall constitute a "Series of Bonds" and "Additional Bonds" as such terms are defined in the General Resolution, and shall be issued and sold as directed by the Commission in accordance herewith.

Section 2.02. Terms. The 2012 Series A Bonds shall be issued in fully registered form as herein provided, in denominations of $5,000 and integral multiples thereof, in an aggregate principal amount not to exceed $140,000,000. The 2012 Series B Bonds may be issued at the discretion of the Chancellor or Interim Chancellor as set forth in the Certificate of Determination, and if issued, they shall be issued in fully registered form as herein provided, in denominations of $5,000 and integral multiples thereof, in an aggregate principal amount not to exceed $7,500,000. The 2012 Bonds of each series shall be numbered from R-1 upward. Interest accruing on the 2012 Bonds on and prior to the maturity date thereof shall be payable by check or draft mailed by the Paying Agent to the Registered Owner thereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by the Registrar, or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Section 2.03. Certificate of Determination. Each Authorized Officer shall have the power and authority to execute and deliver the Certificate of Determination, which may include, without limitation, provisions (i) fixing the aggregate principal amount of 2012 Series A Bonds to be issued, not to exceed $140,000,000, (ii) setting forth the determination of the Chancellor or Interim Chancellor as to whether the Commission shall issue its 2012 Series B Bonds, (iii) determining whether the 2012 Series B Bonds, if issued, shall be issued as tax-exempt or federally taxable bonds, (iv) fixing the aggregate principal amount of the 2012 Series B Bonds, if issued, not to exceed $7,500,000, (v) fixing the maturity schedule for each series of the 2012 Bonds issued by the Commission, including the amounts of serial bonds and term bonds, such maturities to be not longer than thirty (30) years from the date of issuance of each series of the 2012 Bonds, (vi) prescribing the interest rates or yields for each series of 2012 Bonds issued by the Commission, such rates or yields not to exceed an average interest cost of six percent (6%) per annum, (vii) fixing the amounts and times of mandatory redemption for each series of 2012 Bonds issued by the Commission, (viii) fixing optional redemption provisions for each series of 2012 Bonds issued by the Commission, including times and redemption prices (not to exceed 102% of the principal amount), (ix) fixing the purchase price

for each series of 2012 Bonds issued by the Commission, which may include an underwriting and an original issue discount or premium, (x) dating each series of 2012 Bonds issued by the Commission, (xi) determining whether the 2012 Bonds shall be issued in one or more series and assigning a designation to each such series, (xii) ratifying, confirming and approving the Project List if a determination has been made by the Chancellor or Interim Chancellor to issue the 2012 Series B Bonds, (xiii) designating a remarketing agent, a tender agent, an auction agent, a liquidity provider, a credit provider and the provider of other services, if any, which may be deemed by such officer as necessary or desirable to support the 2012 Bonds (each a "Service Provider"), (xiv) determining the necessity of having a Trustee for the 2012 Bonds, and (xv) designating the Trustee (if deemed necessary), Registrar and Paying Agent for the 2012 Bonds.

Section 2.04. Book Entry System for 2012 Bonds.

(a) Notwithstanding the foregoing provisions of this Article II, the 2012 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the 2012 Bonds of each maturity, which 2012 Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in paragraph (g) below, all of the 2012 Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the 2012 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the 2012 Bonds for an equal aggregate principal amount of 2012 Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Commission or the Registrar either a 2012 Bond or any other evidence of ownership of the 2012 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the 2012 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph (g) below or otherwise.

(b) So long as the 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the Principal or Redemption Price of or interest on such 2012 Bonds shall be made to DTC or its nominee in Federal funds on the dates provided for such payments under this Sixth Consolidated Supplemental Resolution or as set forth in the 2012 Bonds. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Commission or the Registrar with respect to the Principal or Redemption Price of or interest on the 2012 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the 2012 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC or its nominee of the 2012 Bonds so redeemed, but DTC (or its nominee) may retain such 2012 Bonds and make an appropriate notation on the 2012 Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Registrar shall be conclusive as to the amount of the 2012 Bonds of such maturity which have been redeemed.

(c) The Commission and the Registrar may treat DTC (or its nominee) as the sole and exclusive Owner of the 2012 Bonds registered in its name for the purposes of payment

of the Principal or Redemption Price of or interest on the 2012 Bonds, selecting the 2012 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Sixth Consolidated Supplemental Resolution, registering the transfer of 2012 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Commission nor the Registrar shall be affected by any notice to the contrary. Neither the Commission nor the Registrar shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the 2012 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder, with respect to either: (1) the 2012 Bonds; or (2) the accuracy of any records maintained by DTC or any such participant; or (3) the payment by DTC or any such participant of any amount in respect of the Principal or Redemption Price of or interest on the 2012 Bonds; or (4) any notice which is permitted or required to be given to Bondholders under this Sixth Consolidated Supplemental Resolution; or (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the 2012 Bonds; or (6) any consent given or other action taken by DTC as Bondholder.

(d) So long as the 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Bondholders under this Sixth Consolidated Supplemental Resolution shall be given to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Sixth Consolidated Supplemental Resolution by the Commission or the Registrar with respect to any consent or other action to be taken by Bondholders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Commission or the Registrar may establish a special record date for such consent or other action. The Commission or the Registrar shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) The Registrar and any successors or assigns thereof shall, in its written acceptance of its duties under this Sixth Consolidated Supplemental Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

(g) The book-entry system for registration of the ownership of the 2012 Bonds may be discontinued at any time if either: (1) DTC determines to resign as securities depository for the 2012 Bonds; or (2) the Commission determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Commission. In either of such events (unless in the case described in clause (2) above, the Commission appoints a successor securities depository) the 2012 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Commission or the Registrar for the accuracy of such designation. Whenever DTC requests the Commission

and the Registrar to do so, the Commission and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the 2012 Bonds.

Section 2.05. Form of 2012 Bonds. The definitive 2012 Bonds shall be in substantially the forms attached hereto as Exhibit A and Exhibit B, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such 2012 Bonds on behalf of the Commission. Execution thereof by such officers shall constitute conclusive evidence of such approval.

Section 2.06. 2012 Bonds on Parity with Prior Bonds. The 2012 Bonds shall be on a parity with the Prior Bonds with respect to sources of and security for payment and in all other respects.

Section 2.07. Conditions Precedent to Delivery of 2012 Bonds. The 2012 Bonds shall be delivered upon receipt by the Registrar of the following:

A. A copy of the General Resolution and this Sixth Consolidated Supplemental Resolution certified by the Secretary of the Commission;

B. A copy of the Certificate of Determination;

C. A Bond Counsel's Opinion to the effect that (i) this Sixth Consolidated Supplemental Resolution has been duly and lawfully adopted and is in full force and effect; (ii) the General Resolution has been duly and lawfully adopted and is valid and binding upon, and enforceable against, the Commission (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (iii) the General Resolution creates the valid pledge which it purports to create of the Revenues, and moneys and securities on deposit in any of the Funds established thereunder (other than a Purchase Fund, if any), subject to the application thereof to the purposes and on the conditions permitted by the General Resolution; and (iv) upon the execution and delivery thereof, the 2012 Bonds will have been duly and validly authorized and issued in accordance with the General Resolution;

D. A written order as to the authentication, registration and delivery of the 2012 Bonds and the application of the proceeds thereof, signed by an Authorized Officer;

E. A Certificate of the Commission to the effect that:

(i) all payments into the respective funds and accounts provided for in the General Resolution and any Related Supplemental Resolution respecting Bonds theretofore issued and then Outstanding have been made in full to the date of issuance and delivery of the 2012 Bonds and no Event of Default under the General Resolution or any Related Supplemental Resolution is now existing; and

(ii) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in Section 1.02 of the General Resolution, collected by the Commission for the last Fiscal Year preceding the date of issuance of the 2012 Bonds have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on the 2012 Bonds and the Prior Bonds; or

(iii) (a) the Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the Commission for the last Fiscal Year preceding the date of issuance of the 2012 Bonds, plus Projected Revenues (as defined below) have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on the 2012 Bonds and the Prior Bonds; and (b) Projected Revenues have not been greater than 20% of the largest amount of Debt Service due in any Fiscal Year thereafter on the 2012 Bonds and the Prior Bonds. For the purposes of this subsection (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under the General Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of the 2012 Bonds; and

F. An executed copy of the Trust Indenture, or if no Trustee has been appointed, a copy of the Agreement between the Commission and the Registrar and Paying Agent.

Section 2.08. Pledge of Excess Lottery Proceeds. Pursuant to the authorization contained in Chapter 29, Article 22, Section 18c of the Code of West Virginia, 1931, as amended, the Commission hereby confirms the pledge of the funds deposited in the Higher Education Improvement Fund created under Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931, as amended, to the payment of the 2012 Bonds and the Prior Bonds.

ARTICLE III

FUNDS AND ACCOUNTS; APPLICATION OF 2012 SERIES A BOND PROCEEDS

Section 3.01. Funds and Accounts. (A) There are hereby created by the Commission and ordered established with the Trustee (if any), Registrar and Paying Agent the following funds and accounts in connection with the 2012 Series A Bonds;

(i) 2012 Series A Bond Fund, and therein:

(a) 2012 Series A Interest Account; and

(b) 2012 Series A Principal Account; and

(c) 2012 Series A Redemption Account.

(B) There are hereby created by the Commission and ordered established with the Trustee (if any), Registrar and Paying Agent the following funds in connection with the 2012 Series A Bonds:

(i) 2012 Series A Bond Proceeds Fund; and

(ii) 2012 Series A Escrow Fund; and

(ii) 2012 Series A Costs of Issuance Fund.

(C) If the 2012 Series B Bonds shall be issued, there are hereby created by the Commission and ordered established with the Trustee (if any), Registrar and Paying Agent the following funds and accounts in connection with the 2012 Series B Bonds;

(i) 2012 Series B Bond Fund, and therein:

(a) 2012 Series B Interest Account; and

(b) 2012 Series B Principal Account; and

(c) 2012 Series B Redemption Account.

(D) If the 2012 Series B Bonds shall be issued, there are hereby created by the Commission and ordered established with the Trustee (if any), Registrar and Paying Agent the following funds in connection with the 2012 Series B Bonds:

(i) 2012 Series B Bond Proceeds Fund; and

(ii) 2012 Series B Costs of Issuance Fund.

Section 3.02. Application of 2012 Bond Proceeds.

(A) The net proceeds of the sale of the 2012 Series A Bonds shall initially be deposited in the 2012 Series A Bond Proceeds Fund to be held by the Trustee (if any), and if none by the Municipal Bond Commission. Thereafter, such proceeds or portions thereof shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission, as follows:

(i) All amounts, if any, paid as accrued interest on the 2012 Series A Bonds from their date to the date of delivery of the 2012 Series A Bonds shall be deposited in the 2012 Series A Interest Account;

(ii) A sum equal to the Costs of Issuance of the 2012 Series A Bonds shall be deposited in the 2012 Series A Costs of Issuance Fund; and

(iii) The balance of the proceeds of the 2012 Series A Bonds shall be deposited in the 2012 Series A Escrow Fund.

(B) If issued, the net proceeds of the sale of the 2012 Series B Bonds shall initially be deposited in the 2012 Series B Bond Proceeds Fund to be held by the Trustee (if any), and if none by the Municipal Bond Commission. Thereafter, such proceeds or portions thereof shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission, as follows:

(i) All amounts, if any, paid as accrued interest on the 2012 Series B Bonds from their date to the date of delivery of the 2012 Series B Bonds shall be deposited in the 2012 Series B Interest Account;

(ii) A sum equal to the Costs of Issuance of the 2012 Series B Bonds shall be deposited in the 2012 Series B Costs of Issuance Fund; and

(iii) The balance of the proceeds of the 2012 Series B Bonds shall be deposited in the 2012 Series B Bond Proceeds Fund.

Section 3.03. Flow of Funds. So long as any 2012 Bonds are Outstanding, amounts deposited and to be deposited in the funds and accounts established by Section 3.01 hereof shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission in the manner and order of priority as set forth herein and in Article VII of the General Resolution

Section 3.04. Disbursements.

(A) The proceeds of the 2012 Series A Bonds deposited in the 2012 Series A Escrow Fund shall be disbursed immediately to the Escrow Trustee. The proceeds of the 2012 Series A Bonds deposited in the 2012 Series A Costs of Issuance Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon requisition by an Authorized Officer. Any funds remaining in the 2012 Series A Costs of Issuance Fund 180 days after the initial issuance of the 2012 Series A Bonds shall be transferred to the 2012 Series A Interest Account.

(B) If issued, the proceeds of the 2012 Series B Bonds deposited in the 2012 Series B Bonds Proceeds Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon proper requisition by an Authorized Officer for payment of costs of the projects included on the Project List. The proceeds of the 2012 Series B Bonds deposited in the 2012 Series B Costs of Issuance Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon requisition by an Authorized Officer. Any funds remaining in the 2012 Series B Costs of Issuance Fund 180 days after the initial issuance of the 2012 Series B Bonds shall be transferred to the 2012 Series B Interest Account.

Section 3.05. Arbitrage Covenant. Neither the Trustee (if any), and if none, the Municipal Bond Commission, nor the Commission shall use or direct or permit the use of any moneys of the Commission in its possession or control in any manner which would cause any 2012 Series A Bond to be an "arbitrage bond" within the meaning of such term in Sections 103 and 148 of the Code.

Section 3.06. Tax Certificate. Notwithstanding any provision of the Resolution, the Commission shall observe its covenants, representations and agreements contained in the Tax Certificate. In the event any provision of the Resolution conflicts with any provision of the Tax Certificate, the provisions of the Tax Certificate shall govern.

ARTICLE IV

GENERAL COVENANTS OF THE COMMISSION

Section 4.01. General. The covenants contained in Article VI of the General Resolution are hereby continued, approved, ratified and confirmed, shall apply fully to the 2012 Bonds, and are incorporated herein by reference as a part hereof.

Section 4.02. Covenants. All covenants, stipulations, obligations and agreements of the Commission contained herein and contained in the Resolution shall be deemed to be the special and limited covenants, stipulations, obligations and agreements of the Commission to the full extent permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Commission and its successors from time to time and upon any Commission or body to which any powers or duties, affecting such covenants, stipulations, obligations and agreements, shall be transferred by or in accordance with law. Except as otherwise provided herein, all rights, powers and privileges conferred and duties and liabilities imposed upon the Commission or the officials thereof by the provisions hereof and by the Resolution shall be

exercised or performed by the Commission or by such officers, or body as may be required or permitted by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the 2012 Bonds or the Bond Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, agent or employee of the Commission in his or her individual capacity, and neither the member of the Commission nor any officer executing the 2012 Bonds shall be liable personally on the 2012 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

ARTICLE V

APPROVAL OF DOCUMENTS AND APPOINTMENT OF FIDUCIARIES

Section 5.01. Approval of Bond Documents. Each Authorized Officer is authorized, for and on behalf of Commission, to approve the final terms of the 2012 Bonds within the financing parameters established by Section 2.03 of this Sixth Consolidated Supplemental Resolution, and to negotiate, execute and deliver all documentation related to the issuance of the 2012 Bonds, including without limitation the Bond Documents, any agreement with any Service Provider (if any), investment agreements, guaranteed investment contracts, debt service deposit agreements, float agreements, any other similar transactions or agreements (including without limitation any option with respect to any of the foregoing) or any combination of the foregoing upon the terms and conditions as such officers may approve, such approval to be conclusively evidenced by the execution of such documents by any of such officers.

Section 5.02. Approval of Distribution of Preliminary Official Statement and Official Statement. The distribution of the Preliminary Official Statement is hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver a final Official Statement on behalf of the Commission, which shall be in substantially the form of the Preliminary Official Statement with such terms and conditions as may be required to reflect the terms of the sale of the Bonds and as such Authorized Officer may approve. The execution of the Official Statement by any Authorized Officer shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchasers for distribution. The distribution by the Original Purchasers of the Preliminary Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved.

Section 5.03. Appointment of Fiduciaries. The Certificate of Determination shall appoint and designate the Trustee (if any), Registrar and Paying Agent for the 2012 Bonds, and the Escrow Trustee for the Bonds To Be Refunded.

Section 5.04. Continuing Disclosure Agreement. So long as any of the 2012 Bonds remain Outstanding, the Commission shall provide certain annual financial information and material events notices regarding the Commission as described in paragraph (b)(5)(i) of SEC

Rule 15c2-12 promulgated by the Securities and Exchange Commission. The Commission authorizes and directs the Chief Financial Officer to take all actions with respect to this undertaking as prescribed by the Continuing Disclosure Agreement.

ARTICLE VI

MISCELLANEOUS

Section 6.01. General Resolution. This Sixth Consolidated Supplemental Resolution is supplemental to the General Resolution and all provisions of said General Resolution, unless clearly inapplicable or altered hereby, shall apply to the 2012 Bonds, this Sixth Consolidated Supplemental Resolution and matters relating thereto as if set forth verbatim herein. In the event of any conflict between the General Resolution and this Sixth Consolidated Supplemental Resolution, this Sixth Consolidated Supplemental Resolution shall control. This Sixth Consolidated Supplemental Resolution, the General Resolution, the Bond Indenture and the Certificate of Determination, to the extent applicable, shall and must be read as a single document and shall supersede all prior resolutions, orders and understandings, both written and oral, by the Commission, with respect to the subject matter hereof.

Section 6.02. Incidental Action. The execution and delivery of the 2012 Bonds and the execution, delivery and due performance of the Bond Documents and the Official Statement are hereby in all respects approved, authorized, ratified and confirmed including all acts heretofore taken in connection with the issuance of the 2012 Bonds, and it is hereby ordered that each Authorized Officer of the Commission execute and deliver such other documents, certificates, agreements and instruments, and take such other action as may be required or desirable to carry out the purposes of this Sixth Consolidated Supplemental Resolution, the 2012 Bonds and the aforesaid instruments.

Section 6.03. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the 2012 Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 6.04. Governing Law. This Sixth Consolidated Supplemental Resolution and the 2012 Bonds are contracts made under the laws of the State of West Virginia and shall be governed and construed in accordance with such laws.

Section 6.05. Notices. (A) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall, be deemed sufficiently given or served if given in writing, mailed by registered or certified mail, postage prepaid or by overnight courier service and addressed as follows:

(i) IF TO THE COMMISSION, ADDRESSED TO:

West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, East
Suite 700
Charleston, West Virginia 25301
Attention: Chief Financial Officer

(ii) IF TO THE TRUSTEE (if any), REGISTRAR OR PAYING AGENT ADDRESSED TO: As its address may appear in the Certificate of Determination

(iii) IF TO THE OWNER OF A 2012 SERIES A BOND, ADDRESSED TO: Such Holder at the address shown on the books of the Registrar kept pursuant hereto

(iv) IF TO THE ORIGINAL PURCHASERS, ADDRESSED TO:

Citigroup Global Markets Inc.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attn: Public Finance Group

Crews & Associates, Inc.
2001 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, West Virginia 25301

(v) IF TO THE ESCROW TRUSTEE, ADDRESSED TO: As its address may appear in the Escrow Agreement

(B) The Commission, the Trustee (if any), the Registrar, the Paying Agent, the Escrow Trustee, the Original Purchasers or the Municipal Bond Commission may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

(C) In connection with any consent required to be obtained from any Owner of 2012 Bonds, the Commission shall establish a record date to determine the ownership of any

2012 Bonds for purposes of obtaining such consent, and shall give DTC at least 15 calendar days advance notice of the record date so established.

Section 6.06. Binding Effect. This Sixth Consolidated Supplemental Resolution shall inure to the benefit of and shall be binding upon the Commission and its respective successors and assigns subject to the limitations contained herein.

Section 6.07. Effective Date. This Sixth Consolidated Supplemental Resolution shall take effect immediately upon adoption.

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Adopted this 9th day of May, 2012.

Chairman

Secretary

Adopted this 9th day of May, 2012.

Chairman

Secretary

EXHIBIT A

FORM OF 2012 SERIES A BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. R-_____ $_____

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
_____	_____	_____	_____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: $_____

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by _____, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date.

Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

This Bond is one of an issue of a Series of Bonds in the aggregate principal amount of not to exceed $_____ (the "Bonds") authorized and issued to refund a portion of the Commission's Revenue Bonds (Higher Education Facilities), 2004 Series B and to pay Costs of Issuance of the 2012 Series A Bonds, all pursuant to a General Resolution adopted by the Commission on September 9, 1992, and a Sixth Consolidated Supplemental Resolution adopted by the Commission on May 9, 2012 (collectively, the "Resolution"). The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, Chapter 29, Article 22, Sections 18a and 18c, and Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act").

This Bond and all Bonds of this issue are payable solely, equally and ratably from the Revenues (as such term is defined in the Resolution) and the funds deposited in the Higher Education Improvement Fund created under Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931, as amended, on a parity in all respects with the Prior Bonds described below. Reference is hereby made to the Resolution as the same may be further amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Commission and the Registered Owners of the Bonds and any subsequently issued Additional Bonds. Certified copies of the Resolution are on file at the office of the Commission in the City of Charleston, West Virginia.

This Bond is a special obligation of the Commission, payable together with the Prior Bonds hereinafter described and any Additional Bonds which may hereafter be issued, solely from the sources pledged under the Resolution. The bonds of the series of which this Bond is one, as to both principal and interest, shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, and the owners thereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of said State for the payment of the principal thereof or interest thereon, but the Bonds, together with any Additional Bonds which may subsequently be issued on a parity therewith, shall be payable equally and ratably solely from the sources pledged under the Resolution.

The Bonds are issued on a parity in all respects with the Commission's outstanding Prior Bonds (as defined in said Resolution) and other Additional Bonds which may hereafter be issued pursuant to the General Resolution.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

The Bonds maturing on _____ (the "Term Bonds"), are subject to mandatory redemption prior to maturity in part at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, beginning on _____

respectively, for the Term Bonds, and on each _____1 thereafter, in annual principal amounts as follows:

For the Term Bonds maturing on _____:

Year	Amount

For the Term Bonds maturing on _____:

Year	Amount

The principal amount of the Bonds delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of such series of Term Bonds to be redeemed on the Mandatory Redemption Date with respect to such maturity next following such delivery or purchase.

Beginning on _____, the Bonds maturing on and after _____, shall be subject to redemption prior to maturity, at the option of the Issuer, in whole, or in part, on any Business Day, by series and in order of maturity selected by the Issuer and by lot within a maturity in multiples of $5,000, at the Redemption Prices (expressed as a percentage of the principal amount to be redeemed) set forth below, plus accrued interest to the date fixed for redemption:

Redemption Periods (Dates Inclusive)	Redemption Prices

In the event of any redemption of less than all outstanding Bonds, the maturities to be redeemed shall be selected by the Registrar at the direction of the Commission, and Bonds to be redeemed shall be selected by lot within a maturity, or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Commission maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution, provided, however, that

failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of Additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered bonds, upon the terms set forth in the Resolution. Neither the Commission nor the Registrar shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

IT IS HEREBY FURTHER CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

All provisions of the Resolution and the 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.

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IN TESTIMONY WHEREOF, the Commission has caused this Bond to be executed by and on its behalf by the manual or facsimile signature of the Authorized Officer of the Commission, and has caused this Bond to be authenticated by the manual signature of an authorized officer of the Registrar, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolution, all as of the Bond Date stated above.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Earl Ray Tomblin, Governor of the State of West Virginia

By: _____
Paul L. Hill, Interim Chancellor

By: _____
Secretary of State of the State of West Virginia

REGISTRAR'S AUTHENTICATION CERTIFICATE

The undersigned Registrar hereby certifies that this is one of the 2012 Series A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Spilman Thomas & Battle, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for such Bonds.

Date of Authentication: _____

_____, as Registrar

By: _____
Its Authorized Officer

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfer unto

_____

_____

_____(Please print or typewrite name, address and Social Security Number of Transferee)_____the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

FORM OF 2012 SERIES B BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. R-____ $_____

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
_____	_____	_____	_____

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: $_____

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by _____, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date.

Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

This Bond is one of an issue of a Series of Bonds in the aggregate principal amount of $_____ (the "Bonds") authorized and issued to provide funds to (i) finance the costs of new capital improvements, facilities, buildings and structures at state colleges and universities, and (ii) pay the costs associated with the issuance of the 2012 Series B Bonds, all pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as amended by the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution," and together with the General Resolution, the "Resolution"). The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 18B, Articles 1B and 10 and Chapter 13, Article 4 (collectively, the "Act") and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (the "Lottery Act") and the Senate Concurrent Resolution No. 41.

This Bond is payable solely, equally and ratably from the Revenues (as such term is defined in the Resolution) on a parity in all respects with the Prior Bonds and any Additional Bonds which may hereafter be issued pursuant to the Resolution. Reference is hereby made to the Resolution as the same may be further amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Commission and the Registered Owners of the Bonds and any subsequently issued Additional Bonds. Certified copies of the Resolution are on file at the office of the Commission in the City of Charleston, West Virginia.

The 2012 Series B Bonds are special and limited obligations of the Commission, secured ratably by a first lien on Revenues, on a parity in all respects with the Commission's outstanding "Prior Bonds" (as defined in said Resolution) and other Additional Bonds which may hereafter be issued pursuant to the General Resolution. This Bond is a special obligation of the Commission, payable together with the Prior Bonds and any Additional Bonds which may hereafter be issued, solely from the sources pledged under the Resolution. The bonds of the series of which this Bond is one, as to both principal and interest, shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, and the owners hereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of said State for the payment of the principal hereof or interest hereon, but the Bonds, and Prior Bonds together with any Additional Bonds which may subsequently be issued on a parity herewith, shall be payable equally and ratably solely from the sources pledged under the Resolution.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

The Bonds maturing on _____ (the "Term Bonds"), are subject to mandatory redemption prior to maturity in part at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, beginning on _____ respectively, for the Term Bonds, and on each _____1 thereafter, in annual principal amounts as follows:

For the Term Bonds maturing on _____:

Year	Amount

For the Term Bonds maturing on _____:

Year	Amount

The principal amount of the Bonds delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of such series of Term Bonds to be redeemed on the Mandatory Redemption Date with respect to such maturity next following such delivery or purchase.

Beginning on _____, the Bonds maturing on and after _____, shall be subject to redemption prior to maturity, at the option of the Issuer, in whole, or in part, on any Business Day, by series and in order of maturity selected by the Issuer and by lot within a maturity in multiples of $5,000, at the Redemption Prices (expressed as a percentage of the principal amount to be redeemed) set forth below, plus accrued interest to the date fixed for redemption:

Redemption Periods (Dates Inclusive)	Redemption Prices

In the event of any redemption of less than all outstanding Bonds, the maturities to be redeemed shall be selected by the Registrar at the direction of the Commission, and Bonds to be redeemed shall be selected by lot within a maturity, or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or

portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Commission maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of Additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Trust Company and exchanged for other fully registered bonds, upon the terms set forth in the Resolution. Neither the Commission nor the Trust Company shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

IT IS HEREBY FURTHER CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

All provisions of the Resolution and the 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.

[SIGNATURE PAGE FOLLOWS]

IN TESTIMONY WHEREOF, the Commission has caused this Bond to be executed by and on its behalf by the manual or facsimile signature of the Governor of the State of West Virginia and the Chancellor of the Commission, and has caused the Great Seal of the State of West Virginia (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of the Secretary of State of the State of West Virginia, and has caused this Bond to be authenticated by the manual signature of an authorized officer of the Registrar, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolution, all as of the Bond Date stated above.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Earl Ray Tomblin
Governor of the State of West Virginia

By: _____
Paul Hill
Interim Chancellor

[Great Seal of the State of West Virginia]

Attest:

By: _____
Natalie E. Tennant
Secretary of State of the State of West Virginia

REGISTRAR'S AUTHENTICATION CERTIFICATE

The undersigned Registrar hereby certifies that this is one of the 2012 Series B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Spilman Thomas & Battle, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for such Bonds.

Date of Authentication: _____

_____, as Registrar

By: _____
Its Authorized Officer

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfer unto

_____

_____

_____(Please print or typewrite name, address and Social Security Number of Transferee)_____the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SEVENTH CONSOLIDATED
SUPPLEMENTAL RESOLUTION

OF THE

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A
and
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Adopted: May 30, 2012

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A
and
Revenue Bonds
(Higher Education Facilities)
2012 Series B

RESOLUTION OF THE
HIGHER EDUCATION POLICY COMMISSION

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $15,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE COMMISSION'S REVENUE BONDS (HIGHER EDUCATION FACILITIES), 2012 SERIES B; AND SUPPLEMENTING THE GENERAL RESOLUTION OF THE COMMISSION ADOPTED SEPTEMBER 9, 1992.

WHEREAS, the Higher Education Policy Commission (the "Commission"), an agency of the State of West Virginia (the "State"), adopted a Sixth Consolidated Supplemental Resolution on May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") authorizing the issuance of the Commission's (i) Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, in an aggregate principal amount of not to exceed $140,000,000 (the "2012 Series A Bonds"), in order to advance refund a portion of the Commission's Revenue Bonds (Higher Education Facilities), 2004 Series B, and pay costs of issuance of the 2012 Series A Bonds, and (ii) Revenue Bonds (Higher Education Facilities), 2012 Series B, in an aggregate principal amount of not to exceed $7,500,000 (the "2012 Series B Bonds" and together with the 2012 Series A Bonds, collectively, the "2012 Bonds"), in order to finance new capital improvement projects for state colleges and universities identified on the Project List (as defined in the Sixth Consolidated Supplemental Resolution) and to pay costs of issuance of the 2012 Series B Bonds;

WHEREAS, as of the date of adoption of this Seventh Consolidated Supplemental Resolution the 2012 Bonds have not been issued;

WHEREAS, the Commission has been advised that it may be beneficial to the Commission to issue its 2012 Series B Bonds in an aggregate principal amount in excess of $7,500,000, as previously approved by the Commission in the Sixth Consolidated Supplemental Resolution; and

WHEREAS, the Commission deems it desirable and in keeping with its purposes to issue its 2012 Series B Bonds in an aggregate principal amount of not to exceed $15,000,000, to

finance the new capital improvement projects for state colleges and universities identified on the Project List.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE HIGHER EDUCATION POLICY COMMISSION, AS FOLLOWS:

Section 1.01. Authorization of Increase of Principal Amount of 2012 Series B Bonds. The Commission hereby determines that the 2012 Series B Bonds shall be issued in an aggregate principal amount not to exceed $15,000,000, for such purposes and as otherwise set forth in the Sixth Consolidated Supplemental Resolution.

Section 1.02. Certificate of Determination. Each Authorized Officer shall have the power and authority to execute and deliver the Certificate of Determination fixing the aggregate principal amount of the 2012 Series B Bonds, not to exceed $15,000,000, and otherwise fixing the interest rate or yield, the maturity schedule, the redemption provisions and all other terms and provisions of the 2012 Series B Bonds, in accordance with the power and authority granted to each Authorized Officer pursuant to Section 2.03 of the Sixth Consolidated Supplemental Resolution.

Section 1.03 Agreement with Institutions Identified on Project List as to Expenditure of Bond Proceeds. In connection with the issuance of the 2012 Series B Bonds, the Commission shall cause each of the state colleges and universities identified on the Project List to enter into an agreement with the Commission regarding the expenditure of proceeds of the 2012 Series B Bonds, in such form as shall be approved by an Authorized Officer and attached to the Tax Compliance Certificate executed by the Commission in connection with the issuance and sale of the 2012 Bonds.

Section 1.04. Binding Effect. This Seventh Consolidated Supplemental Resolution shall inure to the benefit of and shall be binding upon the Commission and its respective successors and assigns subject to the limitations contained herein.

Section 1.05. Effective Date. This Seventh Consolidated Supplemental Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Left Blank]

Adopted this 30th day of May, 2012.

Chairman

Secretary

Adopted this 30th day of May, 2012.

Chairman

Secretary

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

SECRETARY'S CERTIFICATE

I, Kathy G. Eddy, Secretary of the Higher Education Policy Commission (the "Commission") hereby certify that the copy of the General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted on May 9, 2012 and the Seventh Consolidated Supplemental Resolution of the Commission adopted on May 30, 2012, all included in the transcript of documents for the above captioned Bonds are true, correct, complete and identical to the originals thereof.

Dated this 26th day of June, 2012.

HIGHER EDUCATION POLICY COMMISSION

By: Kathy D. Eddy
Kathy G. Eddy, Secretary

TAX COMPLIANCE CERTIFICATE

of

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

Dated as of June 26, 2012

$124,190,000
State of West Virginia
Higher Education Policy Commission
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

and

$7,975,000
State of West Virginia
Higher Education Policy Commission
Revenue Bonds
(Higher Education Facilities)
2012 Series B

TAX COMPLIANCE CERTIFICATE

In connection with the issuance by the State of West Virginia Higher Education Policy Commission (the "Commission") of its $124,190,000 Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "Series A Bonds") and its $7,975,000 Revenue Bonds (Higher Education Facilities) 2012 Series B (the "Series B Bonds" and collectively with the Series A Bonds, the "Bonds") and pursuant to Treasury Regulations Section 1.148-2(b)(2), the Commission makes and enters into the following Tax Compliance Certificate ("Tax Certificate").

SECTION 1. DEFINITIONS. Capitalized terms, if defined herein shall have the meanings set forth herein, or in **Appendix I** hereto or, where not so defined, in the Resolution.

SECTION 2. GOOD FAITH, INCORPORATION AND RELIANCE.

(a) **Good Faith Certification.** I, the undersigned officer of the Commission charged, with others, by the governing body of the Commission, with the responsibility for issuing the Commission's Bonds hereby certify, in good faith, that I am authorized to certify for the Commission in connection with the issuance by the Commission of the Bonds, and that this certificate sets forth the facts and reasonable expectations of the Commission with respect to the issuance of the Bonds, the use and investment of the proceeds of the Bonds and related matters.

I further certify that I am knowledgeable with respect to the facts, representations and covenants set forth in this certificate, that the facts and representations set forth in this certificate are true and correct in all material respects, and that the Commission is authorized to enter into the covenants, and to make the representations, set forth in this Tax Certificate.

(b) **Reliance Upon and Incorporation of Underwriters' Certificate.** Significant portions of and representations made in this Tax Certificate are made wholly or partially based upon reliance on information provided by the representatives of the Underwriters in its certificate attached hereto and incorporated herein as Exhibit A.

(c) **Reliance by Bond Counsel.** I understand and agree that the facts, representations and covenants in this certificate will be relied upon by Spilman Thomas & Battle, PLLC, bond counsel, in expressing their opinion that the interest on the Bonds is not included in gross income for Federal income tax purposes.

SECTION 3. REPRESENTATIONS.

(a) **Use of Proceeds.** The Bonds are being issued on the Issue Date (as hereinafter defined) to provide moneys which will be used to (i) advance refund a portion of the outstanding principal amount of the West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2004 Series B (the "Bonds to be Refunded"), (ii) pay, finance or reimburse a portion of the costs of acquiring, constructing, equipping and improving the Projects and (iii) pay Costs of Issuance and related costs of issuing the Bonds.

(b) **Sale and Issue Date.** The Bonds are being sold pursuant to the Bond Purchase Agreement dated June 12, 2012 (the "Sale Date"), and the date of issuance of the Bonds is June 26, 2012 (the "Issue Date").

(c) **Credit Enhancement.** No credit enhancement was obtained for the Bonds.

(d) **The Bonds to be Refunded.** As of the Issuance Date, $42,766.03 remains in the 2004 Series A Bond Proceeds Fund and $2,027,515.51 remains in the 2004 Series B Bond Proceeds Fund, which funds will be transferred to the Escrow Fund and used to effect the advance refunding of a portion of the Bonds to be Refunded, and a portion of the proceeds from the sale of the Series A Bonds will be used to effect the advance refunding of a portion of the Bonds to be Refunded to reduce the net effective interest rate. A portion of the Bonds to be Refunded will be entirely redeemed on April 1, 2014, which is the earliest call date with respect thereto. The Commission represents that (i) the proceeds of the Bonds to be Refunded, with the exception of the $2,027,515.51 remaining in the 2004 Series B Bond Proceeds Fund, were actually expended for the purposes described in the transcript of proceedings for the Bonds to be Refunded, (ii) the Commission reasonably expected construction of the projects financed with the Bonds to be Refunded to commence within six (6) months of the date of issuance of the Bonds to be Refunded, the Commission reasonably expected to enter into contracts with third parties constituting substantial binding obligations obligating expenditures in excess of five percent (5%) of the net sales proceeds of the Bonds to be Refunded within six (6) months of the date of issuance thereof and the Commission reasonably expected to expend not less than eighty five percent (85%) of the proceeds of the Bonds to be Refunded on Capital Expenditures within three (3) years of such date of issuance of the Bonds to be Refunded, (iii) all such expectations referred to in subsection (ii) hereof actually occurred, (iv) none of the proceeds of the Bonds to be Refunded were invested at a guaranteed yield for a period of more than four (4) years, (v) that all Proceeds of the Bonds to be Refunded, with the exception of the $2,027,515.51 remaining in the 2004 Series B Bond Proceeds Fund, were expended on Capital Expenditures unless otherwise allowed by the Code and (vi) the Bonds to be Refunded were used for a new money issue. The Commission is not aware of any breach, or substantial deviation, from any of its tax related representation and covenants made in connection with the Bonds to be Refunded.

(e) **Statement as to Facts, Estimates and Circumstances.** The facts and estimates set forth in this Tax Certificate on which the Commission's expectations as to the amount and use of the Gross Proceeds of the Bonds are based are made to the best of the knowledge and belief of the undersigned officer of the Commission, and the Commission's expectations are reasonable.

(f) **Responsible Person.** The undersigned is an authorized officer of the Commission responsible for the issuance of the Bonds and has made due inquiry with respect to and is fully informed as to the matters set forth herein.

(g) **No Replacement; Maturity of Bonds.** No portion of the amounts received from the sale of the Bonds will be used as a substitute for other funds which were otherwise to be used as a source of refinancing the Bonds to be Refunded. None of the proceeds of the Bonds are to be

used to provide working capital. The Bonds are not expected to be outstanding longer than the period reasonably necessary to accomplish the governmental purposes of the issue.

(h) **No Hedge Bonds.** Not more than fifty percent (50%) of the proceeds of the Bonds will be invested, and not more than fifty percent (50%) of the Bonds to be Refunded were invested in Nonpurpose Investments having substantially guaranteed yields for four years or more.

(i) **Operating Rule.** The Bonds, as of the Delivery Date, are sufficient to refund the outstanding principal amount of the Bonds to be Refunded, plus any call premium on the Bonds to be Refunded and the interest thereon, determined as of the Delivery Date of the Bonds. For purposes of this section, "principal amount" means, in reference to a plain par bond, its stated principal amount, and in reference to any other bond, its present value.

(j) **Single Issue.** Under Treasury Regulation §1.150-1(c), an "issue" of bonds includes two or more bonds that are (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing and (iii) are payable from the same source of funds. No other obligations will be sold at substantially the same time as the Bonds. The Bonds are being issued on the Issue Date.

SECTION 4. REASONABLE EXPECTATIONS OF THE COMMISSION AS TO USE OF BOND PROCEEDS. The Commission makes the following representations and statements of fact relative to the use of proceeds of the Bonds:

(a) **Application of Bond Proceeds.** Section 3.02 of the Sixth Consolidated Supplemental Resolution provides for disbursement of the Sale Proceeds, net of the Underwriter's discount plus Original Issue Premium ($132,165,000.00, less $671,247.56 plus $11,130,550.00) received from the sale of the Bonds, being $142,624,302.44, to the following Funds and Accounts, all as certified in the closing memorandum attached hereto as Exhibit B:

(A) **Series A Bonds:**

(1) $228,045.52 of which shall be deposited into the 2012 Series A Costs of Issuance Fund and will be expended within six months after the Delivery Date for the payment of expenses incurred in connection with the issuance of the Series A Bonds, including, but not limited to, Bond Counsel fees, financial advisor fees and printing costs; and

(2) $134,399,083.38 of which shall be deposited into the 2012 Series A Escrow Fund created pursuant to the Escrow Agreement dated June 26, 2012, by and among the Commission, the West Virginia Municipal Bond Commission, as Escrow Trustee, and The Bank of New York Mellon, as Registrar to advance refund the Bonds to be Refunded.

(B) **Series B Bonds:**

(1) $7,997,173.54 of which shall be deposited into the 2012 Series B Bond Proceeds Fund.

(b) **Bond Proceeds Fund.**

(1) The Sale Proceeds deposited in the 2012 Series B Bond Proceeds Fund for the 2012 B Bonds may be used to acquire or hold Higher Yielding Investments with respect to the issue for a period ending on the third anniversary of the Issue Date (such period being the Temporary Period for such amount), since the following three tests are reasonably expected to be satisfied:

(i) At least 85% of the Net Sale Proceeds will be allocated to expenditures on the Projects by the end of the Temporary Period for such Net Sale Proceeds;

(ii) Within 6 months of the Issue Date, the Commission will incur a substantial binding obligation to a third party to expend at least 5% of the Net Sale Proceeds on the Projects; and

(iii) Completion of the Projects and the allocation of the Net Sale Proceeds to expenditures with respect to the Projects will proceed with due diligence.

Any Net Sale Proceeds that remain unspent at the end of the Temporary Period will not be invested thereafter in Higher Yielding Investments with respect to the issue except as part of the Minor Portion. In complying with the foregoing sentence, the Commission may take into account "yield reduction payments" (within the meaning of Regulations § 1.148-5(c)) timely paid to the United States.

(2) The Proceeds of the 2012 B Bonds deposited in the Bond Proceeds Fund will be invested beginning on June 30, 2012, pending their use to pay costs of the Projects, in a manner that will satisfy the safe harbor requirements of Treas. Reg. § 1. 148-5(d)(6)(iii).

(3) All moneys on deposit in the Series B Bond Proceeds Fund shall be disbursed to pay the costs of acquisition, construction, expansion, improvement and equipping of the Projects prior to the disbursement by the Commission of any other moneys or funds of the Commission to be used to finance a portion of the costs of the Project.

(4) The Commission hereby agrees that it shall enter into an Agreement, in the form attached hereto as Exhibit C, with each university, college or community and technical college that may receive a portion of the Sale Proceeds from the Series B Bonds requiring each such institution to spend their portion of the Sale Proceeds from the Series B Bonds within 24 months.

(c) **No Overissuance.** The original face amount of the Bonds, less all expenses of issuing the Bonds to be paid from the proceeds thereof, and anticipated investment earnings are not expected to exceed the amount necessary to pay the refunding of the Bonds to be Refunded, the Project costs and the costs of issuance described in Section 3(a) above.

(d) **No Other Funds.** Except as described above, the Commission has not created nor expects to create any sinking fund or other similar fund with respect to the Bonds. In addition, no other fund is expected to be used to replace funds that will be used to pay interest or principal on the Bonds.

(e) **Other Representations.**

(1) **Qualified Governmental Unit.** The proceeds of the Bonds will be held by or on behalf of a qualified Governmental Unit.

(2) **No Prohibited Use of Proceeds.** No portion of the Projects will consist of any airplane, skybox or other luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(3) **No Private Payments.** No portion of the payments of principal of or interest on the Bonds will be made, financed or secured by, directly or indirectly, by payments or property used in any trade or business of any person other than the Commission or a qualified Governmental Unit. The Commission will not permit any portion of the payment of the principal or interest on the Bonds to be secured, directly or indirectly, by (i) interests in property or (ii) payments in respect of such property, which property is used or to be used in any trade or business of any person other than the Commission. The Commission will not permit any portion of the payment of the principal or interest on the Bonds to be derived, directly or indirectly, by payments (whether or not to the Commission) in respect of property or borrowed money, used or to be used in any trade or business of any persons other than the Commission.

(4) **Activities within Projects.** The Projects financed with proceeds of the Bonds will be used only in activities directly related to the Commission or the Governmental Units' exempt governmental purpose. Except for "de minimus" amounts (defined as less than 1% of a Project), no other private person or entity will own or use the Projects either directly or indirectly, including use through a management agreement, and neither the Commission nor any other state or local government unit having an ownership interest in the Projects to any private person or entity will transfer ownership of the Projects while the Bonds are outstanding.

(5) **Consultation with Bond Counsel.** The Commission or qualified Governmental Unit covenants that it will not enter into any management contracts, agreements or lease any space within any bond-financed facility without first consulting with Bond Counsel.

SECTION 5. ARBITRAGE REPRESENTATIONS. The Commission makes the following representations and statements of fact and expectation on the basis of which it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code:

(a) Representations of the Issue Price of the Bonds and the Yield on the Bonds are based on the certificate executed by the Underwriters of even date herewith, which is attached hereto as Exhibit A. The Commission is not aware of any facts or circumstances that would cause them to question the accuracy of the representations made by the Purchaser.

(b) The Bonds are Variable Yield Issues. The Underwriter has certified the initial Yield on the Issues in Exhibit A.

No interest or other amount payable on any of the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

(c) No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Commission used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

(d) Other than as described in this Tax Certificate, the Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the regulations promulgated thereunder which enable the Commission to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

(e) No other obligations are being issued by the Commission or any related entity at substantially the same time and sold pursuant to a common plan of funding and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

(f) The Commission has not been notified of the listing or proposed listing of the Commission by the Internal Revenue Service as an issuer that may not certify its bonds.

(g) The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code.

(h) In connection with the Bonds, there has not been created or established, and the Commission does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Commission with any registered owner of the Bonds.

(i) (1) On each Valuation Date, the Commission shall value the Nonpurpose Investments allocable to the Bonds thereunder. Nonpurpose Investments cease to be allocated to the Bonds to the extent such Nonpurpose Investments have been expended for the governmental purpose of the issue, or to the extent the value thereof exceeds the value permitted to be allocated to the Bonds under the Universal Cap. To the extent Nonpurpose Investments cease to be allocated to an issue and the value of the Universal Cap exceeds the value of the remaining Nonpurpose Investments allocated to such issue, other Nonpurpose Investments may become allocated to the issue, provided that such Nonpurpose Investments are not already properly allocated to another issue and provided that such allocation does not cause the value of the Nonpurpose Investments allocated to the Bonds to exceed the Universal Cap.

(2) Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not be considered a violation of this provision if the value of Nonpurpose Investments allocated to the Bonds did not exceed the value of the Bonds outstanding on such date.

(j) The Commission hereby covenants that it will make no investment or other use of the proceeds of the Bonds that would cause the Bonds to be "arbitrage bonds," as that term is defined in Section 148 of the Code and any rulings and regulations which have been promulgated under the predecessor provisions of the Code or which may be promulgated under the Code.

(k) The Commission covenants that they will not enter into any contracts or agreements with the United States or any agency or instrumentality thereof that would cause the representations set forth in the preceding paragraph to be false.

(l) The Commission will take all further actions necessary to comply with the Code and Regulations.

(m) The Commission will not enter into any Prohibited Payment Transaction. Prior to directing that any of the Gross Proceeds be invested in certificates of deposit or pursuant to an investment contract, the Commission will obtain certifications as necessary to provide evidence of compliance with this provision.

(1) The investment of Bond proceeds in a certificate of deposit issued by a commercial bank will not be a Prohibited Payment Transaction if the price at which it is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificates of deposit. If there is no active secondary market in such certificates of deposit, the purchase or sale of a certificate of deposit will not result in a Prohibited Payment Transaction if the certificate of deposit has a Yield (1) as high or higher than the Yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market, and (2) as high or higher than the Yield available on comparable obligations offered by the United States Treasury. The certification described in the preceding sentence must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size

and term of that certificate of deposit and the stability and reputation of the person issuing the certificate of deposit.

(2) The purchase or sale of Nonpurpose Investments pursuant to an investment contract (e.g., an agreement to deposit gross proceeds with a particular bank, with the deposits to bear interest at an agreed rate) will not be a Prohibited Payment Transaction if (1) at least three bids on the investment contract from persons other than those with an interest in the issue (e.g., underwriters) are received, (2) a certification is provided by the person whose bid is accepted stating that, based on that person's reasonable expectations on the date that the contract is entered into, Nonpurpose Investments will not be purchased pursuant to the investment contract at a price in excess of their Fair Market Value or sold pursuant to the investment contract at a price less than their Fair Market Value, (3) the Yield on the investment contract is at least equal to the Yield offered under the highest bid received from a noninterested party and (4) the Yield on the investment contract is at least equal to the Yield offered on similar obligations under similar investment contracts (e.g., the Yield on investment contracts entered into by Commissions of qualified mortgage bonds).

(m) **Arbitrage Compliance.** The Commission acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 6. The Commission hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Commission further agrees and covenants that it shall do and perform all acts and things necessary to ensure that the requirements of Section 148 of the Code are met. At the written direction of the Commission, the Paying Agent shall make the required transfers and dispositions described in Section 5 hereof.

SECTION 6. ADDITIONAL ARBITRAGE MATTERS.

(a) **Issuance Costs and Underwriter's Discount.** Sale Proceeds in the amount of $671,247.56 will be withheld by the Underwriters from the Issue Price otherwise paid to the Commission to purchase the issue as compensation for its services in connection with the sale of the issue to the public. Sale Proceeds in the amount of $228,045.52 deposited in the 2012 Series A Costs of Issuance Fund will be used to pay other Issuance Costs (i.e., other than the Underwriter's discount). All Sale Proceeds used to pay Issuance Costs will be so used within 6 months from the Issue Date, such period being the Temporary Period for such Sale Proceeds $223,750.00 of the Sale Proceeds will be used on the date hereof.

(b) **Advance Refunding of the Bonds to be Refunded.** A total of $136,469,598.89, comprised of (i) Sale Proceeds of the Series A Bonds in the amount of $134,399,083.38, (ii) $42,766.03 from the 2004 Series A Bond Proceeds Fund and (iii) $2,027,749.48 from the 2004 Series B Bond Proceeds Fund, will be deposited in the 2012 Series A Escrow Fund on the Issue Date to purchase the Defeasance Securities, as defined in the Escrow Agreement, and identified on Appendix A to the Escrow Agreement (the "Securities").

(1) The total purchase price of the Defeasance Securities of $136,469,598.00 is treated as the fair market value of the Securities.

(2) The amounts received from the Securities will be used to pay Debt Service on the Bonds to be Refunded to and including their earliest redemption date of the respective Bonds to be Refunded and to redeem the Bonds to be Refunded on such date. At no time from and after the Issue Date will the Proceeds in the 2012 Series A Escrow Fund be used to acquire or hold Higher Yielding Investments with respect to the issue.

(3) Except as set forth in Subsection (c) below, all Proceeds properly allocable to the Bonds to be Refunded have been spent for the governmental purposes of the Bonds to be Refunded. There will be Transferred Proceeds arising by reason of the refunding of the Bonds to be Refunded, as set forth in Subsection (c) below.

(4) As required by Section 149(d)(4), no device has been employed in connection with the issuance of the issue to obtain a material financial advantage (based on arbitrage) apart from Debt Service savings attributable to lower interest rates.

(5) The refunding of the Bonds to be Refunded constitutes an Advance Refunding.

(6) There will be no Excess Gross Proceeds of the Bonds.

(c) **Transferred Proceeds.**

(1) **Prior Bond Proceeds Funds.** Unspent Proceeds of the Bonds to be Refunded in the amount of $2,027,749.48 remain in the 2004 Series B Bond Proceeds Fund, which shall be transferred on the date hereof to the 2012 Series A Escrow Fund, which shall not constitute Transferred Proceeds as described in Subsection (c)(2) below. Further, Proceeds from the 2004 Series A Bonds, which Bonds were issued on August 31, 2004, in the amount of $42,766.03 remain in the 2004 Series A Bond Proceeds Fund and shall be deposited on the date hereof in the 2012 Series A Escrow Fund and used to pay the balance of the purchase price of the Defeasance Securities as described in Subsection (a) above.

(2) **Transferred Proceeds.** Although the unspent Proceeds of the Bonds to be Refunded and the unspent Proceeds of the 2004 Series A Bonds will be transferred into the 2012 Series A Escrow Fund, such Proceeds shall not be expended to pay principal of the Bonds to be Refunded because such Proceeds will be expended on interest on October 1, 2012. Therefore, the unspent Proceeds of the Bonds to be Refunded and the unspent Proceeds of the 2004 Series A Bonds will not constitute Transferred Proceeds as demonstrated on Exhibit D attached hereto and incorporated herein. The proceeds of the unspent Proceeds of the Bonds to be Refunded and the unspent Proceeds of the 2004 Series A Bonds will be invested to earn a yield not greater than 0.08057%, and therefore are not invested in a Higher Yielding Investment.

(3) **No Other Amounts.** Other than the amounts described in this subsection (c), there are no original, investment or Transferred Proceeds of the Bonds to be Refunded that

remain unspent on the Delivery Date or amounts that would, absent the issuance of the Bonds, have been used to pay debt service on the Bonds to be Refunded.

(d) **Payment of Project Costs.** (1) Sale Proceeds of the Series B Bonds in the amount of $7,997,173.54 deposited in the 2012 Series B Bond Proceeds Fund and will be used to pay the costs of the acquisition, construction, expansion, improvement and equipping of the Projects. The Sales Proceeds of the Bonds shall be used to pay the costs of the acquisition, construction, expansion, improvement and equipping of the Projects before any moneys or funds of the Commission or on behalf of a qualified Governmental Unit shall be used to pay Project Costs. The Commission expects that such Sale Proceeds may be used to acquire or hold Higher Yielding Investments with respect to the issue for a period ending on the third anniversary of the Issue Date (such period being the Temporary Period for such amount), since the following three tests are reasonably expected to be satisfied:

(i) At least eighty-five percent (85%) of the Sale Proceeds of the 2012 Series B Bond Proceeds Fund will be allocated to expenditures as to the Projects by the end of the Temporary Period for such Sale Proceeds;

(ii) Within six (6) months of the Issue Date, the Commission, or the applicable qualified "Governmental Unit," will incur a substantial binding obligation to a third party to expend at least five percent (5%) of the Sale Proceeds of the 2012 Series B Bond Proceeds Fund on the Project; and

(iii) Completion of the Projects and the allocation of the Sale Proceeds of the 2012 Series B Bond Proceeds Fund to expenditures with respect to the Projects will proceed with due diligence.

Any Sale Proceeds that remain unspent at the end of the Temporary Period will not be invested thereafter in Higher Yielding Investments with respect to the issue except as part of the Minor Portion. In complying with the foregoing sentence, the Commission may take into account "yield reduction payments" (within the meaning of Regulations § 1.148-5(c)) timely paid to the United States.

(2) The Proceeds deposited in the 2012 Series B Bond Proceeds Fund will be invested beginning on June 26, 2012, pending their use to pay costs of the Project, in a manner that will satisfy the safe harbor requirements of Regulations § 1.148-5(d)(6)(iii).

(e) **Investment Proceeds.** Any Investment Proceeds in the 2012 Series A Escrow Fund or otherwise expected to be used to pay Debt Service on the Bonds to be Refunded will not be used to any extent to acquire Higher Yielding Investments with respect to the issue. Any other Investment Proceeds will be used to pay Costs of Issuance for the Series A Bonds, subject to the limitation in Sections 6(b) and 6(c) hereof. Such Investment Proceeds may be invested in Higher Yielding Investments during the Temporary Period or, if longer, one year from the date of receipt, such period being the Temporary Period for such Proceeds.

(f) **Series B Bond Fund.** Amounts deposited from time to time in the Series B Bond Fund, which is a Bona Fide Debt Service Fund, will be used to pay Debt Service within 13

months after the amounts are so deposited, such period being the Temporary Period for such amounts.

(g) **No Other Replacement Fund or Assured Available Funds.** The Commission has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service other than the Series A Bond Fund and Series B Bond Fund. Except for Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service, or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the holders of the issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service.

(h) **Other Uses of Proceeds Negated.** Except as stated otherwise in this Certificate, none of the Proceeds will be used:

(1) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Commission or any other Governmental Unit,

(2) to replace any Proceeds of another issue that were not expended on the project(s) for which such other issue was issued,

(3) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(4) to make a loan to any person or other Governmental Unit,

(5) to pay any Working Capital Expenditures other than expenditures identified in Regulations §1.148-6(d)(3)(ii)(A) and (B) (i.e., Issuance Costs, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, payments of the Rebate Amount, and costs, other than those already described, that do not exceed five percent (5%) of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, and principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund), or

(6) to reimburse any expenditures made prior to the Issue Date except those that qualify as a Reimbursement of Prior Capital Expenditures.

No portion of the issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

(i) **Disposition of Financed or Refinanced Property.** The Commission, on behalf of the qualified Governmental Units, states that it does not intend to sell or otherwise dispose of the Projects or any portion thereof during the term of the issue except for dispositions of property in the normal course at the end of such property's useful life.

(j) **Minor Portion.** The Minor Portion with respect to the issue is up to $100,000.00. Such Minor Portion, if any, may be invested in Higher Yielding Investments with respect to the issue.

SECTION 7. REBATE REQUIREMENT, CALCULATIONS AND PAYMENT. Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, the 2012 Series A Cost of Issuance Fund, the 2012 Series A Escrow Fund, the 2012 Series B Costs of Issuance Fund and the 2012 B Bond Proceeds Fund, and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(a) **Rebate Account.** In accordance with the requirements set out in the Code and pursuant to the Resolution, the Commission shall create and establish, if necessary and as applicable, a Rebate Fund to be held by the Paying Agent, in its capacity as Paying Agent under the Resolution and as provided herein. On or before 30 days following each Computation Date, upon the Commission's written direction, if necessary and as applicable, an amount shall be deposited to the Rebate Fund by the Paying Agent from the investment earnings on the Bond Fund or from any other source or sources stated in such direction so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date.

(b) **Investments.** To meet the rebate requirement of Section 148(f) of the Code, the Commission (or the Rebate Analyst), agrees and covenants to take the following actions:

(1) For each investment of amounts held with respect to the Bonds in the (A) 2012 Series A Escrow Fund, (B) the 2012 Series B Bond Proceeds Fund and (C) Rebate Fund, the Escrow Trustee, the Register/Construction Trustee and/or Paying Agent, as applicable, in accordance with the Resolution, shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(2) The Bond Yield for the Bonds shall be computed as of each Computation Date.

(3) The Rebate Amount for the Bonds shall be calculated as of each Computation Date.

(4) If the Rebate Amount exceeds the amount on deposit in the Rebate Fund, the Commission shall either (i) direct that amounts be transferred from any surplus available in any other Fund or (ii) immediately pay such amount to the Paying Agent for deposit into the Rebate Fund.

(5) All calculations of Yield, Future Value, Rebate Amount and present value shall be made through the use of the conventions described in Section 1.148-6 of the Regulations.

(c) **Payment to United States of America.** The Commission agrees that if an exception to rebate is not available, it will engage a Rebate Analyst in order to compute such rebate amount and to pay any rebate amounts to the United States of America and to provide such information to the Commission as may be required for the Commission to file such forms as required by Code Section 148(f) with the United States Treasury, and to mail the rebate to the United States any arbitrage profits on investment of such receipts of the sale of the Bonds pursuant to Code Section 148(f). Within sixty (60) days after each Computation Date, the Commission shall request the Paying Agent to pay from the Rebate Fund to the United States ninety percent (90%) of the Rebate Amount and not later than sixty (60) days after the Final Computation Date, one hundred percent (100%) of the Rebate Amount. Each payment to the United States pursuant to this Section 7(c) shall be rounded down to the nearest multiple of $100.00. Any amount that is less than $100.00 shall be rounded to zero.

(1) Each payment of an installment shall be mailed to the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, (ii) the CUSIP number for the bond with the latest maturity and (iii) a statement summarizing the determination of the Rebate Amount.

(2) If on the Rebate Payment Date the balance on deposit in the Rebate Fund for the Bonds is in excess of the Rebate Amount attributable to the Bonds, such excess may be transferred pursuant to the provisions of the Resolution. The Commission may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may, after the date of this Tax Certificate, be permitted by the Code or the Regulations.

(d) **Recordkeeping.** In connection with the rebate requirement, the Commission shall maintain records of the following:

(1) All amounts paid to the United States pursuant to Section 7 hereof. The Commission shall furnish to the Paying Agent copies of any materials filed with the IRS pertaining thereto. The Commission shall provide all records in its possession that the Rebate Analyst may request relating to the calculation of any Rebate Amount.

(2) Rebate calculations until six years after the Final Computation Date.

(3) Data described in Section 7(b) hereof pertaining to the investment of the proceeds of the Bonds.

(e) **Rebate Analyst.** A Rebate Analyst may be appointed to perform the rebate calculations, as required herein. The Rebate Analyst and each successor Rebate Analyst shall signify acceptance of the duties imposed upon it hereunder by a written instrument of acceptance

delivered to the Commission under which such Rebate Analyst will agree to discharge its duties pursuant to this Tax Certificate in a manner consistent with prudent industry practice.

(1) The Paying Agent and the Commission may rely conclusively upon and shall be full protected from all liability in relying upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Commission upon presentation of an invoice for services rendered in connection therewith.

(f) **Rebate Exceptions.** Attached and labeled as **Appendix II** are exceptions to the rebate requirements under the Code and Regulations.

SECTION 8. NO PRIVATE USE. The Commission covenants not permit at any time or times any of the proceeds of the Bonds or any other funds of the Commission to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Commission will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

SECTION 9. OTHER PROVISIONS.

(a) **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.

(b) **IRS Form 8038-G Information**. The Commission understands that the tax-exempt status of the Bonds is maintained only if the Information Return for Tax-Exempt Governmental Obligations (Form 8038-G) is filed with the Internal Revenue Service, Ogden, Utah, as required by Section 149(e) of the Code and the regulations thereunder by August 15, 2012. The information contained in the Form 8038-G will be true, correct and complete, to the best of the knowledge of the undersigned.

(c) **Rebate.** The Commission will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. The Commission shall pay any and all interest, penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(d) **No Artifice or Device.** The Commission has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

(e) **Replacement Proceeds.** No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Commission or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

(f) **No Prohibited Pledged Funds.** In connection with the Bonds, there has not been created or established, and the Commission does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Commission or related governmental agencies with any registered owner of the Bonds.

(g) **No Prohibited Transaction.** The Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Commission to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

(h) **No Combined Issue.** No other obligations are being issued by the Commission or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

(i) **No Abusive Transaction.** The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

(j) **No Hedge Bonds.** Not more than fifty percent (50%) of the proceeds of the Bonds shall be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or longer.

(k) **Continued Compliance.** The Commission covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

(l) **Reliance.** Under Regulations § 1.148-2(b), an officer of the Commission must certify its expectations as of the Issue Date. In accordance therewith, the undersigned Authorized Officer of the Commission hereby in good faith certifies that the representations and covenants

set forth in this Tax Certificate constitute the reasonable expectations of the Commission as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in Regulations § 1.148-2(b) and are being delivered as part of the record of proceedings in connection with the issuance of the Bonds.

The certifications and representations made in this Certificate and the Exhibits and Attachments are intended to be relied upon as certifications described in §1.148-2(b) of the Regulations.

(m) **Compliance with Code.** The Commission covenants and agrees that it shall at all times do and perform all acts and things necessary and within its reasonable control in order to ensure that interest paid on the Bonds shall, for purposes of Federal income taxation, be excluded from gross income.

The Commission acknowledges that the covenants and conditions set forth in this Tax Certificate are based upon the Code as it exists on the date hereof and that the Code may be subsequently interpreted or modified by the Federal government in a manner which is inconsistent with the covenants set forth herein. The Commission agrees that any such subsequent modification or interpretation of the Code will be deemed a requirement that must be met pursuant to the general tax covenant set forth above.

The Commission shall not be required to comply with any specific requirement of this Tax Certificate to the extent that, in the opinion of Bond Counsel furnished to the Commission, compliance with such requirement is not necessary to maintain the tax-exempt status of the Bonds.

SECTION 10. AMENDMENTS. This Tax Certificate has been executed pursuant to Section 3.06 of the Sixth Consolidated Supplemental Resolution wherein the Commission has covenanted to comply with the provisions of this Tax Certificate in order to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. This Tax Certificate sets forth the information, representations, and procedures necessary in order for Bond Counsel to render its opinion regarding the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation and may be amended or supplemented from time to time to maintain such exclusion only with the approval of Bond Counsel.

Notwithstanding any other provision herein, the covenants and obligations contained herein may be and shall be deemed modified to the extent the Commission secures an opinion of Bond Counsel that any action required hereunder is no longer required or that some further action is required in order to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation.

SECTION 11. SUPPLEMENTATION OF THIS CERTIFICATE. The Commission understands the need to supplement this Tax Certificate periodically to reflect further developments in the Federal income tax laws governing the exclusion from Federal gross income

of interest on the Bonds and will, periodically, seek the advice of its Bond Counsel to the propriety of seeking the review of and supplements to this Tax Certificate from Bond Counsel.

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HIGHER EDUCATION POLICY COMMISSION

Dated: June 26, 2012

By: _____

Name: Dr. Paul Hill

Title: Chancellor

EXHIBIT A

$124,190,000
State of West Virginia
Higher Education Policy Commission
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

and

$7,975,000
State of West Virginia
Higher Education Policy Commission
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Underwriters' Certificate

This Certificate is furnished by Citigroup Global Markets Inc., acting on its behalf and on behalf of Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters") in connection with the sale and issuance by the Higher Education Policy Commission (the "Issuer") of its $132,165,000 aggregate principal amount Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds" and collectively with the 2012 A Bonds, the "2012 Bonds") issued June 26, 2012, and hereby certifies and represents the following, based upon information available to us:

1. As of June 12, 2012, the date on which the bond purchase agreement for the Bonds was executed (the "Sale Date"), the Underwriters reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "Public") in a bona fide public offering, and the Underwriters reasonably expected that the first prices at which at least 10% of each maturity would be sold by the Underwriters to the Public were the prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those listed for each maturity shown on the inside cover of the Official Statement (the "Initial Offering Prices").

2. As of the date of this certificate, all of the Bonds have actually been offered to the Public in a bona fide public offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Offering Prices.

3. The Underwriters were unable to sell the 2012 Series B Bonds maturing on April 1, 2034 in the principal amount of $2,400,000 at prices not greater than the prices, or yields not less than the yields, shown on the inside cover of the Official Statement during the underwriting period. The unsold portion of the Bonds was allotted to the Underwriters for their own accounts

after the expiration of the underwriting period. A portion of these allotted Bonds has been sold to the public at various prices or yields and the unsold portion remains in the accounts of the Underwriters as of the delivery date of the Bonds.

4. Except as set forth in paragraph 2 above, the first ten percent (10%) of each maturity of the Bonds has been sold to the Public at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Public Offering Prices.

5. The Underwriters have no reason to believe that any of the Initial Public Offering Prices of the Bonds exceeded the expected fair market value of the Bonds as of the Sale Date.

6. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Issue:

(A) With regard to the 2012 A Bonds:

(i) The Issue Price of the 2012 A Bonds is $132,259,044.45.

(ii) The weighted average maturity of the 2012 A Bonds is 13.3268 years.

(iii) The Yield on the 2012 A Bonds, calculated as described in the next sentence, is at least 3.5430%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360 day year and semi-annual compounding, produces an amount equal to the initial offering price of the 2012 A Bonds as stated above.

(iv) The CUSIP Number assigned to the final maturity of the 2012 A Bonds is 95639REX3.

(B) With regard to the 2012 B Bonds:

(i) The Issue Price of the 2012 B Bonds is $8,036,505.55.

(ii) The weighted average maturity of the 2012 B Bonds is 12.5415 years.

(iii) The Yield on the 2012 B Bonds, calculated as described in the next sentence, is at least 3.5430%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360 day year and semi-annual compounding, produces an amount equal to the initial offering price of the 2012 B Bonds as stated above.

(iv) The CUSIP Number assigned to the final maturity of the 2012 B Bonds is 95639RFQ7.

7. Underwriters' Compensation. The Underwriters' discount for the Bonds is $671,247.56, which will be withheld by the Underwriters from the purchase price otherwise paid to the Issuer as compensation for their services in selling the Issue to the public.

8. Original Issue Premium Bonds. Some of the Bonds have an Initial Offering Price that is greater than its stated redemption price at maturity ("Original Issue Premium Bonds"). The Bonds have an Original Issue Premium of $11,130,550.

9. No Stepped Coupon Bonds. No bond of the Issue bears interest at an increasing interest rate.

We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and by Spilman Thomas & Battle, PLLC, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

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Dated: June 26, 2012

CITIGROUP GLOBAL MARKETS INC., on behalf of itself CREWS & ASSOCIATES, INC. and PIPER JAFFRAY & CO.

By: _____
Name: Paul T. Creedon
Title: Managing Director

3673033 (10791.8)

EXHIBIT B

Closing Memorandum

IV. RECONCILIATION OF FUNDS

Sources of Funds:	
Citi's Wire #1 to the West Virginia Municipal Bond Commission	$134,399,083.38
Citi's Wire #2 to The Bank of New York Mellon	8,225,219.06
BONY's Wire #1 to the West Virginia Municipal Bond Commission	2,070,515.51
Total Sources of Funds:	**$144,694,817.95**
Uses of Funds:	
Deposit to 2012 Series A Escrow Fund	$136,469,598.89
Deposit to 2012 Series A Bonds Cost of Issuance Fund	228,045.52
Deposit to 2012 Series B Bond Proceeds Fund	7,997,173.54
Total Uses of Funds:	**$144,694,817.95**

V. CUSIP NUMBERS

Maturity	Coupon	CUSIP Number
2012 Series A		
April 1, 2013	2.000%	95639REF2
April 1, 2015	5.000%	95639REG0
April 1, 2016	5.000%	95639REH8
April 1, 2017	5.000%	95639REJ4
April 1, 2018	5.000%	95639REK1
April 1, 2019	5.000%	95639REL9
April 1, 2020	5.000%	95639REM7
April 1, 2021	5.000%	95639REN5
April 1, 2022	5.000%	95639REP0
April 1, 2023	5.000%	95639REQ8
April 1, 2024	5.000%	95639RER6
April 1, 2025	5.000%	95639RES4
April 1, 2026	5.000%	95639RET2
April 1, 2027	5.000%	95639REU9
April 1, 2028	5.000%	95639REV7
April 1, 2029	5.000%	95639REW5
April 1, 2034	4.000%	95639REX3
2012 Series B		
April 1, 2013	2.000%	95639REY1
April 1, 2014	3.000%	95639RFR5
April 1, 2015	3.000%	95639REZ8
April 1, 2016	3.000%	95639RFA2
April 1, 2017	3.000%	95639RFB0
April 1, 2018	3.000%	95639RFC8
April 1, 2019	4.000%	95639RFD6
April 1, 2020	4.000%	95639RFE4
April 1, 2021	2.625%	95639RFF1
April 1, 2022	2.750%	95639RFG9
April 1, 2023	3.000%	95639RFH7
April 1, 2024	3.200%	95639RFJ3
April 1, 2025	3.375%	95639RFK0
April 1, 2026	3.500%	95639RFL8
April 1, 2027	3.600%	95639RFM6
April 1, 2028	3.700%	95639RFN4
April 1, 2029	3.750%	95639RFP9
April 1, 2034	4.000%	95639RFQ7

VI. CONTACTS

Mary Jo Murphy	Citi Operations	(212) 723-7095
Sarah Boardman	West Virginia Municipal Bond Commission	(304) 558-3971
Tom Vlahakis	The Bank of New York Mellon	(973) 247-4742
Paul Creedon	Citi Public Finance	(212) 723-5589
Jessica Donnelly	Citi Public Finance	(215) 854-6036
Chris Beacham	Citi Public Finance	(215) 854-6036

EXHIBIT C

Form of Agreement with Universities, Colleges and Community and Technical Colleges

Agreement

In consideration of the mutual promises contained herein, the Higher Education Policy Commission (the "Commission") and _____ (the "Recipient") hereby agree and enter into the following agreement effective _____ __, 2012 (the "Agreement"):

WHEREAS, the Commission has issued its $_____ Revenue Bonds (Higher Education Facilities) 2012 Series B (the "Series B Bonds") to finance the Projects as set forth in the Commission's Certificate of Determination dated as of June 12, 2012 (the "Projects");

WHEREAS, the Recipient is receiving a portion of the proceeds of the Series B Bonds to finance in part the Projects listed in Section 1 of this Agreement;

WHEREAS, the Recipient

NOW, THEREFORE, WITNESSETH:

1. Scope of Work. Recipient agrees to (a) use the proceeds of the Series B Bonds provided by the Commission for the Projects identified below; (b) match the proceeds provided by the Commission from the Recipient's funds in an amount equal to $_____; and (c) complete the Projects by _____ __, 2014. The Projects to be completed by the Recipient are as follows:

Projects	Estimated Cost	Series B Bond Proceeds Granted	Recipient's Match
Total:			

2. Consideration. The Commission agrees to pay Recipient _____ Dollars ($_____) (the "Grant") for the Projects to be completed as described above in Section 1. To receive payment, Recipient must submit an original invoice in the form attached hereto as Schedule 1 to the Commission and provide the additional documentation identified for each installment as follows:

(i) First Installment: Upon execution of this Agreement, provide an invoice for Twenty Percent (20%) of the Commission's Grant, plus a budget for each Project showing the source of funds (Commission's and Recipient's) for the Projects and estimated expenditures.

(ii) Second Installment: Prior to award of a construction contract, provide an invoice for Sixty Percent (60%) of the Commission's Grant for the project, plus an updated project budget, a copy of the bidding documents and a certified copy of the bid results.

(iii) Third Installment: At substantial completion of construction of a project, provide an invoice for Twenty Percent (20%) of the Commission's Grant for that project, plus an updated project budget and a Certificate of Substantial Completion in the form attached hereto as Exhibit A.

3. Limitations on Use of Grant. Recipient hereby agrees to use the Grant only for the purposes outlined in Section 1 of this Agreement. In the event that the Recipient determines that it will be unable to provide matching funds for a Project as set forth in Section 1 or determines that it is not in its best interest to complete a Project, the Recipient shall inform the Commission within ten (10) days and that portion of the Grant shall be reallocated to another Project.

4. Reimbursement. Recipient shall promptly reimburse the Commission for any portion of the proceeds of the Grant not used for the purposes of the Grant or used for a purpose prohibited by federal or state law.

5. Performance Period. Recipient agrees to perform the work and complete the Projects listed in Section 1 of this Agreement by June 26, 2014. The Grant expires at midnight, June 26, 2014.

6. Notification. Recipient shall notify the Commission immediately of any material change or issue that substantially affects its ability to complete the Projects listed in Section 1 of this Agreement.

7. Maintenance of Records. Recipient shall maintain records pertinent to this Agreement for the term of the Series B Bonds, including any refunding bonds, plus three (3) years. Recipient shall make its records available for inspection by the Commission during regular business hours. Recipient shall maintain all fiscal records in accordance with generally accepted accounting principles and all records in a manner that clearly documents Recipient's performance.

8. Correspondence. Recipient shall submit all correspondence related to this Grant to the following address:

West Virginia Higher Education Policy Commission
ATTN: Richard Donovan
1018 Kanawha Boulevard, East, Suite 700

Charleston, WV 25301

9. Termination. Either party may terminate this Agreement by giving the other party written notice at least thirty (30) days before the intended date of termination. By such termination, neither party may nullify obligations already incurred for performance. If this Agreement is terminated pursuant to this Section, all Grant monies paid by the Commission shall be returned to the Commission within thirty (30) days of termination.

10. Unspent Grant Monies. All unspent Grant Monies shall be returned to the Commission within two months of the end of the performance period.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties. No amendments, consent or waiver of terms of this Agreement shall bind either party unless it is in writing and signed by the parties.

GRANTEE:

By: _____
Name:
Title:

COMMISSION:

By: _____
Name:
Title:

EXHIBIT D

Analysis of Funds on Hand on Transfer Date

APPENDIX I

Definitions

"Bona Fide Debt Service Reserve Fund" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding Bond Year.

"Bond Counsel" shall mean Spilman Thomas & Battle, PLLC or any other law firm appointed by the Commission, having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Year" shall mean each one year period that ends on the day selected by the Commission. If no day is selected by the Commission before the date that is five years from the Delivery Date, each Bond Year ends on the anniversary of the Delivery Date and on the final maturity date.

"Bond Yield" shall mean the discount rate that, when used in computing the present value on the Delivery Date of all the expected issue payments of principal and interest that are paid and to be paid on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds on the Delivery Date. The Bond Yield of the: (i) 2012 A Bonds is 3.5430% and (ii) 2012 B Bonds is 3.5430%, all as calculated in accordance with the provisions of Section 148-4 of the Regulations.

"Bonds" shall mean the Commission's $124,190,000 Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A and $7,975,000 Revenue Bonds (Higher Education Facilities) 2012 Series B.

"Closing Date" or **"Issue Date"** shall mean June 26, 2012, the date of this Tax Compliance Certificate, which is the date of initial delivery of the Bonds and receipt of payment therefor.

"Code" shall mean the Internal Revenue Code of 1986, and the Regulations promulgated thereto, as amended from time to time.

"Computation Date" shall mean each date on which the Rebate Amount for the Bonds is required to be computed under Section 1.148-3(e) of the Regulations.

"Computation Date Credit" shall mean with respect to an issue a credit of $1,000 against the rebatable arbitrage on (i) the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of an issue subject to the Rebate Requirement; and (ii) the final maturity date for an issue.

"Computation Period" shall mean the period between Computation Dates. The first Computation Period begins on the date hereof and ends on the first Computation Date. Each succeeding Computation Period begins on the date immediately following the Computation Date and ends on the next Computation Date.

"Costs of Issuance" or **"Issuance Costs"** means any financial, legal, administrative and other fees or costs incurred in connection with the issuance of an issue, including any underwriter's compensation withheld from the Issue Price, within the meaning of section 147(g) of the Code and Regulations §1.150-1(b).

"De Minimis Amount" means the same as in Regulation §1.148-1(b), which is:

(1) In reference to original issue discount (as defined in Code §1273(a)(1))or premium on an obligation;

(i) An amount that does not exceed two percent (2%) multiplied by the stated redemption price at maturity; plus

(ii) Any premium that is attributable exclusively to reasonable underwriter's compensation; and

(2) In reference to market discount (as defined in Code §1278(a)(2)(A) or premium on an obligation, an amount that does not exceed 2 percent multiplied by the stated redemption price at maturity.

"Discharged" shall mean with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"Escrow Fund" means the 2012 Series A Escrow Fund created pursuant to that certain Escrow Agreement dated June 26, 2012, by and among the Commission, the West Virginia Municipal Bond Commission, as Escrow Agent, and The Bank of New York Mellon, as Registrar.

"Excess Gross Proceeds" means all Gross Proceeds of an advance refunding issue that exceed an amount equal to 1 percent of the Sale Proceeds of such advance refunding issue, other than Gross Proceeds allocable to: (a) payment of principal, interest or call premium on the prior issue; (b) payment of pre-issuance accrued interest on the refunding issue, and interest on the refunding issue that accrues for a period up to the completion date of any capital project financed by the prior issue, plus one year; (c) a reasonably required reserve or replacement fund for the refunding issue or investment proceeds of such fund; (d) payment of Costs of Issuance of the refunding issue; (e) payment of administrative costs allocable to repaying the prior issue, carrying and repaying the refunding issue, or investments of the refunding issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the prior issue; (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the refunding issue or the prior issue; and (i) fees for a qualified hedge for the refunding issue.

"Fair Market Value" means

(a) In general. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in this paragraph, an investment that is not of a type traded on an established securities market, within the meaning of section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(b) Safe harbor for establishing fair market value for certificates of deposit. This paragraph (b) applies to a certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal. The purchase price of such a certificate of deposit is treated as its fair market value on the purchase date if the yield on the certificate of deposit is not less than:

(A) The yield on reasonably comparable direct obligations of the United States; and

(B) The highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(c) Safe harbor for establishing fair market value for guaranteed investment contracts and investments purchased for a yield restricted defeasance escrow. The purchase price of a guaranteed investment contract and the purchase price of an investment purchased for a yield restricted defeasance escrow will be treated as the fair market value of the investment on the purchase date if all of the following requirements are satisfied:

(A) The Commission makes a bona fide solicitation for the purchase of the investment. A bona fide solicitation is a solicitation that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers.

(2) The bid specifications include all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the investment.

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Commission or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Commission or any other person for purposes of satisfying the requirements of paragraph (c)(B)(1) or (2) of this section.

(4) The terms of the bid specifications are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment. For example, for solicitations of investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Commission reasonably requires.

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Commission's reasonably expected deposit and draw-down schedule for the amounts to be invested.

(6) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (i.e., a last look) before providing a bid.

(7) At least three reasonably competitive providers are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(B) The bids received by the Commission meet all of the following requirements:

(1) The Commission receives at least three bids from providers that the Commission solicited under a bona fide solicitation meeting the requirements of paragraph (c)(A) of this section and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid

specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(2) At least one of the three bids described in paragraph (c)(B)(1) of this section is from a reasonably competitive provider, within the meaning of paragraph (c)(A)(7) of this section.

(3) If the Commission uses an agent to conduct the bidding process, the agent did not provide the investment.

(C) The winning bid meets the following requirements:

(1) Guaranteed investment contracts. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) Other investments. If the investment is not a guaranteed investment contract, the following requirements are met:

(i) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest cost bid is either the lowest cost bid for the portfolio or, if the Commission compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Commission from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting the requirements of this paragraph (c) is taken into account in determining the lowest cost bid.

(ii) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications.

(iii) If State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt are not available for purchase on the day that bids are required to be submitted pursuant to terms of the bid specifications because sales of those securities have been suspended, the cost comparison of paragraph (c)(C)(2)(ii) of this section is not required.

(D) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment.

(E) The Commission retains the following records with the bond documents until three years after the last outstanding bond is redeemed:

(1) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of investments other than guaranteed investment contracts, the purchase agreement or confirmation.

(2) The receipt or other record of the amount actually paid by the Commission for the investments, including a record of any administrative costs paid by the Commission, and the certification under paragraph (c)(D) of this section.

(3) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(4) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation. For example, if the Commission purchases a portfolio of investments for a yield restricted defeasance escrow and, in order to satisfy the yield restriction requirements of section 148, an investment in the winning bid is replaced with an investment with a lower yield, the Commission must retain a record of the substitution and how the price of the substitute investment was determined. If the Commission replaces an investment in the winning bid portfolio with another investment, the purchase price of the new investment is not covered by the safe harbor unless the investment is bid under a bidding procedure meeting the requirements of this paragraph (c).

(5) For purchases of investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted pursuant to the terms of the bid specifications.

"Final Computation Date" shall mean the date on which the last Bond is Discharged.

"Fiscal Year" shall mean the fiscal year of the State, which commences on July 1 of each year and ends on June 30 of the subsequent year.

"Fixed Yield Issue" means an issue of obligations the Yield on which is fixed and determinable on the Issue Date.

"Future Value" shall mean the future value of a payment or receipt at the end of any period, determined using the economic accrual method, and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the Bonds, using the same compounding interval and financial conventions used to compute that Yield as provided under Section 1.148-3(c) of the Regulations.

"Governmental Unit" shall mean a state, a political subdivision or instrumentality of the foregoing within the meaning of Section 141(b)(6) of the Code.

"Gross Proceeds" shall mean Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"Higher Yielding Investment" means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.000001) higher than the Yield on the applicable issue, and (b) for all other purposes of this Certificate, is more than one-eighth of one percentage point (.00125) higher than the Yield on the applicable issue.

"Initial Offering Price" shall mean the price at which the Bonds of the Issue were offered to the general public in a bona fide public offering.

"Installment Computation Date" shall mean the last day of the first Bond Year and each succeeding Bond Year, until and excluding the Final Computation Date.

"Investment" shall mean any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"Investment Proceeds" shall mean any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"Investment Property" shall mean any security or obligation within the meaning of Section 148(b)(2) of the Code, any annuity contract, any interest in any residential rental property for family units which is not located within the jurisdiction of the Commission, any "specified private activity bond" within the meaning of Section 57(a)(5)(C), and any other Investment-Type Property.

"Investment-Type Property" includes any property that is held principally as a passive vehicle for the production of income. A prepayment for property or services is Investment-Type Property if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. A prepayment is not Investment-Type Property if (i) the prepayment is made for a substantial business purpose other than investment return and the Commission has no commercially reasonable alternative to the prepayment; and (ii) prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the Commission but who are not beneficiaries of tax-exempt financing.

"IRS" shall mean the Internal Revenue Service.

"Issue Price" means in the circumstances applicable to the issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the Certificate of the Underwriter attached to the Tax Compliance Certificate, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and original issue premium or discount), which is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than ten percent (10%) of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the Certificate of the Underwriter attached to the Tax Compliance Certificate, which is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than ten percent (10%) of the principal amount of each maturity was sold to the public.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices, including any Pre-Issuance Accrued Interest and original issue premium, paid to the Commission by the first purchaser(s) (other than bond houses, brokers or other intermediaries).

"Minor Portion" shall mean an amount not exceeding $100,000.

"Net Sale Proceeds" shall mean Sale Proceeds less the amount of those proceeds invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code and as part of a minor portion under Section 148(e) of the Code.

"Nonpurpose Investment" shall mean any Investment that is not acquired to carry out the governmental purpose of an issue.

"Payment" shall mean a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the rebate amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the yield on an investment.

"Pre-Issuance Accrued Interest" means interest on an obligation that accrued for a period not greater than one year before the Issue Date and that will be paid within one year after such Issue Date.

"Present Value" shall mean the amount determined by using the following formula:

$$PV = \frac{FV}{(I+i)n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period

ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"Present Value of an Investment" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"Private Person" shall mean any person or entity other than a Governmental Unit or a Qualifying Section 501(c)(3) Organization.

"Proceeds" shall mean Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received with respect to an investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"Projects" shall mean those Projects identified in the Commission's Certificate of Determination dated June 12, 2012.

"Prohibited Payment Transaction" shall mean either (i) any transaction to reduce the yield on the investment of Gross Proceeds of the Bonds in such a manner that the amount to be rebated to the federal government pursuant to Section 4 hereof is less than it would have been had the transaction been at arm's length and had the yield on the issue not been relevant to either party or (ii) any transaction described in the Regulations as giving rise to imputed receipts as defined in the Regulations.

"Purchaser" or **"Original Purchasers"** shall mean Citigroup Global Markets, Inc., acting on its behalf and on behalf of the other underwriters, being Crews & Associates, Inc. and Piper Jaffray & Co., as the original purchasers of the Bonds from the Commission.

"Purpose Investment" shall mean any investment that is acquired with the Gross Proceeds of an issue of obligations to carry out the governmental purpose for which such issue was issued.

"Qualified Guarantee" shall mean a qualified guarantee as defined in Section 1.148-4(f) of the Regulations.

"Qualified Guarantee Payment" shall mean a payment made to secure a Qualified Guarantee. For this purpose:

(a) Reasonable Payment. A payment is a Qualified Guarantee Payment only if it does not exceed a reasonable charge for the transfer of credit risk, the determination of which shall be made by taking into account payments charged by guarantors in comparable transactions, including transactions in which the guarantor has no involvement other than as a guarantor. Notwithstanding the preceding sentence, this requirement will not be considered met unless the Present Value of the payments made to secure a Qualified Guarantee for the Bonds (using the Yield on the Bonds to be secured (with regard to payments for the guarantee) as the discount rate) is less than the Present Value of the interest to be saved (using the same discount rate) as a result of the guarantee.

(b) Disallowance Due to Non-Guarantee Element. No payment shall be considered a Qualified Guarantee Payment if any portion thereof is made in respect to a cost, risk or other element that is not customarily borne by guarantors of debt, the interest on which is exempt from federal income taxation, or if the guarantor to which such a payment is made provides non-guarantee services, the fees for which are not separately stated and separately paid.

(c) Allocation of Payments. In the calculation of Yield, Qualified Guarantee Payments shall be taken into account on the basis of level payments which are allocated to the Bonds to which each level payment properly relates.

(i) Level Payments. A Qualified Guarantee Payment is a level payment if: the payment is one of a series of payments with respect to the Bonds; each payment in the series is the same percentage of the sum of the outstanding principal amount of the Bonds and not more than one year's accrued interest (determined as of the date on which the payment is calculated); each payment of the series is due no earlier than one year before and no later than one year after the date on which the payment is calculated; the series of payments are due at periodic intervals (properly adjusted to take into account any short interval); and at least one payment in the series is due in each Bond Year for which the guarantee of the Bonds is in effect. Solely for purposes of the preceding sentence, the first Bond Year shall be treated as beginning on the first day that a guarantee is in effect; the last Bond Year shall be treated as ending on the last day on which the guarantee is in effect (without regard to any retirement of the Bonds before their final maturity date); and any Bond Year that is less than twelve (12) full months shall be treated as a short Bond Year.

(ii) Non-Level Payments. Qualified Guarantee Payments which are not level shall be allocated to the Bonds in a manner that reflects the proportionate credit risk for which the guarantor is compensated. The proportionate credit risk for identical Bonds, including Bonds subject to mandatory early redemption, is the same. The proportionate credit risk with respect to Bonds that are not identical shall be determined by reference to the proportionate interest reduction resulting from the guarantee (determined on a Present Value basis and with adjustments, as necessary, to take into account any level payments). In the case of Bonds that are not readily remarketable without a guarantee and for which the proportionate interest reduction cannot reasonably be estimated, the proportionate credit risk shall be determined by use of a reasonable method that properly reflects such risk.

"Rebate Amount" shall mean one hundred percent (100%) of the amount owed to the United States under Section 148(f)(2) of the Code, as further described in Section 1.148-3 of the Regulations.

"Rebate Analyst" shall mean the firm of certified public accountants, or other specialist in the calculation of arbitrage rebate chosen as specified herein to determine the Rebate Amount, if any.

"Rebate Payment Date" shall mean the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"Rebate Requirement" shall have the meaning ascribed thereto in Section 5 of the Tax Certificate.

"Rebate Yield" shall mean the yield on the Bonds for purposes of determining the Rebate Amount, computed as described in Section 4 hereof.

"Receipt" shall mean a receipt as defined in Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in Section 1.148-5(b) for purposes of computing Yield on an Investment.

"Regulation" or "Regulations" shall mean the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"Related Person" shall mean any person related to any beneficiary of the Bonds within the meaning of Section 144(a)(3) of the Code.

"Replacement Proceeds" shall mean amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the Commission and any related party to the Commission).

"Resolution" shall mean the General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992 and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, both of which remain in effect as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 and the Seventh Consolidated

Supplemental Resolution of the Commission adopted May 30, 2012, pursuant to which the Bonds were issued.

"Sale Proceeds" shall mean amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than Pre-Issuance Accrued Interest).

"State" shall mean the State of West Virginia.

"Substantial User" shall mean any person who shall be a substantial user of a facility, as defined in Regulations § 1.103-11(b).

"Transferred Proceeds" shall mean that portion of the Proceeds of an issuance (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of that issue is discharged with the Proceeds of a refunding issue as provided in Regulation § 1.148-9(b). Transferred Proceeds do not include any Replacement Proceeds.

"Tax-Exempt Bond" shall mean any tax-exempt bond within the meaning of Section 103 of the Code and Section 1.150-1 of the Regulations that is not investment property within the meaning of Section 148(b)(3) of the Code.

"Tax Certificate" or **"Tax Compliance Certificate"** shall mean this Tax Compliance Certificate of the Commission as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"Test-Period Beneficiary" shall mean any person which is the owner or a Principal User of the Facilities at any time during the three-year period that begins on the later of (i) the date the Facilities are placed in service, or (ii) the Issue Date.

"Treasury" shall mean the United States Department of Treasury.

"Universal Cap" shall mean the maximum value of Nonpurpose Investments which may be allocated to the Bonds under Section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Bonds of the Issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under Section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"Valuation Date" shall mean the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue each date on which proceeds of the refunded issue would become transferred proceeds of the refunding

issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"Value of a Bond" shall mean the value of a bond determined under Section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

(a) In the case of a plain par bond (within the meaning of Section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and

(b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"Value of an Investment" shall mean the value of an investment determined under Section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of Section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of Section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"Yield" shall mean the yield computed under Section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"Yield Restricted Investments" shall mean any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

APPENDIX II

Exceptions to Rebate

SECTION 1. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Bonds are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the "Spending Exceptions") is satisfied. The Spending Exceptions are each independent exceptions. The Bonds need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Commission makes one or more elections under the 2-Year Exception with respect to the Bonds.

Each of the Spending Exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Bonds. These purposes include payment of interest (but not principal) on the Bonds.

SECTION 2. 6-MONTH SPENDING EXCEPTION.

The Bonds will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Bonds are allocated to expenditures for the governmental purposes of the Bonds within the 6-month period beginning on the Issue Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Reserve Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If none of the Bonds is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional six (6) months if the unexpended Gross Proceeds of the Bonds at the end of the 6-Month period do not exceed the lesser of five percent (5%) of the Proceeds of the Bonds or $100,000.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within 6 months do not include amounts in a reasonably required reserve or replacement fund for the Bonds or in a Bona Fide Debt Service Reserve Fund for the Bonds.

SECTION 3. 18-MONTH SPENDING EXCEPTION.

The Bonds are treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Bonds (excluding amounts in a reasonably required reserve or replacement fund for the Bonds or in a Bona Fide Debt Service Reserve Fund for the Bonds) are allocated to expenditures for the governmental purposes of the Bonds in accordance with the following schedule, measured from the Issue Date:

(1) at least fifteen percent (15%) within six (6) months;

(2) at least sixty percent (60%) within twelve (12) months; and

(3) One hundred percent (100%) within eighteen (18) months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Reserve Fund for the Bonds, to the extent such Fund is subject to rebate, is timely paid to the United States. And,

(C) The Gross Proceeds of the Bonds qualify for the initial 3-Year Temporary Period.

If the only unspent Gross Proceeds at the end of the eighteenth month are Reasonable Retainage, the requirement that one hundred percent (100%) of the Gross Proceeds be spent by the end of the eighteenth month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Bonds within thirty (30) months of the Issue Date.

For the purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Commission reasonably expects as of the Issue Date to earn on the Sale Proceeds and Investment Proceeds of the Bonds during the 18-Month period are included in Gross Proceeds of the Bonds. The final spend-down requirement includes actual Investment Proceeds for the entire eighteen (18) months.

The 18-Month Spending Exception does not apply to the Bonds (or the New Money Portion, as applicable) if any portion of the Bonds (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 4. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue bond which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a

Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Bonds in accordance with the following schedule, measured from the Issue Date:

(1) at least ten percent (10%) within six (6) months;

(2) at least forty-five percent (45%) within one (1) year;

(3) at least seventy-five percent (75%) within eighteen (18) months; and

(4) One hundred percent (100%) within two (2) years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Reserve Fund or a reasonably required reserve or replacement fund for the Bonds are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Commission has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Bonds are treated as Available Construction Funds during the 2-Year period and therefore must be allocated to expenditures for the governmental purposes of the Bonds.

If the Commission elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Bonds during the 2-Year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issue Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings after the earlier of the date construction is substantially completed or two (2) years after the Issue Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Reserve Fund must be timely paid to the extent such Fund is subject to the rebate requirements.

The Bonds do not fail to satisfy the spending requirement for the fourth spend-down period (i.e., one hundred percent (100%) within two (2) years of the Issue Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within (3) years of the Issue Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first three (3) spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Commission reasonably expected as of the Issue Date to earn during the 2-year period. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issue Date through the end of the 2-Year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Bonds, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Commission elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a one and one-half percent (1½%) penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the one and one-half percent (1½%) penalty is calculated separately for each spend-down period, including each semi-annual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earning during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (e.g., amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Reserve Fund, to the extent subject to rebate) must be timely paid.

SECTION 5. SPECIAL DEFINITIONS.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of the issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocated to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocated to the Underwriter's discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonable required reserve or replacement fund allocated to the issue. Available Construction Proceeds do not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocated to the issue for any period after the earlier of (a) the close of the 2-Year period that begins on the Issue Date or (b) the date the construction of the Projects financed by the issue is substantially completed.

"Bifurcated Issue" means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Commission, pursuant to Section 148(f)(4)(C)(v) and Regulations § 1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion and a Nonconstruction Portion.

"Bona Fide Debt Service Reserve Fund" means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more bond or note issues, the portion of that fund properly allocable to an issue) or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding

Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

"Construction Issue" means an issue at least seventy five percent (75%) of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property which is or is to be owned by a Governmental Unit or a 501(c)(3) Organization. If an election has been made in the Commission's Tax Compliance Certificate to bifurcate an issue or the New Money Portion, the Construction Portion (i.e., that portion of the issue or the New Money Portion which satisfies the seventy-five percent (75%) test stated in the preceding sentence and which finances one hundred percent (100%) of the Construction Expenditures) is treated as the Construction Issue and the balance of the issue or the New Money Portion is treated as the Nonconstruction Portion.

"Investment Property" means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation that is a "specified private activity bond" as defined in Section 57(a)(5)(C) but does not include other Tax-Exempt Obligations.

"Reasonable Retainage" means an amount, not to exceed five percent (5%) of the Net Sale Proceeds of the Issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the Issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Commission reasonably determines that a dispute exists regarding completion or payment.

EXHIBIT A

$124,190,000
State of West Virginia
Higher Education Policy Commission
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

and

$7,975,000
State of West Virginia
Higher Education Policy Commission
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Underwriters' Certificate

This Certificate is furnished by Citigroup Global Markets Inc., acting on its behalf and on behalf of Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters") in connection with the sale and issuance by the Higher Education Policy Commission (the "Issuer") of its $132,165,000 aggregate principal amount Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds" and collectively with the 2012 A Bonds, the "2012 Bonds") issued June 26, 2012, and hereby certifies and represents the following, based upon information available to us:

1. As of June 12, 2012, the date on which the bond purchase agreement for the Bonds was executed (the "Sale Date"), the Underwriters reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "Public") in a bona fide public offering, and the Underwriters reasonably expected that the first prices at which at least 10% of each maturity would be sold by the Underwriters to the Public were the prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those listed for each maturity shown on the inside cover of the Official Statement (the "Initial Offering Prices").

2. As of the date of this certificate, all of the Bonds have actually been offered to the Public in a bona fide public offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Offering Prices.

3. The Underwriters were unable to sell the 2012 Series B Bonds maturing on April 1, 2034 in the principal amount of $2,400,000 at prices not greater than the prices, or yields not less than the yields, shown on the inside cover of the Official Statement during the underwriting period. The unsold portion of the Bonds was allotted to the Underwriters for their own accounts

after the expiration of the underwriting period. A portion of these allotted Bonds has been sold to the public at various prices or yields and the unsold portion remains in the accounts of the Underwriters as of the delivery date of the Bonds.

4. Except as set forth in paragraph 2 above, the first ten percent (10%) of each maturity of the Bonds has been sold to the Public at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Public Offering Prices.

5. The Underwriters have no reason to believe that any of the Initial Public Offering Prices of the Bonds exceeded the expected fair market value of the Bonds as of the Sale Date.

6. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Issue:

(A) With regard to the 2012 A Bonds:

(i) The Issue Price of the 2012 A Bonds is $132,259,044.45.

(ii) The weighted average maturity of the 2012 A Bonds is 13.3268 years.

(iii) The Yield on the 2012 A Bonds, calculated as described in the next sentence, is at least 3.5430%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360 day year and semi-annual compounding, produces an amount equal to the initial offering price of the 2012 A Bonds as stated above.

(iv) The CUSIP Number assigned to the final maturity of the 2012 A Bonds is 95639REX3.

(B) With regard to the 2012 B Bonds:

(i) The Issue Price of the 2012 B Bonds is $8,036,505.55.

(ii) The weighted average maturity of the 2012 B Bonds is 12.5415 years.

(iii) The Yield on the 2012 B Bonds, calculated as described in the next sentence, is at least 3.5430%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360 day year and semi-annual compounding, produces an amount equal to the initial offering price of the 2012 B Bonds as stated above.

(iv) The CUSIP Number assigned to the final maturity of the 2012 B Bonds is 95639RFQ7.

7. Underwriters' Compensation. The Underwriters' discount for the Bonds is $671,247.56, which will be withheld by the Underwriters from the purchase price otherwise paid to the Issuer as compensation for their services in selling the Issue to the public.

8. Original Issue Premium Bonds. Some of the Bonds have an Initial Offering Price that is greater than its stated redemption price at maturity ("Original Issue Premium Bonds"). The Bonds have an Original Issue Premium of $11,130,550.

9. No Stepped Coupon Bonds. No bond of the Issue bears interest at an increasing interest rate.

We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and by Spilman Thomas & Battle, PLLC, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

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Dated: June 26, 2012

CITIGROUP GLOBAL MARKETS INC., on behalf of itself CREWS & ASSOCIATES, INC. and PIPER JAFFRAY & CO.

By: _____
Name: Paul T. Creedon
Title: Managing Director

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-1 $1,425,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	April 1, 2013	June 26, 2012	95639REF2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

This Bond is one of an issue of a Series of Bonds in the aggregate principal amount of not to exceed $124,190,000 (the "Bonds") authorized and issued to refund a portion of the Commission's Revenue Bonds (Higher Education Facilities), 2004 Series B and to pay Costs of Issuance of the 2012 Series A Bonds, all pursuant to the General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992 (collectively, the "General Resolution"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution," and collectively with the General Resolution and the Sixth Consolidated Supplemental Resolution, the "Resolution"). The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, Chapter 29, Article 22, Sections 18a and 18c, and Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act").

This Bond and all Bonds of this issue are payable solely, equally and ratably from the Revenues (as such term is defined in the Resolution) and the funds deposited in the Higher Education Improvement Fund created under Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931, as amended, on a parity in all respects with the Prior Bonds described below. Reference is hereby made to the Resolution as the same may be further amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Commission and the Registered Owners of the Bonds and any subsequently issued Additional Bonds. Certified copies of the Resolution are on file at the office of the Commission in the City of Charleston, West Virginia.

This Bond is a special obligation of the Commission, payable together with the Prior Bonds (hereinafter described) and any Additional Bonds which may hereafter be issued, solely from the sources pledged under the Resolution. The bonds of the series of which this Bond is one, as to both principal and interest, shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, and the owners thereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of said State for the payment of the principal thereof or interest thereon, but the Bonds, together with any Additional Bonds which may subsequently be issued on a parity therewith, shall be payable equally and ratably solely from the sources pledged under the Resolution.

The Bonds are issued on a parity in all respects with the Commission's outstanding Prior Bonds (as defined in said Resolution) and other Additional Bonds which may hereafter be issued pursuant to the General Resolution.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

Mandatory Sinking Fund Redemption of the Bonds. The 2012 Series A Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$7,775,000
2031	$8,085,000
2032	$8,405,000
2033	$8,745,000
2034	$9,090,000

Optional Redemption of the Bonds. The Bonds maturing on April 1, 2023 are subject to redemption at the option of the Commission, prior to maturity, in whole or in part on or after April 1, 2022 from amounts deposited with the paying agent by the Commission and from other funds available therefor at a redemption price of par, plus accrued interest to the date fixed for redemption.

In the event of any redemption of less than all outstanding Bonds, the maturities to be redeemed shall be selected by the Registrar at the direction of the Commission, and Bonds to be redeemed shall be selected by lot within a maturity, or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Commission maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of Additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered bonds, upon the terms set forth in the Resolution. Neither the Commission nor the Registrar shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

IT IS HEREBY FURTHER CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

All provisions of the Resolution and the 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.

[The Remainder of Page Intentionally Left Blank]

IN TESTIMONY WHEREOF, the Commission has caused this Bond to be executed by and on its behalf by the manual or facsimile signature of the Authorized Officer of the Commission, and has caused this Bond to be authenticated by the manual signature of an authorized officer of the Registrar, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolution, all as of the Bond Date stated above.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: Specimen
Earl Ray Tomblin
Governor of the State of West Virginia

By: Specimen
Dr. Paul Hill
Chancellor

Attest:

By:
Natalie E. Tennant
Secretary of State of the State of West Virginia

(10791.0008)

REGISTRAR'S AUTHENTICATION CERTIFICATE

The undersigned Registrar hereby certifies that this is one of the 2012 Series A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Spilman Thomas & Battle, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for such Bonds.

Date of Authentication: June 26, 2012

THE BANK OF NEW YORK MELLON, as Registrar

By: Specimen
Its: Authorized Officer

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfer unto

_____

_____

_____(Please print or typewrite name, address and Social Security Number of Transferee)_____the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-2 $3,740,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2015	June 26, 2012	95639REG0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-3 $3,925,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2016	June 26, 2012	95639REH8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-4 $4,125,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2017	June 26, 2012	95639REJ4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR MILLION ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-5 $4,325,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2018	June 26, 2012	95639REK1

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR MILLION THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-6 $4,545,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2019	June 26, 2012	95639REL9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR MILLION FIVE HUNDRED FORTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-7 $4,775,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2020	June 26, 2012	95639REM7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR MILLION SEVEN HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-8 $5,010,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2021	June 26, 2012	95639REN5

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FIVE MILLION TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-9 $5,260,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2022	June 26, 2012	95639REP0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FIVE MILLION TWO HUNDRED SIXTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-10 $340,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.750%	April 1, 2022	June 26, 2012	95639RFG9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-11 $5,800,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2024	June 26, 2012	95639RER6

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FIVE MILLION EIGHT HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-12 $6,085,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2025	June 26, 2012	95639RES4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: SIX MILLION EIGHTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-13 $6,395,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2026	June 26, 2012	95639RET2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: SIX MILLION THREE HUNDRED NINETY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-14 $6,710,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2027	June 26, 2012	95639REU9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: SIX MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-15 $7,050,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2028	June 26, 2012	95639REV7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: SEVEN MILLION FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-16 $7,400,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2029	June 26, 2012	95639REW5

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BOND
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

No. AR-17 $42,100,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	April 1, 2034	June 26, 2012	95639REX3

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FORTY-TWO MILLION ONE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-1 $200,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	April 1, 2013	June 26, 2012	95639REY1

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: TWO HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

This Bond is one of an issue of a Series of Bonds in the aggregate principal amount of $124,190,000 (the "Bonds") authorized and issued to provide funds to (i) finance the costs of new capital improvements, facilities, buildings and structures at state colleges and universities, and (ii) pay the costs associated with the issuance of the 2012 Series B Bonds, all pursuant to the General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992 (collectively, the "General Resolution"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution," and collectively with the General Resolution and the Sixth Consolidated Supplemental Resolution, the "Resolution"). The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 18B, Articles 1B and 10 and Chapter 13, Article 4 (collectively, the "Act") and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (the "Lottery Act") and the Senate Concurrent Resolution No. 41.

This Bond is payable solely, equally and ratably from the Revenues (as such term is defined in the Resolution) on a parity in all respects with the Prior Bonds and any Additional Bonds which may hereafter be issued pursuant to the Resolution. Reference is hereby made to the Resolution as the same may be further amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Commission and the Registered Owners of the Bonds and any subsequently issued Additional Bonds. Certified copies of the Resolution are on file at the office of the Commission in the City of Charleston, West Virginia.

The 2012 Series B Bonds are special and limited obligations of the Commission, secured ratably by a first lien on Revenues, on a parity in all respects with the Commission's outstanding "Prior Bonds" (as defined in said Resolution) and other Additional Bonds which may hereafter be issued pursuant to the General Resolution. This Bond is a special obligation of the Commission, payable together with the Prior Bonds and any Additional Bonds which may hereafter be issued, solely from the sources pledged under the Resolution. The bonds of the series of which this Bond is one, as to both principal and interest, shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, and the owners hereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of said State for the payment of the principal hereof or interest hereon, but the Bonds, and Prior Bonds together with any Additional Bonds which may subsequently be issued on a parity herewith, shall be payable equally and ratably solely from the sources pledged under the Resolution.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

Mandatory Sinking Fund Redemption of the Bonds. The 2012 Series B Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$440,000
2031	$460,000
2032	$480,000
2033	$500,000
2034	$520,000

Optional Redemption of the Bonds. The Bonds maturing on April 1, 2023 are subject to redemption at the option of the Commission, prior to maturity, in whole or in part on or after April 1, 2022 from amounts deposited with the paying agent by the Commission and from other funds available therefor at a redemption price of par, plus accrued interest to the date fixed for redemption.

In the event of any redemption of less than all outstanding Bonds, the maturities to be redeemed shall be selected by the Registrar at the direction of the Commission, and Bonds to be redeemed shall be selected by lot within a maturity, or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Commission maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of Additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Trust Company and exchanged for other

fully registered bonds, upon the terms set forth in the Resolution. Neither the Commission nor the Trust Company shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

IT IS HEREBY FURTHER CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

All provisions of the Resolution and the 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.

[SIGNATURE PAGE FOLLOWS]

IN TESTIMONY WHEREOF, the Commission has caused this Bond to be executed by and on its behalf by the manual or facsimile signature of the Governor of the State of West Virginia and the Chancellor of the Commission, and has caused the Great Seal of the State of West Virginia (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of the Secretary of State of the State of West Virginia, and has caused this Bond to be authenticated by the manual signature of an authorized officer of the Registrar, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolution, all as of the Bond Date stated above.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: Specimen
Earl Ray Tomblin
Governor of the State of West Virginia

By: Specimen
Dr. Paul Hill
Chancellor

Attest: Specimen

By:
Natalie E. Tennant
Secretary of State of the State of West Virginia

(1010791.0008)

REGISTRAR'S AUTHENTICATION CERTIFICATE

The undersigned Registrar hereby certifies that this is one of the 2012 Series B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below. Attached hereto is the complete text of the opinion of Spilman Thomas & Battle, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for such Bonds.

Date of Authentication: June 26, 2012

THE BANK OF NEW YORK MELLON, as Registrar

Specimen

By: _____
Its Authorized Officer

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfer unto

_____

_____

_____(Please print or typewrite name, address and Social Security Number of Transferee)_____the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-2 $235,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	April 1, 2014	June 26, 2012	95639RFR5

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-3 $275,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	April 1, 2015	June 26, 2012	95639REZ8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-4 $280,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	April 1, 2016	June 26, 2012	95639RFA2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-5 $285,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	April 1, 2017	June 26, 2012	95639RFB0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-6 $300,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	April 1, 2018	June 26, 2012	95639RFC8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED THOUSAND DOLLARS

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Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-7 $305,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	April 1, 2019	June 26, 2012	95639RFD6

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FIVE THOUSAND DOLLARS

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Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-8 $315,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	April 1, 2020	June 26, 2012	95639RFE4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTEEN THOUSAND DOLLARS

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Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-9 $330,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.625%	April 1, 2021	June 26, 2012	95639RFF1

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED THIRTY THOUSAND DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-10 $340,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.750%	April 1, 2022	June 26, 2012	95639RFG9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FORTY THOUSAND DOLLARS

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Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-11 $350,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	April 1, 2023	June 26, 2012	95639RFH7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY THOUSAND DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-12 $360,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.200%	April 1, 2024	June 26, 2012	95639RFJ3

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-13 $375,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.375%	April 1, 2025	June 26, 2012	95639RFK0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-14 $385,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.500%	April 1, 2026	June 26, 2012	95639RFL8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-15 $400,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.600%	April 1, 2027	June 26, 2012	95639RFM6

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-16 $410,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.700%	April 1, 2028	June 26, 2012	95639RFN4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-17 $430,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.750%	April 1, 2029	June 26, 2012	95639RFP9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FOUR HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

No. BR-18 $2,400,000

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	April 1, 2034	June 26, 2012	95639RFQ7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: TWO MILLION FOUR HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), an agency of the State of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date stated above, at the Interest Rate per annum stated above, on October 1, 2012, and semiannually thereafter on April 1 and October 1 of each year (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of April 1 and October 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by The Bank of New York Mellon, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent.

Specimen

R-12

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES) 2004 SERIES B

No. R-12

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2015	June 26, 2012	95639RFU8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: ONE MILLION EIGHTY THOUSAND DOLLARS ($1,080,000.00 DOLLARS)

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), a commission of the state of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date Stated above, at the Interest Rate per annum stated above, on April 1, 2005, and semiannually thereafter on October 1 and April 1 of each year (each an "Interest Payment

Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond and on prior to the Maturity Date hereof shall be payable by check or draft mailed by Municipal Bond Commission, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of October 1 and April 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by J.P. Morgan Trust Company, National Association, as construction trustee, registrar and transfer agent (in such capacity, the "Trist Company"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent in Charleston, West Virginia.

This Bond is one of an issue of a Series of Bonds in the aggregate principal amount of $167,260,000 (the "Bonds") authorized and issued to provide funds to (i) provide capital improvements at institutions of higher education located throughout the State, (ii) to advance refund certain outstanding bonds in the principal amount of $9,615,000, and (iii) pay the costs associated with the issuance of the 2004 B Bonds, all pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees) and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as amended by the Eleventh Supplemental Resolution of the Commission adopted April 2, 2004 (the "Eleventh Supplemental Resolution"), the Twelfth Supplemental Resolution of the Commission adopted June 4, 2004 (the "Twelfth Supplemental Resolution"), the First Consolidated Resolution of the Commission adopted June 4, 2004 (the "First Consolidated Resolution"), the Second Consolidated Resolution of the Commission adopted July 29, 2004 (the "Second Consolidated Resolution") and the Third Consolidated Resolution of the Commission adopted August 20, 2004 (the "Third Consolidated Resolution" and together with the General Resolution, the Eleventh Supplemental Resolution, the Twelfth Supplemental Resolution, the First Consolidated Resolution, and the Second Consolidated Resolution, the "Resolution"). The Bonds are issued under the authority of an in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 18B, Articles 1, 1B, 2, 3 and 10 and Chapter 18, Article 12B, Chapter 13, Article 2G (collectively, the "Act") and Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931 as amended, (the "Lottery Act").

This Bond is payable solely, equally and ratably from the Revenues (as such term is defined in the Resolution) on a parity in all respects with the prior Bonds and any Additional Bonds which may hereafter be issued pursuant to the Resolution. Reference is hereby made to the Resolution as the same may be further amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Commission and the Registered Owners of the Bonds and any subsequently issued Additional Bonds. Certified copies of the Resolution are on file at the office of the Commission in the City of Charleston, West Virginia.

The 2004 B Bonds are special and limited obligations of the Commission, secured ratably by a first lien on Revenues, on a parity as to lien and source of payment with the 1997 University Bonds, the 1997 College Bonds, the 1998 University Bonds, 2000A University Bonds, the 2000B University Bonds, the 2003 University Bonds and the 2003 College Bonds (collectively, the "Prior Bonds"). This Bond is a special obligation of the Commission, payable together with the Prior Bonds and any Additional Bonds which may hereafter be issued, solely from the sources pledged under the Resolution. The bonds of the series of which this Bond is one, as to both principal and interest, shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, and the owners hereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of said State for the payment of the principal hereof or interest hereon, but the Bonds, and Prior Bonds together with any Additional Bonds which may subsequently be issued on a parity herewith, shall be payable equally and ratably solely from the sources pledged under the Resolution.

The Bonds of this issue are subject to optional and mandatory redemption prior to their state maturity dates as set forth in the following lettered paragraphs:

(a) The 2004 B Bonds maturing on or after April 1, 2015 are subject to optional redemption at the option of the Commission, prior to maturity, on and after April 1, 2014, in whole or in part at any time from amounts deposited with the Escrow Agent by the Commission and from other funds available therefore at the redemption price of par, plus accrued interest to the date fixed for redemption.

(b) The 2004 B Bonds maturing April 1, 2029 and April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption:

2004 B Bonds due April 1, 2029

Year	Principal Amount
2025	$6,135,000
2026	6,445,000
2027	6,765,000
2028	7,105,000
2029 (Maturity)	7,460,000

2004 B Bonds due April 1, 2034

Year	Principal Amount
2030	$7,835,000
2031	8,225,000
2032	8,635,000
2033	9,070,000
2034 (Maturity)	9,520,000

The principal amount of the Bonds delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of such series of Term Bonds to be redeemed on the Mandatory Redemption Date with respect to such maturity next following such delivery or purchase.

In the event of any redemption of less than all outstanding Bonds, the maturities to be redeemed shall be selected by the Registrar at the direction of the Commission, and Bonds to be redeemed shall be selected by lot within a maturity, or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Commission maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of Additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Trust Company and exchanged for other fully registered bonds, upon the terms set forth in the Resolution. Neither the Commission nor the Trust Company shall be required to register or transfer this Bond or exchange other Bonds

for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

IT IS HEREBY FURTHER CERTIFIED, RECITE AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

All provisions of the Resolution and the statutes under 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN TESTIMONY WHEREOF, the Commission has caused this Bond to be executed by and on its behalf by the manual or facsimile signature of the Governor of the State of West Virginia and the Chancellor of the Commission, and has caused the Great Seal of the State of West Virginia (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of the Secretary of State of the State of West Virginia, and has caused this Bond to be authenticated by the manual signature of an authorized officer of the Trust Company, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolution, all as of the Bond Date stated above.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: Specimen
Earl Ray Tomblin
Governor of the State of West Virginia

By: Specimen
Dr. Paul Hill
Chancellor

Attest: Specimen

By:
Natalie E. Tennant
Secretary of State of the State of West Virginia

CERTIFICATION OF AUTHENTICATION

This Bond is one of the Bonds described in the within-named Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the Date of Authentication set forth below.

Date of Authentication: June 26, 2012.

THE BANK OF NEW YORK MELLON (as successor to J.P. Morgan Trust Company, National Association), as Trustee



By:
Its: Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Bonds, such policy being on file at the principal office of the Municipal Bond Commissions, as paying agent and escrow Agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal or accreted value (if applicable) of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal or accreted value (if applicable), the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal or accreted value (if applicable) of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal, accreted value or interest (as applicable) has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

Financial Guaranty Insurance Company

(Form of Assignment)

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

_____

_____

_____(Please print or typewrite name, address and Social Security Number of Transferee) _____the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Specimen

R-13

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES) 2004 SERIES B

No. R-13

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.000%	April 1, 2016	June 26, 2012	95639RFV6

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS ($1,135,000.00 DOLLARS)

KNOW ALL MEN BY THESE PRESENTS that the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), a commission of the state of West Virginia (the "State"), created and existing under the Constitution and laws of the State, for value received, hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, and to pay interest on the unpaid balance of said Principal Amount from the Interest Payment Date (as described below) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date Stated above, at the Interest Rate per annum stated above, on April 1, 2005, and semiannually thereafter on October 1 and April 1 of each year (each an "Interest Payment

Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond and on prior to the Maturity Date hereof shall be payable by check or draft mailed by Municipal Bond Commission, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (15 days before the interest payment dates of October 1 and April 1) at the address of such Registered Owner as it appears on the registration books of the Commission maintained by J.P. Morgan Trust Company, National Association, as construction trustee, registrar and transfer agent (in such capacity, the "Trist Company"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the bank account number on file with the Paying Agent on or prior to the applicable Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent in Charleston, West Virginia.

This Bond is one of an issue of a Series of Bonds in the aggregate principal amount of $167,260,000 (the "Bonds") authorized and issued to provide funds to (i) provide capital improvements at institutions of higher education located throughout the State, (ii) to advance refund certain outstanding bonds in the principal amount of $9,615,000, and (iii) pay the costs associated with the issuance of the 2004 B Bonds, all pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees) and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as amended by the Eleventh Supplemental Resolution of the Commission adopted April 2, 2004 (the "Eleventh Supplemental Resolution"), the Twelfth Supplemental Resolution of the Commission adopted June 4, 2004 (the "Twelfth Supplemental Resolution"), the First Consolidated Resolution of the Commission adopted June 4, 2004 (the "First Consolidated Resolution"), the Second Consolidated Resolution of the Commission adopted July 29, 2004 (the "Second Consolidated Resolution") and the Third Consolidated Resolution of the Commission adopted August 20, 2004 (the "Third Consolidated Resolution" and together with the General Resolution, the Eleventh Supplemental Resolution, the Twelfth Supplemental Resolution, the First Consolidated Resolution, and the Second Consolidated Resolution, the "Resolution"). The Bonds are issued under the authority of an in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 18B, Articles 1, 1B, 2, 3 and 10 and Chapter 18, Article 12B, Chapter 13, Article 2G (collectively, the "Act") and Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931 as amended, (the "Lottery Act").

This Bond is payable solely, equally and ratably from the Revenues (as such term is defined in the Resolution) on a parity in all respects with the prior Bonds and any Additional Bonds which may hereafter be issued pursuant to the Resolution. Reference is hereby made to the Resolution as the same may be further amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Commission and the Registered Owners of the Bonds and any subsequently issued Additional Bonds. Certified copies of the Resolution are on file at the office of the Commission in the City of Charleston, West Virginia.

The 2004 B Bonds are special and limited obligations of the Commission, secured ratably by a first lien on Revenues, on a parity as to lien and source of payment with the 1997 University Bonds, the 1997 College Bonds, the 1998 University Bonds, 2000A University Bonds, the 2000B University Bonds, the 2003 University Bonds and the 2003 College Bonds (collectively, the "Prior Bonds"). This Bond is a special obligation of the Commission, payable together with the Prior Bonds and any Additional Bonds which may hereafter be issued, solely from the sources pledged under the Resolution. The bonds of the series of which this Bond is one, as to both principal and interest, shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, and the owners hereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of said State for the payment of the principal hereof or interest hereon, but the Bonds, and Prior Bonds together with any Additional Bonds which may subsequently be issued on a parity herewith, shall be payable equally and ratably solely from the sources pledged under the Resolution.

The Bonds of this issue are subject to optional and mandatory redemption prior to their state maturity dates as set forth in the following lettered paragraphs:

(a) The 2004 B Bonds maturing on or after April 1, 2015 are subject to optional redemption at the option of the Commission, prior to maturity, on and after April 1, 2014, in whole or in part at any time from amounts deposited with the Escrow Agent by the Commission and from other funds available therefore at the redemption price of par, plus accrued interest to the date fixed for redemption.

(b) The 2004 B Bonds maturing April 1, 2029 and April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption:

2004 B Bonds due April 1, 2029

Year	Principal Amount
2025	$6,135,000
2026	6,445,000
2027	6,765,000
2028	7,105,000
2029 (Maturity)	7,460,000

2004 B Bonds due April 1, 2034

Year	Principal Amount
2030	$7,835,000
2031	8,225,000
2032	8,635,000
2033	9,070,000
2034 (Maturity)	9,520,000

The principal amount of the Bonds delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of such series of Term Bonds to be redeemed on the Mandatory Redemption Date with respect to such maturity next following such delivery or purchase.

In the event of any redemption of less than all outstanding Bonds, the maturities to be redeemed shall be selected by the Registrar at the direction of the Commission, and Bonds to be redeemed shall be selected by lot within a maturity, or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and maturity dates. Notice of the call for any redemption, unless waived by the Registered Owner, shall be given by the Registrar, by mailing a redemption notice, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond or portions of Bonds to be redeemed in whole or in part at the address shown on the registration books of the Commission maintained by the Registrar, for registration and transfer of the Bonds under the Resolution, and as otherwise prescribed in the Resolution, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

The holder of this Bond shall have no right to enforce the provisions of the Resolution or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

Additional Bonds may be issued under the Resolution, and reference is made to the Resolution with respect to the requirements for the issuance of Additional Bonds which shall be equally and ratably secured under the Resolution with the Bonds.

Modifications or amendments of the Resolution may be made to the extent and in the circumstances permitted by the Resolution to which reference is hereby made.

This Bond must be registered in accordance with the provisions hereof, and may, singly or with other Bonds of this issue, be surrendered to the Trust Company and exchanged for other fully registered bonds, upon the terms set forth in the Resolution. Neither the Commission nor the Trust Company shall be required to register or transfer this Bond or exchange other Bonds for this bond during the period beginning on a Record Date and ending on an Interest Payment Date.

IT IS HEREBY FURTHER CERTIFIED, RECITE AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

All provisions of the Resolution and the statutes under 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.

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IN TESTIMONY WHEREOF, the Commission has caused this Bond to be executed by and on its behalf by the manual or facsimile signature of the Governor of the State of West Virginia and the Chancellor of the Commission, and has caused the Great Seal of the State of West Virginia (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of the Secretary of State of the State of West Virginia, and has caused this Bond to be authenticated by the manual signature of an authorized officer of the Trust Company, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolution, all as of the Bond Date stated above.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: Specimen
Earl Ray Tomblin
Governor of the State of West Virginia

By: Specimen
Dr. Paul Hill
Chancellor

Attest: Specimen

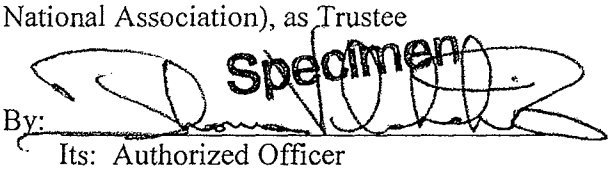
By: _____
Natalie E. Tennant
Secretary of State of the State of West Virginia

CERTIFICATION OF AUTHENTICATION

This Bond is one of the Bonds described in the within-named Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the Date of Authentication set forth below.

Date of Authentication: June 26, 2012.

THE BANK OF NEW YORK MELLON (as successor to J.P. Morgan Trust Company, National Association), as Trustee



By: _____
Its: Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Bonds, such policy being on file at the principal office of the Municipal Bond Commissions, as paying agent and escrow Agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal or accreted value (if applicable) of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal or accreted value (if applicable), the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal or accreted value (if applicable) of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal, accreted value or interest (as applicable) has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

Financial Guaranty Insurance Company

(Form of Assignment)

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

_____

_____

_____(Please print or typewrite name, address and Social Security Number of Transferee) _____the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE OF DETERMINATION

The undersigned, Dr. Paul Hill, Chancellor, on behalf of the Higher Education Policy Commission (the "Commission"), in accordance with a General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992 (collectively, the "General Resolution"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution," and collectively with the General Resolution and the Sixth Consolidated Supplemental Resolution, the "Resolution"), with respect to the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and the State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"), hereby finds and determines as follows:

(i) The 2012 A Bonds shall be issued in the aggregate principal amount of $124,190,000, shall be dated the date of delivery and shall be tax-exempt bonds. Such principal amount does not exceed $140,000,000, being the maximum principal amount of such Bonds authorized by the Resolution.

(ii) The 2012 B Bonds shall be issued in the aggregate principal amount of $7,975,000, which does not exceed $15,000,000, being the maximum principal amount of such 2012 B Bonds authorized by the Resolution.

(iii) The 2012 Bonds shall mature in the amounts and on the dates set forth on Schedule I attached hereto and incorporated herein. Schedule I includes the amounts and maturities of bonds which maturities do not extend beyond thirty (30) years from the date of

issuance, being the maximum maturity authorized by the Resolution. The Interest Payment Dates on the 2012 Bonds shall be each April 1 and October 1, commencing October 1, 2012.

(iv) The 2012 Bonds shall bear interest at the rates set forth on Schedule I attached hereto and incorporated herein, which interest rates or yields do not exceed six percent (6%) per annum on the 2012 Bonds, being the maximum interest rates authorized by the Resolution.

(v) The 2012 Bonds are subject to optional redemption, as provided in Schedule I attached hereto and incorporated herein.

(vi) The 2012 Bonds shall be sold to Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (the "Underwriters") pursuant to the terms of the Bond Purchase Agreement between the Underwriters and the Commission, at an aggregate purchase price of $142,624,302.44 (representing par value of $132,165,000, plus a net premium of $11,130,550.00, less Underwriters' Discount of $671,247.56).

(vii) The 2012 Bonds shall be dated the date of delivery thereof. The 2012 Bonds shall be delivered in fully registered form in denominations of $5,000 and any integral multiple thereof. The 2012 Bonds shall be evidenced by one bond for each Maturity of 2012 Bonds in the total aggregate principal amount of the 2012 Bonds. The 2012 Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the dated date, payable on each Interest Payment Date until the date of maturity. The 2012 Bonds shall mature on their respective Maturity Dates as set forth in Schedule I. The 2012 A Bonds shall be numbered from AR-1 upward and the 2012 B Bonds shall be numbered from BR-1 upward. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

(viii) The 2012 Bonds shall be issued in two series and shall be designated as the "State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A" in the aggregate principal amount of $124,190,000 and the "State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B" in the aggregate amount of $7,975,000.

(ix) The Project List, attached hereto as Exhibit A, for use of proceeds of the 2012 B Bonds is hereby ratified, confirmed and approved.

(x) There shall be no Remarketing Agent, Tender Agent, Auction Agent, Liquidity Provider, Credit Provider, Bond Insurer or other Service Provider with respect to the 2012 Bonds.

(xi) The West Virginia Municipal Bond Commission is hereby appointed as Paying Agent and Escrow Trustee for the 2012 Bonds.

(xii) The Bank of New York Mellon is hereby appointed as Trustee, Registrar and Transfer Agent for the 2012 Bonds.

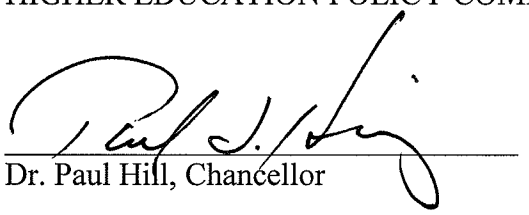
Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

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The undersigned hereby certifies that the foregoing terms and conditions of the 2012 Bonds are within the limitations prescribed by the Resolution, and the 2012 Bonds may be issued upon such terms and conditions as authorized by the Resolution and this Certificate of Determination.

WITNESS my signature this 21st day of June, 2012.

HIGHER EDUCATION POLICY COMMISSION



Dr. Paul Hill, Chancellor

3653538 (10791.8)

Schedule I

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE OR YIELDS

$124,190,000 Revenue Refunding Bonds (Higher Education Facilities)
2012 Series A

Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield
2013	$1,425,000	2.000%	0.490%	2022	$5,260,000	5.000%	2.870%
2015	3,740,000	5.000%	1.100%	2023	5,520,000	5.000%	3.020%
2016	3,925,000	5.000%	1.270%	2024	5,800,000	5.000%	3.170%
2017	4,125,000	5.000%	1.530%	2025	6,085,000	5.000%	3.280%
2018	4,325,000	5.000%	1.830%	2026	6,395,000	5.000%	3.370%
2019	4,545,000	5.000%	2.130%	2027	6,710,000	5.000%	3.440%
2020	4,775,000	5.000%	2.450%	2028	7,050,000	5.000%	3.510%
2021	5,010,000	5.000%	2.720%	2029	7,400,000	5.000%	3.580%

$42,100,000 4.000% 2012 Series A Term Bond due April 1, 2034 at a yield of 4.150%

$7,975,000 Revenue Bonds (Higher Education Facilities)
2012 Series B

Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield
2013	$200,000	2.000%	0.550%	2022	$340,000	2.750%	2.870%
2014	235,000	3.000%	0.920%	2023	350,000	3.000%	3.100%
2015	275,000	3.000%	1.100%	2024	360,000	3.200%	3.300%
2016	280,000	3.000%	1.270%	2025	375,000	3.375%	3.500%
2017	285,000	3.000%	1.530%	2026	385,000	3.500%	3.600%
2018	300,000	3.000%	1.830%	2027	400,000	3.600%	3.750%
2019	305,000	4.000%	2.130%	2028	410,000	3.700%	3.770%
2020	315,000	4.000%	2.450%	2029	430,000	3.750%	3.870%
2021	330,000	2.625%	2.720%				

$2,400,000 4.000% 2012 Series B Term Bond due April 1, 2034 at a yield of 4.150%

Redemption

Optional Redemption of the Bonds. The Bonds maturing on April 1, 2023 are subject to redemption at the option of the Commission, prior to maturity, in whole or in part on or after April 1, 2022 from amounts deposited with the paying agent by the Commission and from other funds available therefor at a redemption price of par, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption of the Bonds. The 2012 Series A Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$7,775,000
2031	$8,085,000
2032	$8,405,000
2033	$8,745,000
2034	$9,090,000

The 2012 Series B Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$440,000
2031	$460,000
2032	$480,000
2033	$500,000
2034	$520,000

Notice of Redemption. Notice of redemption of the Bonds will be given by the Registrar by mailing a copy of such notice to DTC, as the registered owner of the Bonds, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date. See "Summary" herein.

EXHIBIT

tables

A

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
June 11, 2012

Institution	HEPC Priority	Project	Total Estimated Project Cost	Total Requested	Institution Match	HEPC Match
Capital Projects						
HEPC	1	Beckley Center Equipment	93,850	93,850	-	93,850
WVU	2	Infrastructure Downtown Campus, Jackson's Mill Fire Training Academy, Brooks Hall Renovation, Allen Percival Hall Abatement, Law School Deferred Maintenance	151,340	151,340	-	151,340
HEPC	3	Allied Health Building Equipment	150,000	150,000	-	150,000
WVU	4	Fire Marshall Repairs - Old Main (WVUIT)	57,000	57,000	-	57,000
WVU	5	Parking Lot Paving - Main Campus (WVUIT)	225,000	225,000	-	225,000
HEPC	6	Conference Room Renovation - Building 2000	375,000	375,000	-	375,000
EWVCTC	7	Classroom/Laboratory/General Support Facility	1,000,000	1,000,000	-	1,000,000
NRCTC	8	Summersville Center	96,000	96,000	-	96,000
SWVCTC	9	Technology Center - Logan Campus	73,000	73,000	-	73,000
WVUP	10	Main Building Improvements	180,000	180,000	-	180,000
HEPC	11	HVAC for Building 704	300,000	300,000		300,000
Subtotal - Capital Projects			$ 2,701,190	$ 2,701,190	$ -	$ 2,701,190
Code Compliance (Life Safety & ADA) & Deferred Maintenance						
SU	12	Fire Alarm System Upgrade (West Woods, McMurran Hall and Ikenberry Hall)	110,000	110,000	55,000	55,000
SWVCTC	13	Parking Lot & Landscape Improvements - Logan Campus	450,000	450,000	180,000	270,000
SWVCTC	14	Sidewalk & Landscape Improvements - All Campuses	175,000	175,000	70,000	105,000
NRCTC	15	Greenbrier Hall Flooring & Improvements	500,000	365,000	146,000	219,000
WVU	16	Law School Deferred Maintenance	2,000,000	2,000,000	1,200,000	800,000
GSC	17	Campus-wide Communication and Emergency Notification System	175,000	175,000	87,500	87,500
WVU	18	ADA Sidewalk & Curbing (WVUIT)	350,000	350,000	175,000	175,000
WVNCC	19	ADA Accessible Sidewalks for Straub Properties	250,000	250,000	100,000	150,000
WVU	20	Science Hall Elevator Replacement (PSC)	300,000	300,000	150,000	150,000
MU	21	Welcome/Recruitment Center Elevator	700,000	700,000	350,000	350,000
BCTC	22	Institution Life Safety Upgrades and/or Davis Hall Transformer Replacement	150,000	150,000	60,000	90,000
FSU	23	Jaynes Hall Roof Replacement	350,000	350,000	175,000	175,000
WVSU	24	Roof Replacement E&G Buildings	200,000	200,000	100,000	100,000
MCTC	25	Headquarter Building - Deferred Maintenance, Painting, Waterproofing, Repairing	428,000	428,000	171,200	256,800
CU	26	Sidewalks, steps, curbing and paving upgrades for ADA	1,000,000	1,000,000	500,000	500,000
BSC	27	Dickason Hall Roof Replacement	500,000	500,000	250,000	250,000
WLU	28	Main Hall HVAC Chiller Replacement	500,000	500,000	250,000	250,000
SU	29	HVAC Replacement Stutzman-Slonaker Hall	500,000	500,000	250,000	250,000

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
June 11, 2012

Institution	HEPC Priority	Project	Total Estimated Project Cost	Total Requested	Institution Match	HEPC Match
GSC	30	Window Replacement PE Building	250,000	250,000	125,000	125,000
MU	31	Fire Alarm Upgrades for Science Bldg., Henderson Ctr., Shewey Maintenance Bldg. & Stadium	225,000	225,000	112,500	112,500
WVSU	32	Hamblin Hall Lab Hood Ventilation	500,000	500,000	250,000	250,000
WVNCC	33	Installation of Security Cameras	500,000	500,000	200,000	300,000
WLU	34	Arnett Hall Roof	300,000	300,000	150,000	150,000
BCTC	35	Westmoreland Improvements	450,000	310,450	124,180	186,270
WVU	47	Campus Lighting (WVUIT)	175,000	175,000	87,500	87,500
WVUP	37	Code Compliance & Life Safety Infrastructure (Main Campus)	870,000	348,000	139,200	208,800
WVSOM	38	Main Building B - exterior restoration	756,000	656,000	328,000	328,000
GSC	36	Roof Projects (Clark Hall, President's Home & Louis Bennett Hall)	600,000	600,000	300,000	300,000
BSC	39	Campus Window Replacement Phase I & Phase II	800,000	800,000	400,000	400,000
WVU	40	Upgrade Fire Suppression System - Percival Hall	3,000,000	3,000,000	2,500,000	500,000
WVU	41	Health Sciences North Freight & Library Elevator (HSC)	750,000	750,000	375,000	375,000
FSU	42	Hunt Haught Hall Greenhouse Renovations	400,000	400,000	200,000	200,000
MU	43	Jenkins Hall ADA Renovations	400,000	400,000	200,000	200,000
WVSU	44	Cole Complex HVAC Upgrade	400,000	400,000	200,000	200,000
WVU	45	Upgrade Sprinkler /Fire Alarm Ag Science Annex	400,000	400,000	200,000	200,000
WVU	46	Campus Lighting (PSC)	300,000	300,000	150,000	150,000
FSU	47	Hunt Haught Hall - Window Replacement Project	400,000	400,000	200,000	200,000
WVU	48	Engineering Lab - Replace Elevator - ADA Upgrades (WVUIT)	300,000	300,000	150,000	150,000
WVU	49	Fire Alarm Integration Upgrade (HSC)	100,000	100,000	50,000	50,000
FSU	50	Caperton Center Roof Replacement & Exterior Waterproofing	600,000	600,000	300,000	300,000
WVU	51	Admission & Records Fire Alarm & Sprinkler System	450,000	450,000	225,000	225,000
WLU	52	HVAC E&G Building Controls	150,000	150,000	75,000	75,000
MU	53	Jenkins Hall - Roof System	500,000	500,000	250,000	250,000
WVU	54	Engineering Research Roof Replacement	525,000	525,000	262,500	262,500
CU	55	Carter Center - E&G HVAC/Electrical/Plumbing	1,000,000	1,000,000	500,000	500,000
Subtotal - Code Compliance & Deferred Maintenance Projects			$ 23,739,000	$ 22,842,450	$ 12,323,580	$ 10,518,870
Total - All Projects			**$ 26,440,190**	**$ 25,543,640**	**$ 12,323,580**	**$ 13,220,060**

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 18B, ARTICLE 10 OF THE WEST VIRGINIA CODE, AND CHAPTER 18B, ARTICLE 10 OF THE 2011 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



Given under my hand and the Great Seal of the State of West Virginia on

June 20, 2012

Natalie E Tennant

Secretary of State

ARTICLE 10

FEES AND OTHER MONEY COLLECTED AT STATE INSTITUTIONS OF HIGHER EDUCATION

Section

18B-10-1. Enrollment, tuition and other fees at education institutions; refund of fees.
18B-10-1a. Resident tuition rates for national guard members.
18B-10-1b. Special equity fee; purpose; exemptions.
18B-10-1c. Definitions.
18B-10-2. Higher education resource assessment.
18B-10-3. Repealed.
18B-10-4. Medical education.
18B-10-4a. Repealed.
18B-10-4b. Additional fee waivers for health sciences and technology academy programs.
18B-10-5. Fee waivers — Undergraduate schools.
18B-10-6. Fee waivers — Professional and graduate schools.
18B-10-6a. Undergraduate, graduate and professional fee waivers — Marshall University and West Virginia University.
18B-10-7. Tuition and fee waivers for children and spouses of officers and firefighters killed in the line of duty.
18B-10-7a. Tuition and fee waivers or adjustments for residents at least sixty-five years old.
18B-10-7b. Tuition waivers for high school graduates in foster care.
18B-10-8. Collection; disposition and use of capital and auxiliary capital fees; creation of special capital and auxiliary capital improvements funds; revenue bonds.
18B-10-9. Authority to excuse students in certain educational programs from payment of enrollment fees.
18B-10-10. Repealed.
18B-10-11. Fees and money derived from athletic contests.
18B-10-12. Student activities.
18B-10-13. Fees from operation of dormitories, faculty homes, dining halls and cafeterias.
18B-10-14. Bookstores.
18B-10-15. Authority of educational institutions to provide special services and programs; collection and disposition of fees therefor.
18B-10-16. Disposition of funds in state treasury.

§ 18B-10-1. Enrollment, tuition and other fees at education institutions; refund of fees

(a) Each governing board shall fix tuition and other fees for each school term for the different classes or categories of students enrolling at each state institution of higher education under its jurisdiction and may include among the tuition and fees any one or more of the following as defined in section one-b of this article:

(1) Tuition and required educational and general fees;

(2) Auxiliary and auxiliary capital fees; and

(3) Required educational and general capital fees.

(b) An institution may establish a single special revenue account for each of the following classifications of fees:

(1) All tuition and required educational and general fees collected;

(2) All auxiliary and auxiliary capital fees collected; and

(3) All required educational and general capital fees collected to support existing systemwide and institutional debt service and future systemwide and institutional debt service, capital projects and campus renewal for educational and general facilities.

(4) Subject to any covenants or restrictions imposed with respect to revenue bonds payable from such accounts, an institution may expend funds from each such special revenue account for any purpose for which funds were collected within that account regardless of the original purpose for which the funds were collected.

(c) The purposes for which tuition and fees may be expended include, but are not limited to, health services, student activities, recreational, athletic and extracurricular activities. Additionally, tuition and fees may be used to finance a student's attorney to perform legal services for students in civil matters at the institutions: *Provided,* That the legal services are limited only to those types of cases, programs or services approved by the administrative head of the institution where the legal services are to be performed.

(d) The commission and council jointly shall propose a rule for legislative approval in accordance with the provisions of article three-a, chapter twenty-nine-a of this code to govern the fixing, collection and expenditure of tuition and other fees.

(e) The Legislature finds that an emergency exists and, therefore, the commission and council jointly shall file the rule required by subsection (d) of this section as an emergency rule pursuant to the provisions of article three-a, chapter twenty-nine-a of this code, subject to the prior approval of the Legislative Oversight Commission on Education Accountability.

(f) The schedule of all tuition and fees, and any changes therein, shall be entered in the minutes of the meeting of the appropriate governing board and the board shall file with the commission or council, or both, as appropriate, and the Legislative Auditor a certified copy of such schedule and changes.

(g) The boards shall establish the rates to be charged full-time students, as defined in section one-b of this article, who are enrolled during a regular academic term.

(1) Undergraduate students taking fewer than twelve credit hours in a regular term shall have their fees reduced pro rata based upon one twelfth of the full-time rate per credit hour and graduate students taking fewer than nine credit hours in a regular term shall have their fees reduced pro rata based upon one ninth of the full-time rate per credit hour.

(2) Fees for students enrolled in summer terms or other nontraditional time periods shall be prorated based upon the number of credit hours for which the student enrolls in accordance with the above provisions.

(h) All fees are due and payable by the student upon enrollment and registration for classes except as provided in this subsection:

(1) The governing boards shall permit fee payments to be made in installments over the course of the academic term. All fees shall be paid prior to the awarding of course credit at the end of the academic term.

(2) The governing boards also shall authorize the acceptance of credit cards or other payment methods which may be generally available to students for the payment of fees. The governing boards may charge the students for the reasonable and customary charges incurred in accepting credit cards and other methods of payment.

(3) If a governing board determines that a student's finances are affected adversely by a legal work stoppage, it may allow the student an additional six months to pay the fees for any academic term. The governing board shall determine on a case-by-case basis if the finances of a student are affected adversely.

(4) The commission and council jointly shall propose a rule in accordance with the provisions of article three-a, chapter twenty-nine-a of this code defining conditions under which an institution may offer tuition and fee deferred payment plans through the institution or through third parties.

(5) An institution may charge interest or fees for any deferred or installment payment plans.

(i) In addition to the other fees provided in this section, each governing board may impose, collect and distribute a fee to be used to finance a nonprofit, student-controlled public interest research group if the students at the institution demonstrate support for the increased fee in a manner and method established by that institution's elected student government. The fee may not be used to finance litigation against the institution.

(j) Institutions shall retain tuition and fee revenues not pledged for bonded indebtedness or other purposes in accordance with the tuition rule proposed by the commission and council jointly pursuant to this section. The tuition rule shall:

(1) Provide a basis for establishing nonresident tuition and fees;

(2) Allow institutions to charge different tuition and fees for different programs;

(3) Provide that a board of governors may propose to the commission, council or both, as appropriate, a mandatory auxiliary fee under the following conditions:

(A) The fee shall be approved by the commission, council or both, as appropriate, and either the students below the senior level at the institution or the Legislature before becoming effective;

(B) Increases may not exceed previous state subsidies by more than ten percent;

(C) The fee may be used only to replace existing state funds subsidizing auxiliary services such as athletics or bookstores;

(D) If the fee is approved, the amount of the state subsidy shall be reduced annually by the amount of money generated for the institution by the fees. All state subsidies for the auxiliary services shall cease five years from the date the mandatory auxiliary fee is implemented;

(E) The commission, council or both, as appropriate, shall certify to the Legislature by the first day of October in the fiscal year following implementation of the fee, and annually thereafter, the amount of fees collected for each of the five years;

(4) Establish methodology, where applicable, to ensure that, within the appropriate time period under the compact, community and technical college tuition rates for community and technical college students in all independently accredited community and technical colleges will be commensurate with the tuition and fees charged by their peer institutions.

(k) A penalty may not be imposed by the commission or council upon any institution based upon the number of nonresidents who attend the institution unless the commission or council determines that admission of nonresidents to any institution or program of study within the institution is impeding unreasonably the ability of resident students to attend the institution or participate in the programs of the institution. The institutions shall report annually to the commission or council on the numbers of nonresidents and such other enrollment information as the commission or council may request.

(*l*) Tuition and fee increases of the governing boards, except for the governing boards of the state institutions of higher education known as Marshall University and West Virginia University, are subject to rules adopted by the commission and council jointly pursuant to this section and in accordance with the provisions of article three-a, chapter twenty-nine-a of this code.

(1) Subject to the provisions of subdivisions (4) and (8) of this subsection, a governing board of an institution under the jurisdiction of the commission may propose tuition and fee increases of up to nine and one-half percent for undergraduate resident students for any fiscal year. The nine and one-half percent total includes the amount of increase over existing tuition and fees, combined with the amount of any newly established specialized fee which may be proposed by a governing board.

(2) A governing board of an institution under the jurisdiction of the council may propose tuition and fee increases of up to four and three quarters percent for undergraduate resident students for any fiscal year. The four and three-quarters percent total includes the amount of increase over existing tuition and fees, combined with the amount of any newly established, specialized fee which may be proposed by a governing board.

(3) The commission or council, as appropriate, shall examine individually each request from a governing board for an increase.

(4) Subject to the provisions of subdivision (8) of this subsection the governing boards of Marshall University and West Virginia University, as these provisions relate to the state institutions of higher education known as Marshall University and West Virginia University, each may annually:

(A) Increase tuition and fees for undergraduate resident students to the maximum allowed by this section without seeking approval from the commission; and

(B) Set tuition and fee rates for post-baccalaureate resident students and for all nonresident students, including establishing regional tuition and fee rates, reciprocity agreements or both.

(C) The provisions of this subdivision do not apply to tuition and fee rates of the administratively linked institution known as Marshall Community and Technical College, the administratively linked institution known as the Community and Technical College at West Virginia University Institute of Technology, the regional campus known as West Virginia University at Parkersburg and, until the first day of July, two thousand seven, the regional campus known as West Virginia University Institute of Technology.

(5) Any proposed tuition and fee increase for state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University requires the approval of the commission or council, as appropriate. In determining whether to approve or deny the governing board's request, the commission or council shall determine the progress the institution has made toward meeting the conditions outlined in this subdivision and shall make this determination the predominate factor in its decision. The commission or council shall consider the degree to which each institution has met the following conditions:

(A) Has maximized resources available through nonresident tuition and fee charges to the satisfaction of the commission or council;

(B) Is consistently achieving the benchmarks established in the compact of the institution pursuant to the provisions of article one-a of this chapter;

(C) Is continuously pursuing the statewide goals for post-secondary education and the statewide compact established in articles one and one-a of this chapter;

(D) Has demonstrated to the satisfaction of the commission or council that an increase will be used to maintain high-quality programs at the institution;

(E) Has demonstrated to the satisfaction of the commission or council that the institution is making adequate progress toward achieving the goals for education established by the southern regional education board; and

(F) To the extent authorized, will increase by up to five percent the available tuition and fee waivers provided by the institution. The increased waivers may not be used for athletics.

(6) This section does not require equal increases among institutions or require any level of increase at an institution.

(7) The commission and council shall report to the Legislative Oversight commission on Education Accountability regarding the basis for each approval or denial as determined using the criteria established in subdivision (5) of this subsection.

(8) Notwithstanding the provisions of subdivisions (1) and (4) of this subsection, tuition and fee increases at state institutions of higher education which are under the jurisdiction of the commission, including the state institutions of higher education known as Marshall University and West Virginia University, are subject to the following conditions:

(A) Institutions may increase tuition and fees for resident, undergraduate students by no more than an average of seven and one-half percent per year during any period covering four consecutive fiscal years, with the first fiscal year of the first four-fiscal year cycle beginning on the first day of July, two thousand seven;

(B) The seven and one-half percent average cap does not apply to an institution for any fiscal year in which the total state base operating budget appropriations to that institution are less than the total state base operating budget appropriations in the fiscal year immediately preceding;

(C) A new capital fee or an increase in an existing capital fee is excluded from the tuition and fee increase calculation in this subdivision:

(i) If the new fee or fee increase is approved by an institutional governing board or by a referendum of an institution's undergraduate students, or both, on or before the first day of February, two thousand six; or

(ii) If the following conditions are met:

(I) The new fee or fee increase was approved by an institutional governing board or by a referendum of an institution's undergraduate students, or both, on or before the first day of July, two thousand six;

(II) The institution for which the capital fee is approved has been designated a university pursuant to the provisions of section six, article two-a of this chapter by the effective date of this section; and

(III) The institutional board of governors previously oversaw a community and technical college that achieved independent accreditation and consequently acquired its own board of governors;

(D) Institutions shall provide, in a timely manner, any data on tuition and fee increases requested by the staff of the commission. The commission has the power and the duty to:

(i) Collect such data from any institution under its jurisdiction; and

(ii) Annually by the first day of July, provide a detailed analysis of the institutions' compliance with the provisions of this subdivision to the Legislative Oversight Commission on Education Accountability.

Acts 1989, c. 64; Acts 1993, c. 47; Acts 1995, c. 99, eff. March 11, 1995; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2003, c. 96, eff. March 8, 2003; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 86, eff. July 1, 2005; Acts 2006, c. 84, eff. July 1, 2006.

Historical and Statutory Notes

Acts 2006, c. 79, also amended this section to read:

"(a) Each governing board shall fix tuition and other fees for each school term for the different classes or categories of students enrolling at each state institution of higher education under its jurisdiction and may include among the tuition and fees any one or more of the following as defined in section one-b of this article:

"(1) Tuition and required educational and general fees;

"(2) Auxiliary and auxiliary capital fees; and

"(3) Required educational and general capital fees.

"(b) An institution may establish a single special revenue account for each of the following classifications of fees:

"(1) All tuition and required educational and general fees collected;

"(2) All auxiliary and auxiliary capital fees collected; and

"(3) All required educational and general capital fees collected to support existing systemwide and institutional debt service and future systemwide and institutional debt service, capital projects and campus renewal for educational and general facilities.

"(4) Subject to any covenants or restrictions imposed with respect to revenue bonds payable from such accounts, an institution may expend funds from each such special revenue account for any purpose for which funds were collected within that account regardless of the original purpose for which the funds were collected.

"(c) The purposes for which tuition and fees may be expended include, but are not limited to, health services, student activities, recreational, athletic and extracurricular activities. Additionally, tuition and fees may be used to finance a student's attorney to perform legal services for students in civil matters at the institutions: Provided, That the legal services are limited only to those types of cases, programs or services approved by the administrative head of the institution where the legal services are to be performed.

"(d) The commission and council jointly shall propose a rule for legislative approval in accordance with the provisions of article three-a, chapter twenty-nine-a of this code to govern the fixing, collection and expenditure of tuition and other fees.

"(e) The Legislature finds that an emergency exists and, therefore, the commission and council jointly shall file the rule required by subsection (d) of this section as an emergency rule pursuant to the provisions of article three-a, chapter twenty-nine-a of this code, subject to the prior approval of the Legislative Oversight Commission on Education Accountability.

"(f) The schedule of all tuition and fees, and any changes therein, shall be entered in the minutes of the meeting of the appropriate governing board and the board shall file with the commission or council, or both, as appropriate, and the Legislative Auditor a certified copy of such schedule and changes.

"(g) The boards shall establish the rates to be charged full-time students, as defined in section one-b of this article, who are enrolled during a regular academic term.

"(1) Undergraduate students taking fewer than twelve credit hours in a regular term shall have their fees reduced pro rata based upon one twelfth of the full-time rate per credit hour and graduate students taking fewer than nine credit hours in a regular term shall have their fees reduced pro rata based upon one ninth of the full-time rate per credit hour.

"(2) Fees for students enrolled in summer terms or other nontraditional time periods shall be prorated based upon the number of credit hours for which the student enrolls in accordance with the above provisions.

"(h) All fees are due and payable by the student upon enrollment and registration for classes except as provided in this subsection.

"(1) The governing boards shall permit fee payments to be made in installments over the course of the academic term. All fees shall be paid prior to the awarding of course credit at the end of the academic term.

"(2) The governing boards also shall authorize the acceptance of credit cards or other payment methods which may be generally available to students for the payment of fees. The governing boards may charge the students for the reasonable and customary charges incurred in accepting credit cards and other methods of payment.

"(3) If a governing board determines that a student's finances are affected adversely by a legal work stoppage, it may allow the student an additional six months to pay the fees for any academic term. The governing board shall determine on a case-by-case basis if the finances of a student are affected adversely.

"(4) The commission and council jointly shall propose a rule in accordance with the provisions of article three-a, chapter twenty-nine-a of this code, defining conditions under which an institution may offer tuition and fee deferred payment plans through the institution or through third parties.

"(5) An institution may charge interest or fees for any deferred or installment payment plans.

"(i) In addition to the other fees provided in this section, each governing board may impose

collect and distribute a fee to be used to finance a nonprofit, student-controlled public interest research group if the students at the institution demonstrate support for the increased fee in a manner and method established by that institution's elected student government. The fee may not be used to finance litigation against the institution.

"(j) Institutions shall retain tuition and fee revenues not pledged for bonded indebtedness or other purposes in accordance with the tuition rule proposed by the commission and council jointly pursuant to this section. The tuition rule shall:

"(1) Provide a basis for establishing nonresident tuition and fees;

"(2) Allow institutions to charge different tuition and fees for different programs;

"(3) Provide that a board of governors may propose to the commission, council or both, as appropriate, a mandatory auxiliary fee under the following conditions:

"(A) The fee shall be approved by the commission, council or both, as appropriate, and either the students below the senior level at the institution or the Legislature before becoming effective;

"(B) Increases may not exceed previous state subsidies by more than ten percent;

"(C) The fee may be used only to replace existing state funds subsidizing auxiliary services such as athletics or bookstores;

"(D) If the fee is approved, the amount of the state subsidy shall be reduced annually by the amount of money generated for the institution by the fees. All state subsidies for the auxiliary services shall cease five years from the date the mandatory auxiliary fee is implemented;

"(E) The commission, council or both, as appropriate, shall certify to the Legislature by the first day of October in the fiscal year following implementation of the fee, and annually thereafter, the amount of fees collected for each of the five years;

"(4) Establish methodology, where applicable, to ensure that, within the appropriate time period under the compact, community and technical college tuition rates for community and technical college students in all independently accredited community and technical colleges will be commensurate with the tuition and fees charged by their peer institutions.

"(k) A penalty may not be imposed by the commission or council upon any institution based upon the number of nonresidents who attend the institution unless the commission or council determines that admission of nonresidents to any institution or program of study within the institution is impeding unreasonably the ability of resident students to attend the institution or participate in the programs of the institution. The institutions shall report annually to the commission or council on the numbers of nonresidents and such other enrollment information as the commission or council may request.

"(*l*) Tuition and fee increases of the governing boards, except for the governing boards of the state institutions of higher education known as Marshall University and West Virginia University, are subject to rules adopted by the commission and council jointly pursuant to this section and in accordance with the provisions of article three-a, chapter twenty-nine-a of this code.

"(1) Subject to the provisions of subdivisions (4) and (8) of this subsection, a governing board of an institution under the jurisdiction of the commission may propose tuition and fee increases of up to nine and one-half percent for undergraduate resident students for any fiscal year. The nine and one-half percent total includes the amount of increase over existing tuition and fees, combined with the amount of any newly established, specialized fee which may be proposed by a governing board.

"(2) A governing board of an institution under the jurisdiction of the council may propose tuition and fee increases of up to four and three quarters percent for undergraduate resident students for any fiscal year. The four and three-quarters percent total includes the amount of increase over existing tuition and fees, combined with the amount of any newly established, specialized fee which may be proposed by a governing board.

"(3) The commission or council, as appropriate, shall examine individually each request from a governing board for an increase.

"(4) Subject to the provisions of subdivision (8) of this subsection, the governing boards of Marshall University and West Virginia University, as these provisions relate to the state institutions of higher education known as Marshall University and West Virginia University, each may annually:

"(A) Increase tuition and fees for undergraduate resident students to the maximum allowed by this section without seeking approval from the commission; and

"(B) Set tuition and fee rates for post-baccalaureate resident students and for all nonresident students, including establishing regional tuition and fee rates, reciprocity agreements or both.

"(C) The provisions of this subdivision do not apply to tuition and fee rates of the administratively linked institution known as Marshall Community and Technical College, the administratively linked institution known as the Community and Technical College at West Virginia University Institute of Technology, the regional campus known as West Virginia University at

Parkersburg and, until the first day of July, two thousand seven, the regional campus known as West Virginia University Institute of Technology.

"(5) Any proposed tuition and fee increase for state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University requires the approval of the commission or council, as appropriate. In determining whether to approve or deny the governing board's request, the commission or council shall determine the progress the institution has made toward meeting the conditions outlined in this subdivision and shall make this determination the predominate factor in its decision. The commission or council shall consider the degree to which each institution has met the following conditions:

"(A) Has maximized resources available through nonresident tuition and fee charges to the satisfaction of the commission or council;

"(B) Is consistently achieving the benchmarks established in the compact of the institution pursuant to the provisions of article one-a of this chapter;

"(C) Is continuously pursuing the statewide goals for post-secondary education and the statewide compact established in articles one and one-a of this chapter;

"(D) Has demonstrated to the satisfaction of the commission or council that an increase will be used to maintain high-quality programs at the institution;

"(E) Has demonstrated to the satisfaction of the commission or council that the institution is making adequate progress toward achieving the goals for education established by the southern regional education board; and

"(F) To the extent authorized, will increase by up to five percent the available tuition and fee waivers provided by the institution. The increased waivers may not be used for athletics.

"(6) This section does not require equal increases among institutions or require any level of increase at an institution.

"(7) The commission and council shall report to the Legislative Oversight Commission on Education Accountability regarding the basis for each approval or denial as determined using the criteria established in subdivision (5) of this subsection.

"(8) Notwithstanding the provisions of subdivisions (1) and (4) of this subsection, tuition and fee increases at state institutions of higher education which are under the jurisdiction of the commission, including the state institutions of higher education known as Marshall University and West Virginia University, are subject to the following conditions:

"(A) Institutions may increase tuition and fees for resident, undergraduate students by no more than an average of seven and one-half percent per year during any period covering four consecutive fiscal years, with the first fiscal year of the first four-fiscal year cycle beginning on the first day of July, two thousand seven;

"(B) The seven and one-half percent average cap does not apply to an institution for any fiscal year in which the total state base operating budget appropriations to that institution are less than the total state base operating budget appropriations in the fiscal year immediately preceding;

"(C) A new capital fee or an increase in an existing capital fee is excluded from the tuition and fee increase calculation in this subdivision:

"(i) If the new fee or fee increase is approved by an institutional governing board or by a referendum of an institution's undergraduate students, or both, on or before the first day of February, two thousand six; or

"(ii) If the following conditions are met:

"(I) The new fee or fee increase was approved by an institutional governing board or by a referendum of an institution's undergraduate students, or both, on or before the first day of July, two thousand six;

"(II) The institution for which the capital fee is approved has been designated a university pursuant to the provisions of section six, article two-a of this chapter by the effective date of this section; and

"(III) The institutional board of governors previously oversaw a community and technical college that achieved independent accreditation and consequently acquired its own board of governors;

"(D) Institutions shall provide, in a timely manner, any data on tuition and fee increases requested by the staff of the commission. The commission has the power and the duty to:

"(i) Collect such data from any institution under its jurisdiction; and

"(ii) Annually by the first day of July, provide a detailed analysis of the institutions' compliance with the provisions of this subdivision to the Legislative Oversight Commission on Education Accountability."

Acts 2006, c. 85, also amended this section to read:

"(a) Each governing board shall fix tuition and other fees for each school term for the different classes or categories of students enrolling at each state institution of higher education under its jurisdiction and may include among the tuition and fees any one or more of the following as defined in section one-b of this article:

"(1) Tuition and required educational and general fees;

"(2) Auxiliary and auxiliary capital fees; and

"(3) Required educational and general capital fees.

"(b) An institution may establish a single special revenue account for each of the following classifications of fees:

"(1) All tuition and required educational and general fees collected;

"(2) All auxiliary and auxiliary capital fees collected; and

"(3) All required educational and general capital fees collected to support existing systemwide and institutional debt service and future systemwide and institutional debt service, capital projects and campus renewal for educational and general facilities.

"(4) Subject to any covenants or restrictions imposed with respect to revenue bonds payable from such accounts, an institution may expend funds from each such special revenue account for any purpose for which funds were collected within that account regardless of the original purpose for which the funds were collected.

"(c) The purposes for which tuition and fees may be expended include, but are not limited to, health services, student activities, recreational, athletic and extracurricular activities. Additionally, tuition and fees may be used to finance a student's attorney to perform legal services for students in civil matters at the institutions: *Provided,* That the legal services are limited only to those types of cases, programs or services approved by the administrative head of the institution where the legal services are to be performed.

"(d) The commission and council jointly shall propose a rule for legislative approval in accordance with the provisions of article three-a, chapter twenty-nine-a of this code to govern the fixing, collection and expenditure of tuition and other fees.

"(e) The Legislature finds that an emergency exists and, therefore, the commission and council jointly shall file the rule required by subsection (d) of this section as an emergency rule pursuant to the provisions of article three-a, chapter twenty-nine-a of this code, subject to the prior approval of the Legislative Oversight Commission on Education Accountability.

"(f) The schedule of all tuition and fees, and any changes therein, shall be entered in the minutes of the meeting of the appropriate governing board and the board shall file with the commission or council, or both, as appropriate, and the Legislative Auditor a certified copy of such schedule and changes.

"(g) The boards shall establish the rates to be charged full-time students, as defined in section one-b of this article, who are enrolled during a regular academic term.

"(1) Undergraduate students taking fewer than twelve credit hours in a regular term shall have their fees reduced pro rata based upon one twelfth of the full-time rate per credit hour and graduate students taking fewer than nine credit hours in a regular term shall have their fees reduced pro rata based upon one ninth of the full-time rate per credit hour.

"(2) Fees for students enrolled in summer terms or other nontraditional time periods shall be prorated based upon the number of credit hours for which the student enrolls in accordance with the above provisions.

"(h) All fees are due and payable by the student upon enrollment and registration for classes except as provided in this subsection:

"(1) The governing boards shall permit fee payments to be made in installments over the course of the academic term. All fees shall be paid prior to the awarding of course credit at the end of the academic term.

"(2) The governing boards also shall authorize the acceptance of credit cards or other payment methods which may be generally available to students for the payment of fees. The governing boards may charge the students for the reasonable and customary charges incurred in accepting credit cards and other methods of payment.

"(3) If a governing board determines that a student's finances are affected adversely by a legal work stoppage, it may allow the student an additional six months to pay the fees for any academic term. The governing board shall determine on a case-by-case basis if the finances of a student are affected adversely.

"(4) The commission and council jointly shall propose a rule in accordance with the provisions of article three-a, chapter twenty-nine-a of this code, defining conditions under which an institution may offer tuition and fee deferred payment plans through the institution or through third parties.

"(5) An institution may charge interest or fees for any deferred or installment payment plans.

"(i) In addition to the other fees provided in this section, each governing board may impose, collect and distribute a fee to be used to finance a nonprofit, student-controlled public interest research group if the students at the institution demonstrate support for the increased fee in a manner and method established by that institution's elected student government. The fee may not be used to finance litigation against the institution.

"(j) Institutions shall retain tuition and fee revenues not pledged for bonded indebtedness or other purposes in accordance with the tuition rule proposed by the commission and council jointly pursuant to this section. The tuition rule shall:

"(1) Provide a basis for establishing nonresident tuition and fees;

"(2) Allow institutions to charge different tuition and fees for different programs;

"(3) Provide that a board of governors may propose to the commission, council or both, as appropriate, a mandatory auxiliary fee under the following conditions:

"(A) The fee shall be approved by the commission, council or both, as appropriate, and either the students below the senior level at the institution or the Legislature before becoming effective;

"(B) Increases may not exceed previous state subsidies by more than ten percent;

"(C) The fee may be used only to replace existing state funds subsidizing auxiliary services such as athletics or bookstores;

"(D) If the fee is approved, the amount of the state subsidy shall be reduced annually by the amount of money generated for the institution by the fees. All state subsidies for the auxiliary services shall cease five years from the date the mandatory auxiliary fee is implemented;

"(E) The commission, council or both, as appropriate, shall certify to the Legislature by the first day of October in the fiscal year following implementation of the fee, and annually thereafter, the amount of fees collected for each of the five years;

"(4) Establish methodology, where applicable, to ensure that, within the appropriate time period under the compact, community and technical college tuition rates for community and technical college students in all independently accredited community and technical colleges will be commensurate with the tuition and fees charged by their peer institutions.

"(k) A penalty may not be imposed by the commission or council upon any institution based upon the number of nonresidents who attend the institution unless the commission or council determines that admission of nonresidents to any institution or program of study within the institution is impeding unreasonably the ability of resident students to attend the institution or participate in the programs of the institution. The institutions shall report annually to the commission or council on the numbers of nonresidents and such other enrollment information as the commission or council may request.

"(*l*) Tuition and fee increases of the governing boards, except for the governing boards of the state institutions of higher education known as Marshall University and West Virginia University, are subject to rules adopted by the commission and council jointly pursuant to this section and in accordance with the provisions of article three-a, chapter twenty-nine-a of this code.

"(1) Subject to the provisions of subdivision (4) of this subsection, a governing board of an institution under the jurisdiction of the commission may propose tuition and fee increases of up to nine and one-half percent for undergraduate resident students for any fiscal year. The nine and one-half percent total includes the amount of increase over existing tuition and fees, combined with the amount of any newly established specialized fee which may be proposed by a governing board.

"(2) A governing board of an institution under the jurisdiction of the council may propose tuition and fee increases of up to four and three quarters percent for undergraduate resident students for any fiscal year. The four and three-quarters percent total includes the amount of increase over existing tuition and fees, combined with the amount of any newly established specialized fee which may be proposed by a governing board.

"(3) The commission or council, as appropriate, shall examine individually each request from a governing board for an increase.

"(4) The governing boards of Marshall University and West Virginia University, as these provisions relate to the state institutions of higher education known as Marshall University and West Virginia University, each may annually:

"(A) Increase tuition and fees for undergraduate resident students to the maximum allowed by this section without seeking approval from the commission; and

"(B) Set tuition and fee rates for post-baccalaureate resident students and for all nonresident students, including establishing regional tuition and fee rates, reciprocity agreements or both.

"(C) The provisions of this subdivision do not apply to tuition and fee rates of the administratively linked institution known as Marshall Community and Technical College, the administratively linked institution known as The Community and Technical College at West Virginia University Institute of Technology, the regional campus known as West Virginia University at Parkersburg and, until the first day of July, two thousand seven, the regional campus known as West Virginia University Institute of Technology.

"(5) Any proposed tuition and fee increase for state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University requires the approval of the commission or council, as appropriate. In determining whether to approve or deny the governing board's request, the commission or council shall determine the progress the institution has made toward meeting the conditions outlined in this subdivision and shall make this determination the predominate factor in its decision. The

commission or council shall consider the degree to which each institution has met the following conditions:

"(A) Has maximized resources available through nonresident tuition and fee charges to the satisfaction of the commission or council;

"(B) Is consistently achieving the benchmarks established in the compact of the institution pursuant to the provisions of article one-a of this chapter;

"(C) Is continuously pursuing the statewide goals for post-secondary education and the statewide compact established in articles one and one-a of this chapter;

"(D) Has demonstrated to the satisfaction of the commission or council that an increase will be used to maintain high-quality programs at the institution;

"(E) Has demonstrated to the satisfaction of the commission or council that the institution is making adequate progress toward achieving the goals for education established by the southern regional education board; and

"(F) To the extent authorized, will increase by up to five percent the available tuition and fee waivers provided by the institution. The increased waivers may not be used for athletics.

"(6) This section does not require equal increases among institutions or require any level of increase at an institution.

"(7) The commission and council shall report to the Legislative Oversight Commission on Education Accountability regarding the basis for each approval or denial as determined using the criteria established in subdivision (5) of this subsection."

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

United States Supreme Court

Student fees,
Public university student activity fee, extracurricular political and ideological speech, viewpoint neutrality, see Board of Regents of the University of Wisconsin System v. Southworth, U.S.Wis.2000, 120 S.Ct. 1346, 529 US 217.

Tuition,
Residence requirement, equal protection, see Martinez v. Bynum, U.S.Tex.1983, 103 S.Ct. 1838, 461 U.S. 321, 75 L.Ed.2d 879.
Nonresident tuition, equal protection, see Martinez v. Bynum, U.S.Tex.1983, 103 S.Ct. 1838, 461 U.S. 321, 75 L.Ed.2d 879

§ 18B–10–1a. Resident tuition rates for national guard members

(a) The term "resident" or "residency", or any other term or expression used to designate a West Virginia resident student, when used to determine the rate of tuition to be charged students attending community colleges and state-related and state-owned institutions of higher education shall be construed to include members of the national guard who are not residents of West Virginia but who are active members of a national guard unit in West Virginia who are participating in the national guard education services program.

(b) A member of the national guard who qualifies as a resident, as that term is defined in subsection (a) of this section, on the first day of the semester or term of the college or institution, shall be charged resident tuition rates.

(c) The provisions of this section apply at the beginning of the semester or term immediately following the effective date of this section.

Acts 1999, c. 113, eff. July 1, 1999.

Library References

Colleges and Universities ⇐9.20(2).
Westlaw Topic No. 81.

C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–1b. Special equity fee; purpose; exemptions

In addition to the other fees provided in this article, each governing board has the authority to impose, collect and expend the proceeds of a special equity fee under the following conditions:

(a) The fee shall be used solely for the purpose of complying with the athletic provisions of 20 U. S. C. 1681, *et seq.*, known as Title IX of the Education Amendment of 1972;

(b) The fee is exempt from limitations on fee increases set forth in this article for three years from the effective date of this section;

(c) The fee may not be used by an institution to advance its classification of participation in its athletics governing body; and

(d) The fee may not be imposed upon part-time students or students enrolled in an administratively-linked community and technical college.

Acts 2004, c. 92, eff. March 13, 2004

Library References

Colleges and Universities ⇐9.20(1).
Westlaw Topic No. 81.

C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–1c. Definitions

For the purposes of this article, the following words have the meanings specified unless the context clearly indicates a different meaning:

(a) "Auxiliary capital fees" means charges levied on students to support debt service, capital projects and campus maintenance and renewal for the auxiliary facilities of the institutions;

(b) "Auxiliary fees" means charges levied on all students to support auxiliary enterprises or optional charges levied only on students using the auxiliary service. Auxiliary fees include sales and service revenue from entities that exist predominately to furnish goods or services to students, faculty or staff such as residence halls, faculty and staff housing, food services, intercollegiate athletics, student unions, bookstores, parking and other service centers;

(c) "Full–time graduate student" means a graduate student who is enrolled for nine or more credit hours in a regular term;

(d) "Full–time undergraduate student" means an undergraduate student who is enrolled for twelve or more credit hours in a regular term;

(e) "Required educational and general capital fees" means:

(1) Charges levied on all students to support debt service of systemwide bond issues; and

(2) Charges levied on all students to support debt service, capital projects and campus maintenance and renewal for an institution's educational and general educational facilities; and

(f) "Tuition and required educational and general fees" means:

(1) Charges levied on all students of that class or category to support educational and general program services; and

(2) Optional charges levied for education and general services collected only from students using the service or from students for whom the services are made available. Educational and general expenditures are categorized as instruction, research, academic support, student services, institutional support, operation and maintenance of plant and scholarships and fellowships. Education and general expenditures do not include expenditures for auxiliary enterprises, hospitals or independent operations.

Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

§ 18B–10–2. Higher education resource assessment

(a) Pursuant to the authority granted by section four, article one-b of this chapter, and section six, article two-b of this chapter, the commission and council jointly shall establish a higher education resource assessment per student for each state institution of higher education under their respective jurisdictions. Community and technical colleges shall transfer all funds collected pursuant to this section to the council. All other institutions shall transfer all funds collected pursuant to this section to the commission. Any reference in this code to higher education resource fee means this higher education resource assessment.

(b) The commission and council jointly shall fix the assessment for the various institutions and classes of students and may periodically change these assessments. The amount of the assessment for each institution shall be prorated for part-time students.

(c) Each institution shall maintain a level of support for libraries and library supplies, including books, periodicals, subscriptions and audiovisual materials, instructional equipment and materials; and for the improvement in quality and scope of student services comparable to that level supported by the higher education resource fee previously authorized by this section.

(d) The assessment shall be expended or allocated by the commission or council to meet its general operating expenses or to fund statewide programs. To the maximum extent practicable, the commission and council shall offset the impact, if any, on financially needy students of any potential assessment increase under this section by allocating an appropriate amount of the revenue to the state scholarship program to be expended in accordance with the provisions of article five, chapter eighteen-c of this code.

Acts 1989, c. 64; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2004, c. 92, eff. March 13, 2004; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Historical and Statutory Notes

Acts 2004, c. 92, amended this section to read:

"§ 18B–10–2. Higher education resource fee

"In addition to the fees specifically provided for in section one of this article, all students enrolled for credit at a state institution of higher

education shall pay a higher education resource fee. The commission and council jointly shall fix the fee rates for the various institutions and classes of students under their respective jurisdictions and may from time to time change these rates. The amount of the fee charged at each institution shall be prorated for part-time students. The fee imposed by this section is in addition to the maximum fees allowed to be collected under the provision of section one of this article and is not limited thereby. Refunds of the fee may be made in the same manner as any other fee collected at state institutions of higher education.

"Ninety percent of the total fees collected at each institution pursuant to this section shall be deposited in a special fund in the state treasury for the institution at which the fees are collected and may be used by the institution for libraries and library supplies, including books, periodicals, subscriptions and audiovisual materials, instructional equipment and materials; and for the improvement in quality and scope of student services. Up to ten percent of the fee collections from institutions under the jurisdiction of the commission shall be deposited in a special fund and expended or allocated by the commission to meet general operating expenses of the commission or to fund statewide programs. Up to ten percent of the fee collections from institutions under the jurisdiction of the council shall be deposited in a special fund and expended or allocated by the council to meet general operating expenses of the council or to fund statewide programs. The boards shall, to the maximum extent practicable, offset the impact, if any, on financially needy students of any potential fee increases under this section by allocating an appropriate amount of such fee revenue to the state scholarship program to be expended in accordance with the provisions of article five, chapter eighteen-c of this code.

"The commission and council each shall, on or before the first day of July annually, provide the legislative auditor with a report of the projected fee collections for the board and each of its institutions and the expenditures proposed for such fee."

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–3. Repealed by Acts 2004, 1st Ex.Sess., c. 13, eff. March 21, 2004

Historical and Statutory Notes

The repealed section, which established a faculty improvement fee, was derived from Acts 1989, c. 64.

§ 18B–10–4. Medical education

The commission shall determine an appropriate portion of all tuition and fees paid by medical students enrolled for credit at the West Virginia university school of medicine, Marshall university school of medicine and the West Virginia school of osteopathic medicine to be used to support the health education student loan fund. The portion determined by the commission for this purpose shall be deposited into the health education student loan fund account in accordance with the provisions of article three, chapter eighteen-c of this code.

Acts 1989, c. 64; Acts 1991, 2nd Ex. Sess., c. 20; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–4a. Repealed by Acts 2004, 1st Ex.Sess., c. 13, eff. March 21, 2004

Historical and Statutory Notes

The repealed section, which established a health professions education fee, was derived from Acts 1989, c. 64.

§ 18B-10-4b. Additional fee waivers for health sciences and technology academy programs

(a) In addition to the number of fee waivers permitted in sections five and six of this article for undergraduate, graduate and professional schools, each state institution of higher education may waive all fees or any part thereof for students who are residents of West Virginia and who successfully complete the health sciences and technology academy affiliated programs.

(b) For purposes of this section, "Health Sciences and Technology Academy Programs" means those programs in the health sciences designed to assist junior high and high school students in conjunction with their parents and teachers, to enhance their knowledge and abilities in subject matters which will further a career in the field of health sciences.

Acts 1997, c. 87, eff. April 12, 1997; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B-10-5. Fee waivers — Undergraduate schools

Each governing board periodically may establish fee waivers for students in undergraduate studies at institutions under its jurisdiction entitling recipients to waiver of tuition, capital and other fees subject to the following conditions and limitations:

(a) Undergraduate fee waivers established by the governing boards of Marshall University and West Virginia University, respectively, for the state institutions of higher education known as Marshall University and West Virginia University, are subject to the provisions of section six-a of this Article;

(b) For the governing boards of state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University, the following conditions apply:

(1) An institution may not have in effect at any time a number of undergraduate fee waivers which exceeds five percent of the number of full-time equivalent undergraduate students registered during the fall semester of the immediately preceding academic year.

(2) Each undergraduate fee waiver entitles the recipient thereof to attend a designated state institution of higher education without payment of the tuition, capital and other fees as may be prescribed by the governing board and is for a period of time not to exceed eight semesters of undergraduate study.

(3) The governing board shall make rules pursuant to the provisions of section six, article one of this chapter, governing the award of undergraduate

fee waivers; the issuance and cancellation of certificates entitling the recipients to the benefits thereof; the use of the fee waivers by the recipients; and the rights and duties of the recipients with respect to the fee waivers. These rules may not be inconsistent with the provisions of this section.

(4) The awarding of undergraduate fee waivers shall be entered in the minutes of the meetings of the governing board.

(5) Students enrolled in an administratively-linked community and technical college shall be awarded a proportionate share of the total number of undergraduate fee waivers awarded by a governing board. The number to be awarded to students of the community and technical college is based upon the full-time equivalent enrollment of that institution.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 86, eff. July 1, 2005.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–6. Fee waivers — Professional and graduate schools

In addition to the fee waivers authorized for undergraduate study by the provisions of section five of this article, each governing board periodically may establish fee waivers for study in graduate and professional schools under its jurisdiction, including medicine and dentistry, entitling the recipients to waiver of tuition, capital, and other fees, subject to the following conditions and limitations:

(a) Graduate and professional fee waivers established by the governing boards of Marshall University and West Virginia University, respectively, are subject to the provisions of section six-a of this Article;

(b) For the governing boards of state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University, the following conditions apply:

(1) An institution may not have in effect at any time a number of graduate and professional school fee waivers which exceeds five percent of the number of full-time equivalent graduate and professional students registered during the corresponding fall semester, spring semester and summer term of the immediately preceding academic year. In addition to the above five percent, all graduate assistants employed by these institutions shall be granted a fee waiver.

(2) Each graduate or professional school fee waiver entitles the recipient to waiver of the tuition, capital and other fees as may be prescribed by the governing boards and is for a period of time not to exceed the number of semesters normally required in the recipient's academic discipline.

(3) The governing boards shall make rules pursuant to the provisions of section six, article one of this chapter, governing the award of graduate and professional school fee waivers; the issuance and cancellation of certificates entitling the recipients to the benefits thereof; the use of the fee waivers by the

recipients; and the rights and duties of the recipients with respect to the fee waivers. These rules may not be inconsistent with the provisions of this section.

(4) The awarding of graduate and professional school fee waivers shall be entered in the minutes of the meeting of each governing board.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 86, eff. July 1, 2005.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–6a. Undergraduate, graduate and professional fee waivers — Marshall University and West Virginia University

(a) *Undergraduate fee waivers.* —

(1) The governing boards of Marshall University and West Virginia University, respectively, may establish fee waivers for students in undergraduate studies at institutions under their jurisdiction which entitle recipients to waiver of tuition, capital and other fees, in whole or in part.

(2) Each undergraduate fee waiver is for a period of time not to exceed eight semesters of undergraduate study.

(3) Each governing board shall promulgate rules pursuant to the provisions of section six, article one of this chapter to govern the award of undergraduate fee waivers; the issuance and cancellation of certificates entitling the recipients to the benefits thereof; the use of the fee waivers by the recipients; and the rights and duties of the recipients with respect to the fee waivers. These rules may not be inconsistent with the provisions of this section.

(4) The awarding of undergraduate fee waivers shall be entered in the minutes of the meetings of the governing board.

(5) Students enrolled in an administratively linked community and technical college shall be awarded a proportionate share of the total number of undergraduate fee waivers awarded by a governing board. The number to be awarded to students of the community and technical college is based upon the full-time equivalent enrollment of that institution.

(b) *Graduate and professional school fee waivers.* —

(1) In addition to the fee waivers authorized for undergraduate study by subsection (a) of this section, the governing boards of Marshall University and West Virginia University, respectively, each may establish fee waivers for study in the graduate and professional schools under its jurisdiction, including medicine and dentistry, which entitle the recipients to waiver of tuition, capital and other fees, in whole or in part.

(2) Each graduate or professional school fee waiver entitles the recipient to waiver of the tuition, capital and other fees, in whole or in part, as may be

prescribed by the governing board and is for a period of time not to exceed the number of semesters normally required in the recipient's academic discipline.

(3) The governing boards each shall promulgate a rule pursuant to the provisions of section six, article one of this chapter, governing the award of graduate and professional school fee waivers; the issuance and cancellation of certificates entitling the recipients to the benefits thereof; the use of the fee waivers by the recipients; and the rights and duties of the recipients with respect to the fee waivers. These rules may not be inconsistent with the provisions of this section.

(4) The awarding of graduate and professional school fee waivers shall be entered in the minutes of the meeting of each governing board.

Acts 2005, c. 86, eff. July 1, 2005.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–7. Tuition and fee waivers for children and spouses of officers and firefighters killed in the line of duty

(a) Each state institution of higher education shall permit any person to attend its undergraduate courses and classes if classroom space is available without charging the person any tuition or any fees, if:

(1) The person is the child or spouse of an individual who was:

(A) A law-enforcement officer as defined in section one, article twenty-nine, chapter thirty of this code;

(B) A correctional officer at a state penal institution;

(C) A parole officer;

(D) A probation officer;

(E) A conservation officer; or

(F) A registered firefighter; and

(2) Killed in the line of duty while:

(A) Employed by the state or any political subdivision of the state; or

(B) A member of a volunteer fire department serving a political subdivision of this state.

(b) The state institution of higher education may require the person to pay:

(1) Special fees, including any laboratory fees, if the fees are required of all other students taking a single or that particular course; and

(2) Parking fees.

(c) The governing boards may promulgate rules:

(1) For determining the availability of classroom space;

(2) As it considers necessary to implement this section; and

(3) Regarding requirements for attendance, which may not exceed such requirements for other persons.

(d) The governing boards may extend to persons attending courses and classes under this section any rights, privileges or benefits extended to other students which it considers appropriate.

Acts 1989, c. 64; Acts 2006, c. 87, eff. July 1, 2006.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–7a. Tuition and fee waivers or adjustments for residents at least sixty–five years old

(a) Each governing board shall promulgate a rule establishing a reduced tuition and fee program for senior citizens. The rule shall include at least the following:

(1) One option for individuals who attend undergraduate and graduate courses without receiving credit and one option for those who attend undergraduate and graduate courses for credit;

(2) A requirement that the following conditions be met under either option of the program:

(A) The participant is a resident of West Virginia;

(B) The participant is sixty-five years of age or older; and

(C) Classroom space is available;

(3) A method of establishing priority for allowing a participant to attend a class or course;

(4) A determination of whether to require participants to pay special fees, including laboratory fees, if the fees are required of all other students;

(5) A determination of whether to require participants to pay for parking;

(6) Requirements for participants in the program under the no credit option:

(A) A grade or credit may not be given; and

(B) The total tuition and fees charged for each course or class, excluding laboratory and parking fees, may not exceed fifty dollars. After the first day of July, two thousand four, the governing boards may change the maximum fee; and

(7) A requirement for participants in the program under the for credit option that tuition and fee rates may not exceed fifty percent of the normal rates charged to state residents by the institution.

(b) The provisions of this section apply to both classroom-based courses, electronic and internet-based courses, and all other distance education delivery.

Acts 1999, c. 114, eff. 90 days after March 12, 1999; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–7b. Tuition waivers for high school graduates in foster care

The governing boards shall make provision for institutions under their respective jurisdictions to award a tuition and fee waiver for undergraduate courses at state institutions of higher education for any student, beginning with incoming freshmen in the Fall, two thousand, semester or term, who graduate from high school or pass the GED examination while in the legal custody of the state department of health and human resources. The student must be in foster care or other residential care for at least one year prior to the waiver award. If the foster care or other residential care is provided in another state, the student must first be returned to this state for waiver award eligibility.

To be eligible for a waiver award, a student must first: (1) Apply to and be accepted at the institution; and (2) apply for other student financial assistance, other than student loans, in compliance with federal financial aid rules, including the federal Pell grant.

Waiver renewal is contingent upon the student continuing to meet the academic progress standards established by the institution.

The waiver provided by this section for each eligible student may be used for no more than four years of undergraduate study. An initial waiver must be granted within two years of graduation from high school or passing the GED examination.

The waiver may only be used after other sources of financial aid that are dedicated solely to tuition and fees are exhausted.

Any award under this section is in addition to the number of fee waivers permitted in sections five and six of this article for undergraduate, graduate and professional schools.

No student who is enrolled in an institution of higher education as of the effective date of this section is eligible for a waiver award under the provisions of this section.

The governing boards may establish any limitations on the provisions of this section as they consider proper.

Acts 2000, c. 113, eff. March 11, 2000.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–8. Collection; disposition and use of capital and auxiliary capital fees; creation of special capital and auxiliary capital improvements funds; revenue bonds

(a) Effective the first day of July, two thousand four, this section, and any rules adopted by the commission, council, or both, in accordance with this

section and article three-a, chapter twenty-nine-a of this code, govern the collection, disposition and use of the capital and auxiliary capital fees authorized by section one of this article. Prior to the first day of July, two thousand four, the statutory provisions governing collection and disposition of capital funds in place prior to the enactment of this section remain in effect.

(b) *Fees for full-time students.* — The governing boards shall fix capital and auxiliary capital fees for full-time students at each state institution of higher education per semester. For institutions under its jurisdiction, a governing board may fix such fees at higher rates for students who are not residents of this state.

(c) *Fees for part-time students.* — For all part-time students and for all summer school students, the governing boards shall impose and collect such fees in proportion to, but not exceeding, the fees paid by full-time students. Refunds of such fees may be made in the same manner as any other fee collected at state institutions of higher education.

(d) There is created in the state treasury a special capital improvements fund and special auxiliary capital improvements fund for each state institution of higher education and the commission into which shall be paid all proceeds, respectively, of:

(1) The capital and auxiliary capital fees collected from students at all state institutions of higher education pursuant to this section; and

(2) The fees collected from such students pursuant to section one of this article.

The fees shall be expended by the commission and governing boards for the payment of the principal of or interest on any revenue bonds issued by the board of regents or the succeeding governing boards for which such fees were pledged prior to the enactment of this section.

(e) The governing boards may make expenditures from any of the special capital improvements funds or special auxiliary capital improvement funds established in this section to finance, in whole or in part, together with any federal, state or other grants or contributions, for any one or more of the following projects:

(1) The acquisition of land or any rights or interest therein;

(2) The construction or acquisition of new buildings;

(3) The renovation or construction of additions to existing buildings;

(4) The acquisition of furnishings and equipment for any such buildings; and

(5) The construction or acquisition of any other capital improvements or capital education facilities at such state institutions of higher education, including any roads, utilities or other properties, real or personal, or for other purposes necessary, appurtenant or incidental to the construction, acquisition, financing and placing in operation of such buildings, capital improvements or capital education facilities, including student unions, dormitories, housing

facilities, food service facilities, motor vehicle parking facilities and athletic facilities.

(f) The governing boards, in their discretion, may use the moneys in such special capital improvements funds and special auxiliary improvement funds to finance the costs of the above purposes on a cash basis. The commission, when singly or jointly requested by the governing boards, periodically may issue revenue bonds of the state as provided in this section to finance all or part of such purposes and pledge all or any part of the moneys in such special funds for the payment of the principal of and interest on such revenue bonds, and for reserves therefor. Any pledge of such special funds for such revenue bonds shall be a prior and superior charge on such special funds over the use of any of the moneys in such funds to pay for the cost of any of such purposes on a cash basis. Any expenditures from such special funds, other than for the retirement of revenue bonds, may be made by the commission or governing boards only to meet the cost of a predetermined capital improvements program for one or more of the state institutions of higher education, in such order of priority as was agreed upon by the governing board or boards and the commission and for which the aggregate revenue collections projected are presented to the governor for inclusion in the annual budget bill, and are approved by the Legislature for expenditure.

(g) Such revenue bonds periodically may be authorized and issued by the commission or governing boards to finance, in whole or in part, the purposes provided in this section in an aggregate principal amount not exceeding the amount which the commission determines can be paid as to both principal and interest and reasonable margins for a reserve therefor from the moneys in such special funds.

(h) The issuance of such revenue bonds shall be authorized by a resolution adopted by the governing board receiving the proceeds and the commission and such revenue bonds shall bear such date or dates; mature at such time or times not exceeding forty years from their respective dates; be in such form either coupon or registered, with such exchangeability and interchangeability privileges; be payable in such medium of payment and at such place or places, within or without the state; be subject to such terms of prior redemption at such prices not exceeding one hundred five per centum of the principal amount thereof; and shall have such other terms and provisions as determined by the governing board receiving the proceeds and the commission. Such revenue bonds shall be signed by the governor and by the chancellor of the commission or the chair of the governing boards authorizing the issuance thereof, under the great seal of the state, attested by the secretary of state, and the coupons attached thereto shall bear the facsimile signature of the chancellor of the commission or the chair of the appropriate governing boards. Such revenue bonds shall be sold in such manner as the commission or governing board determines is for the best interests of the state.

(i) The commission or governing boards may enter into trust agreements with banks or trust companies, within or without the state, and in such trust agreements or the resolutions authorizing the issuance of such bonds may enter

into valid and legally binding covenants with the holders of such revenue bonds as to the custody, safeguarding and disposition of the proceeds of such revenue bonds, the moneys in such special funds, sinking funds, reserve funds or any other moneys or funds; as to the rank and priority, if any, of different issues of revenue bonds by the commission or governing boards under the provisions of this section; as to the maintenance or revision of the amounts of such fees; as to the extent to which swap agreements, as defined in section two-h, article two-g, chapter thirteen of this code shall be used in connection with such revenue bonds, including such provisions as payment, term, security, default and remedy provisions as the commission shall consider necessary or desirable, if any, under which such fees may be reduced; and as to any other matters or provisions which are considered necessary and advisable by the commission or governing boards in the best interests of the state and to enhance the marketability of such revenue bonds.

(j) After the issuance of any of such revenue bonds, the fees at the state institutions of higher education pledged to the payment thereof may not be reduced as long as any of such revenue bonds are outstanding and unpaid except under such terms, provisions and conditions as shall be contained in the resolution, trust agreement or other proceedings under which such revenue bonds were issued. Such revenue bonds shall be and constitute negotiable instruments under the uniform commercial code of this state; shall, together with the interest thereon, be exempt from all taxation by the state of West Virginia, or by any county, school district, municipality or political subdivision thereof; and such revenue bonds may not be considered to be obligations or debts of the state and the credit or taxing power of the state may not be pledged therefor, but such revenue bonds shall be payable only from the revenue pledged therefor as provided in this section.

(k) Additional revenue bonds may be issued by the commission or governing boards pursuant to this section and financed by additional revenues or funds dedicated from other sources. It is the intent of the Legislature to authorize over a five-year period beginning on the first day of July, two thousand four, additional sources of revenue and funds to effect such funding for capital improvement.

(*l*) Funding of systemwide and campus-specific revenue bonds under any other section of this code is hereby continued and authorized pursuant to the terms of this section. Revenues of any state institution of higher education pledged to the repayment of any revenue bonds issued pursuant to this code shall remain pledged.

(m) Any revenue bonds for state institutions of higher education proposed to be issued under this section or other sections of this code first must be approved by the commission.

(n) Revenue bonds issued pursuant to this code may be issued by the commission or governing boards, either singly or jointly.

(*o*) Fees pledged for repayment of revenue bonds issued under this section or article twelve-b, chapter eighteen prior to the effective date of this section shall

be transferred to the commission in a manner prescribed by the commission. The commission shall have the authority to transfer funds from the accounts of institutions pledged for the repayment of revenue bonds issued prior to the effective date of this section or issued subsequently by the commission upon the request of institutions, if an institution fails to transfer the pledged revenues to the commission in a timely manner.

(p) Effective the first day of July, two thousand four, the capital and auxiliary capital fees authorized by this section and section one of this article are in lieu of any other fees set out in this code for capital and auxiliary capital projects to benefit public higher education institutions. Notwithstanding any other provisions of this code to the contrary, in the event any capital, tuition, registration or auxiliary fees are pledged to the payment of any revenue bonds issued pursuant to any general bond resolutions of the commission, any of its predecessors or any institution, adopted prior to the effective date of this section, such fees shall remain in effect in amounts not less than the amounts in effect as of that date, until such time as the revenue bonds payable from any of such fees have been paid or the pledge of such fees is otherwise legally discharged.

Acts 1989, c. 64; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–9. Authority to excuse students in certain educational programs from payment of enrollment fees

Whenever the cost of any institute, workshop, special course, or other educational program is wholly financed by a grant from any federal, state or local agency or from any foundation, corporation or other association or person, except for indirect costs of administration and other overhead expenses, such as the cost of providing classrooms and other facilities, the governing board of the state institution of higher education administering the program has the authority to excuse all students enrolled in such program from the payment of tuition and other fees.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–10. Repealed by Acts 2004, 1st Ex.Sess., c. 13, eff. March 21, 2004

Historical and Statutory Notes

The repealed section, which related to the disposition and use of student union fees, was derived from Acts 1989, c. 64.

§ 18B–10–11. Fees and money derived from athletic contests

The governing board of a state institution of higher education may fix and charge admission fees to athletic contests at institutions under its jurisdiction. The governing board may enter into contracts and spend and receive money under such contracts for the student athletic teams of the institutions to contest with other athletic teams inside or outside the state. All money received from such fees and contracts shall be deposited in the auxiliary operating account of the institution and expended for any purpose considered necessary and proper by the governing board.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–12. Student activities

(a) The governing board of a state institution of higher education may make funds available from tuition and fees to support extracurricular activities of the students as considered necessary.

(b) Each institution shall maintain a level of support for extracurricular activities of the students comparable to that level supported by student activities fees previously authorized by this section.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–13. Fees from operation of dormitories, faculty homes, dining halls and cafeterias

The appropriate governing board of each state institution of higher education shall fix the fees to be charged students and faculty members for rooms, board and meals at the dormitories, faculty homes, dining halls and cafeterias operated by such board at the institution. Such fees shall be commensurate with the complete cost of such services.

All fees collected for such services shall be used first to meet interest, principal and sinking fund requirements due on any outstanding revenue bonds for which the receipts may have been pledged as security and to pay the operating and maintenance costs of the dormitories, faculty homes, dining halls and cafeterias. Any such receipts not needed for these purposes may be expended by the appropriate governing board for any other auxiliary enterprise or educational and general instructional costs.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–14. Bookstores

(a) Each governing board may establish and operate a bookstore at the institutions under its jurisdiction to sell books, stationery and other school and office supplies generally carried in college bookstores.

(b) The prices to be charged may not be less than the prices fixed by any fair trade agreements and shall, in all cases, include in addition to the purchase price paid by the bookstore, a sufficient handling charge to cover all expenses incurred for personal and other services, supplies and equipment, storage and other operating expenses.

(c) Each governing board shall ensure that bookstores operated at institutions under its jurisdiction minimize the costs to students of purchasing textbooks. The governing board may:

(1) Require the repurchase and resale of textbooks on an institutional or a statewide basis; and

(2) Provide for the use of certain basic textbooks for a reasonable number of years.

(d) The Legislature recognizes that in two thousand four, the Congress of the United States commissioned the United States Government Accountability Office to study the high prices of college textbooks. Upon completion of the study, the Legislative Oversight Commission on Education Accountability shall obtain the results and any related reports produced by the Office.

(e) An employee of a governing board:

(1) May not:

(A) Receive a payment, loan, subscription, advance, deposit of money, service, benefit or thing of value, present or promised, as an inducement for requiring students to purchase a specific textbook for coursework or instruction; or

(B) Require for any course a textbook that includes his or her own writing or work if the textbook incorporates either detachable worksheets or workbook-style pages intended to be written on or removed from the textbook. This provision does not prohibit an employee from requiring as a supplement to a textbook any workbook or similar material which is published independently from the textbook; and

(2) May receive:

(A) Sample copies, instructor's copies and instructional material which are not to be sold; and

(B) Royalties or other compensation from sales of textbooks that include the employee's own writing or work.

(f) A governing board shall provide to students a listing of textbooks required or assigned for any course offered at the institution.

(1) The listing shall be prominently posted:

(A) In a central location at the institution;

(B) In any campus bookstore; and

(C) On the institution's website.

(2) The list shall include for each textbook the International Standard Book Number (ISBN), the edition number and any other relevant information.

(3) An institution shall post a book to the listing when the adoption process is complete and the textbook is designated for order by the bookstore.

(g) All moneys derived from the operation of the bookstore shall be paid into a special revenue fund as provided in section two, article two, chapter twelve of this code. Subject to the approval of the Governor, each governing board periodically shall change the amount of the revolving fund necessary for the proper and efficient operation of each bookstore.

(h) Moneys derived from the operation of the bookstore shall be used first to replenish the stock of goods and to pay the costs of operating and maintaining the bookstore. Notwithstanding any other provision of this section, any institution that has contracted with a private entity for bookstore operation shall deposit into an appropriate account all revenue generated by the operation and enuring to the benefit of the institution. The institution shall use the funds for nonathletic scholarships.

(i) Each governing board shall promulgate a rule in accordance with the provisions of section six, article one of this chapter to implement the provisions of this section.

(j) This section applies to textbook sales and bookstores supported by an institution's auxiliary services and those operated by a private contractor.

Acts 1989, c. 64; Acts 1993, c. 47; Acts 2003, c. 96, eff. March 8, 2003; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 99, eff. 90 days after April 9, 2005.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B-10-15. Authority of educational institutions to provide special services and programs; collection and disposition of fees therefor

(a) The governing board of each state institution of higher education may provide special services and special programs at such institutions and may fix and collect special fees or charges therefor. Such special services and special programs include, but are not limited to, any of the following:

(1) The conduct of music camps and band, orchestra or voice clinics for secondary school students or other youth groups; summer tutoring programs

for primary and secondary school students; speech therapy clinics and services; educational and psychological testing programs; student guidance programs; and statistical studies and calculations by an electronic computer service.

(2) Rental of lockers or other storage facilities and the maintenance and operation of parking facilities for use by students, faculty, staff and visitors.

(3) Rental of musical recordings, educational films, slides and other audiovisual aids.

(4) Microfilming or other mechanical reproduction of records and noncopyrighted library reference materials.

(5) Institutes, conferences, workshops, postgraduate and refresher noncredit courses and any other special program or special service customarily provided by institutions of higher education.

(6) Motor pools consisting of motor vehicles for the use of their employees when carrying on the business and affairs of the institutions.

(b) All fees or charges collected for any such special services or programs shall cover the total cost of the service or program.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B-10-16. Disposition of funds in state treasury

Except as may be provided for in any bond resolution in effect, funds in the state treasury heretofore collected from any of the sources defined in the foregoing sections shall remain in the state treasury for use by the institution where collected. Any interest revenue generated by a special student fee account shall only be expended at or for the institution where such fee was collected.

Acts 1989, c. 64.

Library References

Colleges and Universities ⇐6(1).
Westlaw Topic No. 81.
C.J.S. Colleges and Universities § 10.

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapters 18A to 18C

2011
Cumulative Annual Pocket Part

Replacing 2010 Pocket Part supplementing 2007 Main Volume

Includes laws through the 2011 Regular Session

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ARTICLE 10

FEES AND OTHER MONEY COLLECTED AT STATE INSTITUTIONS OF HIGHER EDUCATION

Section		Section	
18B–10–1.	Enrollment, tuition and other fees at education institutions; refund of fees.	18B–10–7c.	Tuition and fee waivers for certain veterans receiving federal educational assistance benefits.
18B–10–5.	Fee waivers—Undergraduate schools.	18B–10–8.	Collection; disposition and use of capital and auxiliary capital fees; creation of special capital and auxiliary capital improvements funds; revenue bonds.
18B–10–6.	Fee waivers—Professional and graduate schools.	18B–10–10.	The Medal of Honor and Andrew J. Trail Purple Heart Recipient Tuition Waiver.
18B–10–7.	Tuition and fee waivers for children and spouses of officers, firefighters, National Guard personnel, reserve personnel and active military duty personnel killed in the line of duty.		

§ 18B–10–1. Enrollment, tuition and other fees at education institutions; refund of fees

(a) Each governing board shall fix tuition and other fees for each academic term for the different classes or categories of students enrolling at the state institution of higher education under its jurisdiction and may include among the tuition and fees any one or more of the following as defined in section one-b of this article:

(1) Tuition and required educational and general fees;

(2) Auxiliary and auxiliary capital fees; and

(3) Required educational and general capital fees.

(b) A governing board may establish a single special revenue account for each of the following classifications of fees:

(1) All tuition and required educational and general fees collected;

(2) All auxiliary and auxiliary capital fees collected; and

(3) All required educational and general capital fees collected to support existing systemwide and institutional debt service and future systemwide and institutional debt service, capital projects and campus renewal for educational and general facilities.

(4) Subject to any covenants or restrictions imposed with respect to revenue bonds payable from the accounts, a governing board may expend funds from each special revenue account for any purpose for which funds were collected within that account regardless of the original purpose for which the funds were collected.

(c) The purposes for which tuition and fees may be expended include, but are not limited to, health services, student activities, recreational, athletic and extracurricular activities. Additionally, tuition and fees may be used to finance a students' attorney to perform legal services for students in civil matters at the institutions. The legal services are limited to those types of cases, programs or services approved by the president of the institution where the legal services are to be performed.

(d) By October 1, 2011, the commission and council each shall propose a rule for legislative approval in accordance with article three-a, chapter twenty-nine-a of this code to govern the fixing, collection and expenditure of tuition and other fees by the governing boards under their respective jurisdictions.

(e) The schedule of all tuition and fees, and any changes in the schedule, shall be entered in the minutes of the meeting of the appropriate governing board and the board shall file with the commission or council, or both, as appropriate, and the Legislative Auditor a certified copy of the schedule and changes.

(f) The governing boards shall establish the rates to be charged full-time students, as defined in section one-b of this article, who are enrolled during a regular academic term.

(1) Undergraduate students taking fewer than twelve credit hours in a regular term shall have their fees reduced pro rata based upon one twelfth of the full-time rate per credit hour and graduate students taking fewer than nine credit hours in a regular term shall have their fees reduced pro rata based upon one ninth of the full-time rate per credit hour.

(2) Fees for students enrolled in summer terms or other nontraditional time periods shall be prorated based upon the number of credit hours for which the student enrolls in accordance with this subsection.

(g) All fees are due and payable by the student upon enrollment and registration for classes except as provided in this subsection:

(1) The governing boards shall permit fee payments to be made in installments over the course of the academic term. All fees shall be paid prior to awarding course credit at the end of the academic term.

(2) The governing boards also shall authorize the acceptance of credit cards or other payment methods which may be generally available to students for the payment of fees. The governing boards may charge the students for the reasonable and customary charges incurred in accepting credit cards and other methods of payment.

(3) If a governing board determines that a student's finances are affected adversely by a legal work stoppage, it may allow the student an additional six months to pay the fees for any academic term. The governing board shall determine on a case-by-case basis whether the finances of a student are affected adversely.

(4) The commission and council jointly shall propose a rule in accordance with article three-a, chapter twenty-nine-a of this code defining conditions under which a governing board may offer tuition and fee deferred payment plans itself or through third parties.

(5) A governing board may charge interest or fees for any deferred or installment payment plans.

(h) In addition to the other fees provided in this section, each governing board may impose, collect and distribute a fee to be used to finance a nonprofit, student-controlled public interest research group if the students at the institution demonstrate support for the increased fee in a manner and method established by that institution's elected student government. The fee may not be used to finance litigation against the institution.

(i) Governing boards shall retain tuition and fee revenues not pledged for bonded indebtedness or other purposes in accordance with the tuition rules proposed by the commission and council pursuant to this section. The tuition rules shall address the following areas:

(1) Providing a basis for establishing nonresident tuition and fees;

(2) Allowing governing boards to charge different tuition and fees for different programs;

(3) Authorizing a governing board to propose to the commission, council or both, as appropriate, a mandatory auxiliary fee under the following conditions:

(A) The fee shall be approved by the commission, council or both, as appropriate, and either the students below the senior level at the institution or the Legislature before becoming effective;

(B) Increases may not exceed previous state subsidies by more than ten percent;

(C) The fee may be used only to replace existing state funds subsidizing auxiliary services such as athletics or bookstores;

(D) If the fee is approved, the amount of the state subsidy shall be reduced annually by the amount of money generated for the institution by the fees. All state subsidies for the auxiliary services shall cease five years from the date the mandatory auxiliary fee is implemented;

(E) The commission or council or both, as appropriate, shall certify to the Legislature annually by October 1 the amount of fees collected for each of the five years;

(4) Establishing methodology, where
period under the compact, community
community and technical colleges will
their peer institutions.

(j) A penalty may not be imposed b
based upon the number of nonresident
council determines that admission of
within the institution is impeding unre
institution or participate in the prog
report annually to the commission or
enrollment information the commissio

(k) Tuition and fee increases of the
Marshall University and West Virgi
commission and council pursuant to
chapter twenty-nine-a of this code. T
individually each request from a gove
as follows:

(1) A tuition and fee increase great
governing board requires the approva

(2) A fee used solely for the purpo
1681, *et seq.*, known as Title IX of t
limitations on fee increases set forth
of the section.

(3) In determining whether to ap
and/or fee increase for resident stu
subdivision (1) of this subsection, the
governing board has made toward m
make this determination the predon
shall consider the degree to which

(A) Maximizes resources availabl
satisfaction of the commission or cou

(B) Consistently achieves the be
one-d of this chapter;

(C) Continuously pursues the sta
wide compact established in this cha

(D) Demonstrates to the satisfac
used to maintain high-quality progr

(E) Demonstrates to the satisfac
is making adequate progress towa
southern regional education board;

(F) Demonstrates to the satisfac
has considered the average per ca
pay for any increases; and

(G) Demonstrates to the satisfa
increases have not kept pace with

(4) This section does not requi
require any level of increase by a g

(5) The commission and council
Education Accountability regardi
determined using the criteria estal

Acts 1989, c. 64; Acts 1993, c. 47; Ac
after March 19, 2000; Acts 2001, c. 11
1st Ex. Sess., c. 13, eff. March 21, 20
2006; Acts 2008, c. 81, eff. July 1, 2008

(4) Establishing methodology, where applicable, to ensure that, within the appropriate time period under the compact, community and technical college tuition rates for students in all community and technical colleges will be commensurate with the tuition and fees charged by their peer institutions.

(j) A penalty may not be imposed by the commission or council upon any governing board based upon the number of nonresidents who attend the institution unless the commission or council determines that admission of nonresidents to any institution or program of study within the institution is impeding unreasonably the ability of resident students to attend the institution or participate in the programs of the institution. The governing boards shall report annually to the commission or council on the numbers of nonresidents and any other enrollment information the commission or council may request.

(k) Tuition and fee increases of the governing boards, including the governing boards of Marshall University and West Virginia University, are subject to rules adopted by the commission and council pursuant to this section and in accordance with article three-a, chapter twenty-nine-a of this code. The commission or council, as appropriate, shall examine individually each request from a governing board for an increase and make its determinations as follows:

(1) A tuition and fee increase greater than five percent for resident students proposed by a governing board requires the approval of the commission or council, as appropriate.

(2) A fee used solely for the purpose of complying with the athletic provisions of 20 U.S.C. 1681, *et seq.*, known as Title IX of the Education Amendment of 1972, is exempt from the limitations on fee increases set forth in this subsection for three years from the effective date of the section.

(3) In determining whether to approve or deny a governing board's request for a tuition and/or fee increase for resident students greater than the increases granted pursuant to subdivision (1) of this subsection, the commission or council shall determine the progress the governing board has made toward meeting the conditions outlined in this subsection and shall make this determination the predominate factor in its decision. The commission or council shall consider the degree to which each governing board has met the following conditions:

(A) Maximizes resources available through nonresident tuition and fee charges to the satisfaction of the commission or council;

(B) Consistently achieves the benchmarks established in the compact pursuant to article one-d of this chapter;

(C) Continuously pursues the statewide goals for post-secondary education and the statewide compact established in this chapter;

(D) Demonstrates to the satisfaction of the commission or council that an increase will be used to maintain high-quality programs at the institution;

(E) Demonstrates to the satisfaction of the commission or council that the governing board is making adequate progress toward achieving the goals for education established by the southern regional education board;

(F) Demonstrates to the satisfaction of the commission or council that the governing board has considered the average per capita income of West Virginia families and their ability to pay for any increases; and

(G) Demonstrates to the satisfaction of the commission or council that base appropriation increases have not kept pace with recognized nation-wide inflationary benchmarks;

(4) This section does not require equal increases among governing boards nor does it require any level of increase by a governing board.

(5) The commission and council shall report to the Legislative Oversight Commission on Education Accountability regarding the basis for approving or denying each request as determined using the criteria established in this subsection.

Acts 1989, c. 64; Acts 1993, c. 47; Acts 1995, c. 99, eff. March 11, 1995; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2003, c. 96, eff. March 8, 2003; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 86, eff. July 1, 2005; Acts 2006, c. 84, eff. July 1, 2006; Acts 2008, c. 81, eff. July 1, 2008; Acts 2011, c. 79, eff. June 10, 2011.

§ 18B–10–5. Fee waivers—Undergraduate schools

Each governing board periodically may establish fee waivers for students in undergraduate studies at institutions under its jurisdiction entitling recipients to waiver of tuition, capital and other fees subject to the following conditions and limitations:

(a) Undergraduate fee waivers established by the governing boards of Marshall University and West Virginia University, respectively, for the state institutions of higher education known as Marshall University and West Virginia University, are subject to the provisions of section six-a of this article;

(b) For the governing boards of state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University, the following conditions apply:

(1) An institution may not have in effect at any time undergraduate fee waivers totaling more in value than five percent of the tuition and required fees assessed for all full-time equivalent undergraduate students registered during the fall semester of the immediately preceding academic year.

(2) Each undergraduate fee waiver entitles the recipient of the waiver to attend a designated state institution of higher education without payment of the tuition, capital and other fees as may be prescribed by the governing board and is for a period of time not to exceed eight semesters of undergraduate study.

(3) The governing board shall make rules pursuant to the provisions of section six, article one of this chapter governing the award of undergraduate fee waivers; the issuance and cancellation of certificates entitling the recipients to the benefits of the waiver; the use of the fee waivers by the recipients; and the rights and duties of the recipients with respect to the fee waivers. These rules may not be inconsistent with the provisions of this section.

(4) The awarding of undergraduate fee waivers shall be entered in the minutes of the meetings of the governing board.

(5) Students enrolled in an administratively linked community and technical college shall be awarded a proportionate share of the total number of undergraduate fee waivers awarded by a governing board. The number to be awarded to students of the community and technical college is based upon the full-time equivalent enrollment of that institution.

(6) An institution may grant fee waivers to its employees, their spouses and dependents and these waivers are not counted when determining the maximum percentage of waivers permitted by this section.

(7) Any fee waivers mandated by this article or by section three, article nineteen, chapter eighteen of this code are not counted when determining the maximum percentage of waivers permitted by this section.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 86, eff. July 1, 2005; Acts 2008, c. 81, eff. July 1, 2008.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–6. Fee waivers—Professional and graduate schools

In addition to the fee waivers authorized for undergraduate study by the provisions of section five of this article, each governing board periodically may establish fee waivers for study in graduate and professional schools under its jurisdiction, including medicine and dentistry, entitling the recipients to waiver of tuition, capital and other fees subject to the following conditions and limitations:

(a) Graduate and professional fee waivers established by the governing boards of Marshall University and West Virginia University, respectively, are subject to the provisions of section six-a of this article;

(b) For the governing boards of state institutions of higher education other than the state institutions of higher education known as Marshall University and West Virginia University, the following conditions apply:

(1) An institution may no
waivers totaling more in val
all full-time equivalent grad
ing fall semester, spring se
year. In addition to the fiv
these institutions shall be gr

(2) Each graduate or pro
tuition, capital and other fe
period of time not to exce
academic discipline.

(3) The governing boards
one of this chapter governin
issuance and cancellation of
the use of the fee waivers b
respect to the fee waivers.
section.

(4) The awarding of grad
minutes of the meeting of ea

(5) An institution may gr
and these waivers are not
permitted by this section.

(6) Any fee waivers mand
eighteen of this code are not
permitted by this section.

Acts 1989, c. 64; Acts 2004, 1st
Acts 2008, c. 81, eff. July 1, 2008.

Colleges and Universities ⇐9.
Westlaw Topic No. 81.

§ 18B–10–7. Tuition a
firefight
active m

(a) Each state institution
who is the child or spouse of

(1) Was employed or servi

(A) A law-enforcement offi
of this code;

(B) A correctional officer a

(C) A parole officer;

(D) A probation officer;

(E) A natural resources po

(F) A registered firefighte

(2) Was killed in the line o

(A) Employed by the state

(B) A member of a volunte

(b) Each state institution
who is the child or spouse of:

(1) A National Guard mem
the United States who is a re

(1) An institution may not have in effect at any time graduate and professional school fee waivers totaling more in value than five percent of the tuition and required fees assessed for all full-time equivalent graduate and professional students registered during the corresponding fall semester, spring semester and summer term of the immediately preceding academic year. In addition to the five percent in this subdivision, all graduate assistants employed by these institutions shall be granted a fee waiver.

(2) Each graduate or professional school fee waiver entitles the recipient to waiver of the tuition, capital and other fees as may be prescribed by the governing boards and is for a period of time not to exceed the number of semesters normally required in the recipient's academic discipline.

(3) The governing boards shall make rules pursuant to the provisions of section six, article one of this chapter governing the award of graduate and professional school fee waivers; the issuance and cancellation of certificates entitling the recipients to the benefits of the waivers; the use of the fee waivers by the recipients; and the rights and duties of the recipients with respect to the fee waivers. These rules may not be inconsistent with the provisions of this section.

(4) The awarding of graduate and professional school fee waivers shall be entered in the minutes of the meeting of each governing board.

(5) An institution may grant fee waivers to its employees, their spouses and dependents, and these waivers are not counted when determining the maximum percentage of waivers permitted by this section.

(6) Any fee waivers mandated by this article or by section three, article nineteen, chapter eighteen of this code are not counted when determining the maximum percentage of waivers permitted by this section.

Acts 1989, c. 64; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2005, c. 86, eff. July 1, 2005; Acts 2008, c. 81, eff. July 1, 2008.

Library References

Colleges and Universities ⇐9.20.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 29, 31.

§ 18B–10–7. Tuition and fee waivers for children and spouses of officers, firefighters, National Guard personnel, reserve personnel and active military duty personnel killed in the line of duty

(a) Each state institution of higher education shall waive tuition and fees for any person who is the child or spouse of an individual who:

(1) Was employed or serving as:

(A) A law-enforcement officer as defined in section one, article twenty-nine, chapter thirty of this code;

(B) A correctional officer at a state penal institution;

(C) A parole officer;

(D) A probation officer;

(E) A natural resources police officer; or

(F) A registered firefighter; and

(2) Was killed in the line of duty while:

(A) Employed by the state or any political subdivision of the state; or

(B) A member of a volunteer fire department serving a political subdivision of this state.

(b) Each state institution of higher education shall waive tuition and fees for any person who is the child or spouse of:

(1) A National Guard member or a member of a reserve component of the Armed Forces of the United States who is a resident of this state and is killed in the line of duty. The member

is considered to have been killed in the line of duty if death resulted from performing a duty required by his or her orders or commander while in an official duty status, other than on federal active duty, authorized under federal or state law; or

(2) A person on federal or state active military duty who is a resident of this state and is killed in the line of duty. The person is considered to have been killed in the line of duty if death resulted from performance of a duty required by his or her orders or commander while in an official duty status.

(c) Any waiver granted pursuant to this section is subject to the following:

(1) The recipient may attend any undergraduate course if classroom space is available;

(2) The recipient has applied and been admitted to the institution;

(3) The recipient has applied for and submitted the Free Application for Federal Student Aid;

(4) The recipient has exhausted all other sources of student financial assistance dedicated solely to tuition and fees that exceed other grant assistance that are available to him or her, excluding student loans;

(5) Waiver renewal is contingent upon the recipient continuing to meet the academic progress standards established by the institution.

(d) The state institution of higher education may require the person to pay:

(1) Special fees, including any laboratory fees, if the fees are required of all other students taking a single course or that particular course; and

(2) Parking fees.

(e) The governing boards may promulgate rules:

(1) For determining the availability of classroom space;

(2) As each considers necessary to implement this section; and

(3) Regarding requirements for attendance, which may not exceed the requirements for other students.

(f) The governing boards may extend to persons attending courses and classes under this section any rights, privileges or benefits extended to other students which it considers appropriate.

Acts 1989, c. 64; Acts 2006, c. 87, eff. July 1, 2006; Acts 2008, c. 81, eff. July 1, 2008; Acts 2009, c. 86, eff. July 10, 2009; Acts 2010, 1st Ex. Sess., c. 15, eff. May 16, 2010.

§ 18B–10–7c. Tuition and fee waivers for certain veterans receiving federal educational assistance benefits

(a) The Legislature finds that:

(1) The United States Congress, in enacting the Post–9/11 Veterans Educational Assistance Act of 2008, 38 U.S.C. § 3301, *et seq.*, has established a program within the United States Department of Veterans Affairs known as the "Yellow Ribbon G.I. Education Enhancement Program";

(2) Under the Act, certain individuals who served or are serving on active duty in the United States Armed Forces after September 11, 2001, are eligible to receive educational assistance benefits equal to the cost of undergraduate resident tuition and mandatory fees charged by a state institution of higher education; and

(3) The Program provides additional educational assistance benefits above the cost of undergraduate resident tuition and mandatory fees to veterans receiving benefits under the Act.

(b) The purpose of this section is to require state institutions of higher education to participate in the Program and encourage private institutions of higher education located in the state to participate.

(c) As soon as practicable after the
each state institution of higher educati
Secretary of Veterans Affairs to parti
is enrolled or will be enrolled as an un
waiver of the cost of tuition and ma
§ 3313(c)(1)(A) at a percentage equal
United States Department of Veteran
of the cost of tuition and manda
§ 3313(c)(1)(A) at a percentage equal
United States Department of Veterai
enrolled in a graduate or professional

(d) For the purposes of the limita
institutions of higher education set fo
granted by a state institution of hig
counted toward the amount of underg
at that institution.

(e) The Legislature encourages eve
state to participate in the Program.

(f) For the purposes of this section:

(1) "The Act" means the Post–9/11
§ 3301, *et seq.*;

(2) "The Program" means the Yel
U.S.C. § 3317; and

(3) "Eligible veteran" means any in

Acts 2009, c. 86, eff. July 10, 2009.

§ 18B–10–8. Collection; dispos fees; creation o ments funds; re

(a) This section and any rules ado
with this section and article three-a, c
disposition and use of the capital and
article. The statutory provisions gov
prior to the enactment of this section

(b) *Fees for full-time students.* —
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students who are not residents of this

(c) *Fees for part-time students.* —
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(c) As soon as practicable after the effective date of this section, the governing board of each state institution of higher education shall enter into an agreement with the United States Secretary of Veterans Affairs to participate in the Program. For every eligible veteran who is enrolled or will be enrolled as an undergraduate student, the agreement shall provide for a waiver of the cost of tuition and mandatory fees not otherwise covered under 38 U.S.C. § 3313(c)(1)(A) at a percentage equal to the maximum contribution available for match by the United States Department of Veterans Affairs. The agreement also may provide for a waiver of the cost of tuition and mandatory fees not otherwise covered under 38 U.S.C. § 3313(c)(1)(A) at a percentage equal to the maximum contribution available for match by the United States Department of Veterans Affairs for every eligible veteran who is or will be enrolled in a graduate or professional program.

(d) For the purposes of the limitation on the amount of fee waivers permitted at state institutions of higher education set forth in sections five and six of this article, any waiver granted by a state institution of higher education in connection with the Program is not counted toward the amount of undergraduate, graduate or professional fee waivers permitted at that institution.

(e) The Legislature encourages every private institution of higher education located in the state to participate in the Program.

(f) For the purposes of this section:

(1) "The Act" means the Post–9/11 Veterans Educational Assistance Act of 2008, 38 U.S.C. § 3301, *et seq.*;

(2) "The Program" means the Yellow Ribbon G.I. Education Enhancement Program, 38 U.S.C. § 3317; and

(3) "Eligible veteran" means any individual who is eligible to participate in the Program.

Acts 2009, c. 86, eff. July 10, 2009.

§ 18B–10–8. Collection; disposition and use of capital and auxiliary capital fees; creation of special capital and auxiliary capital improvements funds; revenue bonds

(a) This section and any rules adopted by the commission, council or both, in accordance with this section and article three-a, chapter twenty-nine-a of this code, govern the collection, disposition and use of the capital and auxiliary capital fees authorized by section one of this article. The statutory provisions governing collection and disposition of capital funds in place prior to the enactment of this section remain in effect.

(b) *Fees for full-time students.* — The governing boards shall fix capital and auxiliary capital fees for full-time students at each state institution of higher education per semester. For institutions under its jurisdiction, a governing board may fix the fees at higher rates for students who are not residents of this state.

(c) *Fees for part-time students.* — For all part-time students and for all summer school students, the governing boards shall impose and collect the fees in proportion to, but not exceeding, the fees paid by full-time students. Refunds of the fees may be made in the same manner as any other fee collected at state institutions of higher education.

(d) There is continued in the State Treasury a special capital improvements fund and special auxiliary capital improvements fund for each state institution of higher education and the commission into which shall be paid all proceeds, respectively, of the following:

(1) The capital and auxiliary capital fees collected from students at all state institutions of higher education pursuant to this section; and

(2) The fees collected from the students pursuant to section one of this article. The fees shall be expended by the commission and governing boards for the payment of the principal of or interest on any revenue bonds issued by the board of regents or the succeeding governing boards for which the fees were pledged prior to the enactment of this section.

(e) The governing boards may make expenditures from any of the special capital improvements funds or special auxiliary capital improvement funds established in this section to

finance or fund on a cash basis, in whole or in part, in combination with any federal, state or other grants or contributions, for any one or more of the following projects:

(1) The acquisition of land or any rights or interest in land;

(2) The construction or acquisition of new buildings;

(3) The renovation or construction of additions to existing buildings;

(4) The acquisition of furnishings and equipment for the buildings; and

(5) The construction or acquisition of any other capital improvements or capital education facilities at the state institutions of higher education, including any roads, utilities or other properties, real or personal, or for other purposes necessary, appurtenant or incidental to the construction, acquisition, financing and placing in operation of the buildings, capital improvements or capital education facilities, including student unions, dormitories, housing facilities, food service facilities, motor vehicle parking facilities and athletic facilities.

(f) The commission, when singly or jointly requested by the council or governing boards, periodically may issue revenue bonds of the state as provided in this section to finance all or part of the purposes and pledge all or any part of the moneys in the special funds for the payment of the principal of and interest on the revenue bonds, and for reserves for the revenue bonds. Any pledge of the special funds for the revenue bonds shall be a prior and superior charge on the special funds over the use of any of the moneys in the funds to pay for the cost of any of the purposes on a cash basis. Any expenditures from the special funds, other than for the retirement of revenue bonds, may be made by the commission or governing boards only to meet the cost of a predetermined capital improvements program for one or more of the state institutions of higher education, in the order of priority agreed upon by the governing board or boards and the commission and for which the aggregate revenue collections projected are presented to the Governor for inclusion in the annual budget bill, and are approved by the Legislature for expenditure. Any expenditure made pursuant to subsection (e) of this section shall be part of the ten-year campus development plan approved by the governing board pursuant to section three, article nineteen of this chapter.

(g) The revenue bonds periodically may be authorized and issued by the commission or governing boards to finance, in whole or in part, the purposes provided in this section in an aggregate principal amount not exceeding the amount which the commission determines can be paid as to both principal and interest and reasonable margins for a reserve therefor from the moneys in the special funds.

(h) The issuance of the revenue bonds shall be authorized by a resolution adopted by the governing board receiving the proceeds and the commission, and the revenue bonds shall bear the date or dates; mature at such time or times not exceeding forty years from their respective dates; be in such form either coupon or registered, with such exchangeability and interchangeability privileges; be payable in such medium of payment and at such place or places, within or without the state; be subject to such terms of prior redemption at such prices not exceeding one hundred five per centum of the principal amount thereof; and have the other terms and provisions determined by the governing board receiving the proceeds and by the commission. The revenue bonds shall be signed by the Governor and by the chancellor of the commission or the chair of the governing boards authorizing the issuance of the revenue bonds, under the Great Seal of the State, attested by the Secretary of State, and the coupons attached to the revenue bonds shall bear the facsimile signature of the chancellor of the commission or the chair of the appropriate governing boards. The revenue bonds shall be sold in the manner the commission or governing board determines is in the best interests of the state.

(i) The commission or governing boards may enter into trust agreements with banks or trust companies, within or without the state, and in the trust agreements or the resolutions authorizing the issuance of the bonds may enter into valid and legally binding covenants with the holders of the revenue bonds as to the custody, safeguarding and disposition of the proceeds of the revenue bonds, the moneys in the special funds, sinking funds, reserve funds or any other moneys or funds; as to the rank and priority, if any, of different issues of revenue bonds by the commission or governing boards under this section; as to the maintenance or revision of the amounts of the fees; as to the extent to which swap agreements, as defined in subsection (h), section two, article two-g, chapter thirteen of this

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of the fees have been p

Acts 1989, c. 64; Acts 2000, c.
Acts 2004, 1st Ex. Sess., c. 13,
Sess., c. 14, eff. June 2, 2009;

code shall be used in connection with the revenue bonds, including such provisions as payment, term, security, default and remedy provisions as the commission considers necessary or desirable, if any, under which the fees may be reduced; and as to any other matters or provisions which are considered necessary and advisable by the commission or governing boards in the best interests of the state and to enhance the marketability of the revenue bonds.

(j) After the issuance of any revenue bonds, the fees at the state institutions of higher education pledged to the payment of the revenue bonds may not be reduced as long as any of the revenue bonds are outstanding and unpaid except under the terms, provisions and conditions contained in the resolution, trust agreement or other proceedings under which the revenue bonds were issued. The revenue bonds are and constitute negotiable instruments under the Uniform Commercial Code of this state; together with the interest thereon, be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof; and the revenue bonds may not be considered to be obligations or debts of the state and the credit or taxing power of the state may not be pledged therefor, but the revenue bonds shall be payable only from the revenue pledged therefor as provided in this section.

(k) Additional revenue bonds may be issued by the commission or governing boards pursuant to this section and financed by additional revenues or funds dedicated from other sources. The special revenue fund in the State Treasury known as the Community and Technical College Capital Improvement Fund into which shall be deposited the amounts specified in subsection (j), section eighteen, article twenty-two, chapter twenty-nine of this code is continued. All amounts deposited in the fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any revenue bonds or refunding revenue bonds authorized by the commission for community and technical college capital improvements or used by the council on a cash basis as provided under subdivision (4), subsection (j), section eighteen, article twenty-two, chapter twenty-nine of this code for community and technical college capital improvements or capital projects.

(*l*) Funding of systemwide and campus-specific revenue bonds under any other section of this code is continued and authorized pursuant to the terms of this section. Revenues of any state institution of higher education pledged to the repayment of any revenue bonds issued pursuant to this code shall remain pledged.

(m) Any revenue bonds for state institutions of higher education proposed to be issued under this section or other sections of this code first must be approved by the commission.

(n) Revenue bonds issued pursuant to this code may be issued by the commission or governing boards, either singly or jointly.

(*o*) Fees pledged for repayment of revenue bonds issued under this section or article twelve-b, chapter eighteen prior to or after the effective date of this section shall be transferred to the commission in a manner prescribed by the commission. The commission may transfer funds from the accounts of institutions pledged for the repayment of revenue bonds issued prior to the effective date of this section or issued subsequently by the commission upon the request of institutions, if an institution fails to transfer the pledged revenues to the commission in a timely manner.

(p) Effective July 1, 2004, the capital and auxiliary capital fees authorized by this section and section one of this article are in lieu of any other fees set out in this code for capital and auxiliary capital projects to benefit public higher education institutions. Notwithstanding any other provisions of this code to the contrary, in the event any capital, tuition, registration or auxiliary fees are pledged to the payment of any revenue bonds issued pursuant to any general bond resolutions of the commission, any of its predecessors or any institution, adopted prior to the effective date of this section, the fees shall remain in effect in amounts not less than the amounts in effect as of that date, until the revenue bonds payable from any of the fees have been paid or the pledge of the fees is otherwise legally discharged.

Acts 1989, c. 64; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2004, 1st Ex. Sess., c. 13, eff. March 21, 2004; Acts 2008, c. 90, eff. March 8, 2008; Acts 2009, 1st Ex. Sess., c. 14, eff. June 2, 2009; Acts 2010, c. 56, eff. June 10, 2010.

§ 18B–10–10. The Medal of Honor and Andrew J. Trail Purple Heart Recipient Tuition Waiver

(a) This section is known as the Medal of Honor and Andrew J. Trail Purple Heart Recipient Tuition Waiver.

(b) A state institution of higher education shall waive undergraduate tuition and mandatory fee charges for a state resident that has been honorably discharged from any branch of the United States armed forces if that resident:

(1) Has received the Medal of Honor or a Purple Heart Medal. The waiver pursuant to this subdivision is for the amount of tuition and mandatory fee charges that exceeds the total amount of any state and federal education benefits, grants or scholarships received by the resident;

(2) Has received the Medal of Honor or a Purple Heart Medal and sustained wounds during military combat that resulted in either a permanent disability or a loss of limb. The waiver pursuant to this subdivision is for the amount of tuition and mandatory fee charges that exceeds state and federal education benefits, grants or scholarships received by the resident that are designated solely for tuition and mandatory fees.

(c) Tuition and mandatory fee waivers provided pursuant to this section are not counted when determining the maximum number of waivers permitted at an institution by section five of this article.

(d) A tuition and mandatory fee waiver is available pursuant to this section for a maximum of eight semesters.

Acts 2007, c. 189, eff. July 1, 2007.

Historical and Statutory Notes

Former section: A former § 18B–10–10, which related to the disposition and use of student union fees, was repealed by Acts 2004, 1st Ex. Sess., c. 13, and was derived from Acts 1989, c. 64.

ARTICLE 11

MISCELLANEOUS INSTITUTES AND CENTERS

Section

18B–11–5. Repealed.

§ 18B–11–5. Repealed by Acts 2008, c. 72, eff. March 8, 2008

Historical and Statutory Notes

The repealed section, which authorized the establishment of an institute for instructional technology, was derived from Acts 1995, c. 99; Acts 1997, c. 86.

§ 18B–11–6. National Institute for Teaching Excellence established

United States Code Annotated

Education, teacher education, TEACH grants, see 20 U.S.C.A. § 1070g et seq.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 18B, ARTICLE 1 OF THE WEST VIRGINIA CODE, AND CHAPTER 18B, ARTICLE 1 OF THE 2011 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



Given under my hand and the Great Seal of the State of West Virginia on

June 20, 2012

Natalie E Tennant

Secretary of State

ARTICLE 1

GOVERNANCE

Section

18B–1–1. Legislative purpose; creation of governing boards.
18B–1–1a. Goals for post–secondary education.
18B–1–1b, 18B–1–1c. Repealed.
18B–1–1d. Retirement and separation incentives.
18B–1–1e. Public education and higher education collaboration for the preparation of students for college and other post-secondary education.
18B–1–2. Definitions.
18B–1–3. Transfer of powers, duties, property, obligations, etc.
18B–1–4. Prior transfer of powers, etc., to board of regents; board of regents abolished.
18B–1–5. Repealed.
18B–1–5a. Pilot program of delivering educational services via distance learning.
18B–1–6. Rulemaking.
18B–1–7. Fairmont State Community and Technical College merged.
18B–1–8. Student rights when institutions merge or become administratively linked.
18B–1–8a. Repealed.
18B–1–8b. Marshall university graduate college.
18B–1–9. Repealed.
18B–1–10. Potomac branch of West Virginia university.
18B–1–11. Colleges and universities to provide appropriate services to meet needs of students with handicapping conditions.

§ 18B–1–1. Legislative purpose; creation of governing boards

The purpose of the Legislature in the enactment of this article is to establish a governance structure for the state institutions of higher education consisting of a board to govern the University of West Virginia system, designated the "University of West Virginia Board of Trustees," and a board to govern the state college system, designated the "Board of Directors of The State College System."

In furtherance of this purpose, there are hereby created two governing boards to be known as the university of West Virginia board of trustees, and the board of directors of the state college system, which shall be corporations and as such may contract and be contracted with, plead and be impleaded, sue and be sued, and have and use common seals.

Acts 1989, c. 64.

Cross References

Board of Regents, defined, see § 2–2–10.
Higher education accountability, institutional and statewide report cards, see § 18B–1B–8.
Higher education policy commission established, development of public policy agenda, see § 18B–1B–1.
Institutional compacts with state institutions of higher education, establishment and review process, see § 18B–1A–2.
Legislative financing goals, see § 18B–1A–4.

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Administrative Code References

Personnel administration rules, see W. Va. Code St. R. § 131–62–1 et seq.

Library References

Colleges and Universities ⇐7.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 15 to 18.

Notes of Decisions

In general 1
Damages 2

1. In general

Board of Regents had, and Board of Trustees has, plenary power over schools under its aegis and, thus, schools subject to Board's authority cannot impose regulations on faculty member that contradict policy of Board. Code, 18–26–1 (repealed). Graf v. West Virginia University, 1992, 429 S.E.2d 496, 189 W.Va. 214. Colleges And Universities ⇐ 8(1)

2. Damages

Educational Employees Grievance Board had power to award university medical school faculty member damages for lost wages resulting from wrongful restriction of his moonlighting activities, despite lack of jury trial. Code, 18–29–2(a), 18–29–5(b); Const. Art. 3, § 13. Graf v. West Virginia University, 1992, 429 S.E.2d 496, 189 W.Va. 214. Colleges And Universities ⇐ 8(3)

§ 18B–1–1a. Goals for post–secondary education

(a) *Findings.* — The Legislature finds that post-secondary education is vital to the future of West Virginia. For the state to realize its considerable potential in the twenty-first century, it must have a system for the delivery of post-secondary education which is competitive in the changing national and global environment, is affordable within the fiscal constraints of the state and for the state's residents to participate and has the capacity to deliver the programs and services necessary to meet regional and statewide needs.

(1) West Virginia leads a national trend toward an aging population wherein a declining percentage of working-age adults will be expected to support a growing percentage of retirees. Public school enrollments statewide have declined and will continue to do so for the foreseeable future with a few notable exceptions in growing areas of the state. As the state works to expand and diversify its economy, it is vitally important that young people entering the workforce from our education systems have the knowledge and skills to succeed in the economy of the twenty-first century. It is equally important, however, that working-age adults who are the large majority of the current and potential workforce also possess the requisite knowledge and skills and the ability to continue learning throughout their lifetimes. The reality for West Virginia is that its future rests not only on how well its youth are educated, but also on how well it educates its entire population of any age.

(2) Post–secondary education is changing throughout the nation. Place–bound adults, employers and communities are demanding education and student services that are accessible at any time, at any place and at any pace. Institutions are seizing the opportunity to provide academic content and support services on a global scale by designing new courseware, increasing information technology-based delivery, increasing access to library and other information resources and developing new methods to assess student compe-

tency rather than "seat time" as the basis for recognizing learning, allocating resources and ensuring accountability. In this changing environment, the state must take into account the continuing decline in the public school-age population, the limits of its fiscal resources and the imperative need to serve the educational needs of working-age adults. West Virginia cannot afford to finance quality higher education systems that aspire to offer a full array of programs while competing among themselves for a dwindling pool of traditional applicants. The competitive position of the state and its institutions will depend fundamentally on its capacity to reinforce the quality and differentiation of its institutions through policies that encourage focus and collaboration.

(3) The accountability system in West Virginia must be well equipped to address cross-cutting issues such as regional economic and workforce development, community and technical college services, collaboration with the public schools to improve quality and student participation rates, access to graduate education and other broad issues of state interest. Severe fiscal constraints require West Virginia to make maximum use of existing assets to meet new demands. New investments must be targeted to those initiatives designed to enhance and reorient existing capacity, provide incentives for collaboration and focus on the new demands. It must have a single accountability point for developing, building consensus around and sustaining attention to the public policy agenda and for allocating resources consistent with this policy agenda.

(4) The state should make the best use of the expertise that private institutions of higher education can offer and recognize the importance of their contributions to the economic, social and cultural well-being of their communities.

(5) The system of public higher education should be open and accessible to all persons, including persons with disabilities and other persons with special needs.

(b) *Compact with higher education.* — In pursuance of these findings, it is the intent of the Legislature to engage higher education in a statewide compact for the future of West Virginia, as provided in article one-a of this chapter, that focuses on a public policy agenda that includes, but is not limited to, the following:

(1) Diversifying and expanding the economy of the state;

(2) Increasing the competitiveness of the state's workforce and the availability of professional expertise by increasing the number of college degrees produced to the level of the national average and significantly improving the level of adult functional literacy; and

(3) Creating a system of higher education that is equipped to succeed at producing these results.

(c) *Elements of the compact with higher education.* — It is the intent of the Legislature that the compact with higher education include the following elements:

(1) A step-by-step process, as provided in articles one-b and three-c of this chapter, which will enable the state to achieve its public policy agenda through a system of higher education equipped to assist in producing the needed results. This process includes, but is not limited to, separate institutional compacts with state institutions of higher education that describe changes in institutional missions in the areas of research, graduate education, admission standards, community and technical college education and geographical areas of responsibility to accomplish the following:

(A) A capacity within higher education to conduct research to enhance West Virginia in the eyes of the larger economic and educational community and to provide a basis for West Virginia's improved capacity to compete in the new economy through research oriented to state needs;

(B) Access to stable and continuing graduate-level programs in every region of the state, particularly in teacher education related to teaching within a subject area to improve teacher quality;

(C) Universities, colleges and community and technical colleges that have focused missions, individual points of distinction and quality and strong links with the educational, economic and social revitalization of their regions and the state of West Virginia;

(D) Greater access and capacity to deliver technical education, workforce development and other higher education services to place-bound adults, thus improving the general levels of post-secondary educational attainment and literacy;

(E) Independently accredited community and technical colleges in every region of the state that:

(i) Assess regional needs;

(ii) Ensure access to comprehensive community and technical college and workforce development services within each of their respective regions;

(iii) Convene and serve as a catalyst for local action in collaboration with regional leaders, employers and other educational institutions;

(iv) Provide and, as necessary, broker educational services;

(v) Provide necessary student services;

(vi) Fulfill such other aspects of the community and technical college mission and general provisions for community and technical colleges as provided for in article three-c of this chapter; and

(vii) Maximize use of existing infrastructure and resources within their regions to increase access, including, but not limited to, vocational technical centers, schools, libraries, industrial parks and work sites.

(2) Providing additional resources, subject to availability and appropriation by the Legislature as provided in article one-a of this chapter, to make the state institutions of higher education more competitive with their peers, to assist them in accomplishing the elements of the public policy agenda and to ensure the continuity of academic programs and services to students.

(3) Establishing a process for the allocation of additional resources which focuses on achieving the elements of the public policy agenda and streamlines accountability for the step-by-step progress toward achieving these elements within a reasonable time frame as provided in article one-a of this chapter.

(4) Providing additional flexibility to the state institutions of higher education by making permanent the exceptions granted to higher education relating to travel rules and vehicles pursuant to sections forty-eight through fifty-three, inclusive, article three, chapter five-a of this code and section eleven, article three, chapter twelve of this code.

(5) Revising the higher education governance structure to make it more responsive to state and regional needs.

(d) *General goals for post-secondary education.* — In pursuance of the findings and the development of institutional compacts with higher education for the future of West Virginia pursuant to article one-a of this chapter, it is the intent of the Legislature to establish general goals for post-secondary education and to have the commission and council report the progress toward achieving these goals in the higher education report card required pursuant to section eight, article one-b of this chapter and, where applicable, have the goals made a part of the institutional compacts. The Legislature establishes the general goals as follows:

(1) The overall focus of education is on a lifelong process which is to be as seamless as possible at all levels and is to encourage citizens of all ages to increase their knowledge and skills. Efforts in pursuit of this goal include, but are not limited to, the following:

(A) Collaboration, coordination and interaction between public and post-secondary education to:

(i) Improve the quality of public education, particularly with respect to ensuring that the needs of public schools for teachers and administrators are met;

(ii) Inform public school students, their parents and teachers of the academic preparation that students need to be prepared adequately to succeed in their selected fields of study and career plans, including academic career fairs; and

(iii) Improve instructional programs in the public schools so that the students enrolling in post-secondary education are adequately prepared;

(B) Collaboration, coordination and interaction among public and post-secondary education, the governor's council on literacy and the governor's workforce investment office to promote the effective and efficient utilization of workforce investment and other funds to:

(i) Provide to individuals and employers greatly improved access to information and services on education and training programs, financial assistance, labor markets and job placement;

(ii) Increase awareness among the state's citizens of the opportunities available to them to improve their basic literacy, workforce and post-secondary skills and credentials; and

(iii) Improve citizens' motivation to take advantage of available opportunities by making the system more seamless and user friendly;

(C) Collaboration, coordination and interaction between public and post-secondary education on the development of seamless curriculum in technical preparation programs of study between the secondary and post-secondary levels; and

(D) Opportunities for advanced high school students to obtain college credit prior to high school graduation.

(2) The number of degrees produced per capita by West Virginia institutions of higher education is at the national average. Efforts in pursuit of this goal include, but are not limited to, the following:

(A) Collaboration, coordination and interaction between public and post-secondary education, the governor's council on literacy and the governor's workforce investment office to promote to individuals of all ages the benefits of increased post-secondary educational attainment;

(B) Assistance in overcoming the financial barriers to post-secondary education for both traditional and nontraditional students;

(C) An environment within post-secondary education that is student-friendly and that encourages and assists students in the completion of degree requirements within a reasonable time frame. The environment also should expand participation for the increasingly diverse student population;

(D) A spirit of entrepreneurship and flexibility within post-secondary education that is responsive to the needs of the current workforce and other nontraditional students for upgrading and retraining college-level skills; and

(E) The expanded use of technology for instructional delivery and distance learning.

(3) All West Virginians, whether traditional or nontraditional students, displaced workers or those currently employed, have access to post-secondary educational opportunities through their community and technical colleges, colleges and universities which:

(A) Are relevant and affordable;

(B) Allow them to gain transferrable credits and associate or higher level degrees;

(C) Provide quality technical education and skill training; and

(D) Are responsive to business, industry, labor and community needs.

(4) State institutions of higher education prepare students to practice good citizenship and to compete in a global economy in which good jobs require an advanced level of education and skill which far surpasses former requirements. Efforts in pursuit of this goal include, but are not limited to, the following:

(A) The development of entrepreneurial skills through programs such as the rural entrepreneurship through action learning (REAL) program, which include practical experience in market analysis, business plan development and operations;

(B) Elements of citizenship development are included across the curriculum in core areas, including practical applications such as community service, civic involvement and participation in charitable organizations and in the many opportunities for the responsible exercise of citizenship that higher education institutions provide;

(C) Students are provided opportunities for internships, externships, work study and other methods to increase their knowledge and skills through practical application in a work environment;

(D) College graduates meet or exceed national and international standards for skill levels in reading, oral and written communications, mathematics, critical thinking, science and technology, research and human relations;

(E) College graduates meet or exceed national and international standards for performance in their fields through national accreditation of programs and through outcomes assessment of graduates; and

(F) Admission and exit standards for students, professional staff development, program assessment and evaluation and other incentives are used to improve teaching and learning.

(5) State institutions of higher education exceed peer institutions in other states in measures of institutional productivity and administrative efficiency. Efforts in pursuit of this goal include, but are not limited to:

(A) The establishment of systematic ongoing mechanisms for each state institution of higher education to set goals, to measure the extent to which those goals are met and to use the results of quantitative evaluation processes to improve institutional effectiveness;

(B) The combination and use of resources, technology and faculty to their maximum potential in a way that makes West Virginia higher education more productive than its peer institutions in other states while maintaining educational quality; and

(C) The use of systemic program review to determine how much duplication is necessary to maintain geographic access and to eliminate unnecessary duplication.

(6) Post-secondary education enhances state efforts to diversify and expand the economy of the state. Efforts in pursuit of this goal include, but are not limited to, the following:

(A) The focus of resources on programs and courses which offer the greatest opportunities for students and the greatest opportunity for job creation and retention in the state;

(B) The focus of resources on programs supportive of West Virginia employment opportunities and the emerging high-technology industries;

(C) Closer linkages among higher education and business, labor, government and community and economic development organizations; and

(D) Clarification of institutional missions and shifting of resources to programs which meet the current and future workforce needs of the state;

(7) Faculty and administrators are compensated at a level competitive with peer institutions to attract and keep quality personnel at state institutions of higher education.

(8) The tuition and fee levels for in-state students are competitive with those of peer institutions and the tuition and fee levels for out-of-state students are set at a level which at least covers the full cost of instruction.

Acts 1993, c. 47; Acts 1995, c. 99, eff. March 11, 1995; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2004, c. 92, eff. March 13, 2004.

Cross References

Creating jobs through education, see § 18–2E–8.

Library References

Colleges and Universities ⇐1.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 2 to 3, 9.

§§ 18B–1–1b, 18B–1–1c. Repealed by Acts 2000, c. 100, eff. June 30, 2001

Historical and Statutory Notes

Repealed § 18B–1–1b related to implementation of findings.

Repealed § 18B–1–1c related to strategically focusing resources to maximize opportunities.

§ 18B–1–1d. Retirement and separation incentives

(a) Notwithstanding any other provisions of this code to the contrary, each state institution of higher education may include in its strategic plan, pursuant to section one-c of this article, policies that offer various incentives for voluntary, early or phased retirement of employees or voluntary separation from employment when necessary to implement programmatic changes effectively pursuant to the findings, directives, goals and objectives of this article: Provided, That such incentives for voluntary, early or phased retirement of employees or voluntary separation from employment must be submitted by the governing board to the legislative joint committee on pensions and retirement and approved before such policies are adopted as part of the institution's strategic plan.

(b) Effective the first day of July, two thousand one, each state institution of higher education may implement, under its institutional compact, created pursuant to section two, article one-a of this chapter, policies that offer various incentives for voluntary, early or phased retirement of employees, or voluntary separation from employment, when necessary to implement programmatic changes effectively: Provided, That the institution shall meet all the require-

ments, including the requirement for obtaining legislative approval, set forth in this section.

(c) The policies may include the following provisions:

(1) Payment of a lump sum to an employee to resign or retire;

(2) Continuation of full salary to an employee for a predetermined period of time prior to the employee's resignation or retirement and a reduction in the employee's hours of employment during the predetermined period of time;

(3) Continuation of insurance coverage pursuant to the provisions of article sixteen, chapter five of this code for a predetermined period;

(4) Continuation of full employer contributions to an employee's retirement plan during a phased retirement period; and

(5) That an employee retiring pursuant to an early or phased retirement plan may begin collecting an annuity from the employee's retirement plan prior to the statutorily designated retirement date without terminating his or her service with the institution.

(d) No incentive provided for in this section shall be granted except in furtherance of programmatic changes undertaken pursuant to the findings, directives, goals and objectives set forth in this article.

(e) No incentive proposed by an institution pursuant to this section shall become a part of the institution's approved strategic plan or institutional compact or be implemented without approval of the legislative joint committee on pensions and retirement.

Any costs associated with any incentive adopted or implemented in accordance with this section shall be borne entirely by the institutions and no incentive shall be granted that imposes costs on the retirement systems of the state or the public employees insurance agency unless those costs are paid entirely by the institutions.

(f) The Legislature further finds and declares that there is a compelling state interest in restricting the availability and application of these incentives to individual employees determined by the institutions to be in furtherance of the aims of this section and nothing herein shall be interpreted as granting a right or entitlement of any such incentive to any individual or group of individuals. Any employee granted incentives shall be ineligible for reemployment by the institutions during or after the negotiated period of his or her incentive concludes, including contract employment in excess of five thousand dollars per fiscal year.

(g) The West Virginia network for educational telecomputing may utilize the incentives contained in any policy approved by the legislative joint committee on pensions and retirement pursuant to this section.

Acts 1995, c. 99, eff. March 11, 1995; Acts 1996, c. 119, eff. March 9, 1996; Acts 2000, c. 100, eff. 90 days after March 19, 2000.

Library References

Colleges and Universities ⇨8(3).
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities §§ 19, 22 to 23.

§ 18B–1–1e. Public education and higher education collaboration for the preparation of students for college and other post-secondary education

(a) *Purpose.*– The purpose of this section is as follows:

(1) To assist students in the planning and preparation for success in college and other post-secondary education if their education major interests require such formal education after high school;

(2) To establish the minimum expected level of knowledge, skill and competency a student must possess to be prepared fully for college and other post-secondary education at state institutions of higher education;

(3) To implement a method for communicating the minimum level of knowledge, skill and competency to students, parents, educators and counselors in the public schools, and admissions officers, advisors and faculty in the higher education institutions; and

(4) To assure that the teacher preparation programs in state institutions of higher education prepare educators to, at a minimum, deliver instruction necessary to prepare students fully for college and other post-secondary education or gainful employment consistent with the provisions of section eight, article two-e, chapter eighteen of this code.

(b) *Joint rule.*– On or before the first day of October, one thousand nine hundred ninety-six, the higher education governing boards shall promulgate a joint rule to achieve the purposes of subsection (a) of this section. In the development of such rule, the governing boards shall consult with the state board and the jobs through education employer panel, established pursuant to section eight, article two-e, chapter eighteen of this code, and shall collaborate with the state board in the establishment of compatible practices within their separate systems.

(c) *Assessment of student readiness.*– To provide continuous assessment and program improvement in the preparation of high school students for success in college or other post-secondary education, the higher education governing boards shall communicate to the state board and the legislative oversight commission on education accountability by the first day of December in each year, beginning in December, one thousand nine hundred ninety-seven, the number of graduates from the public schools in the state by high schools who were accepted in the last calendar year for enrollment at each of the state institutions of higher education within one year of graduation, and whose knowledge, skill and competency were below the minimum expected levels for full preparation as defined by the governing boards. The governing boards also shall report the areas in which the knowledge, skill and competency of the students were below the minimum expected level. The state board shall provide

information to each of the high schools of the state for graduates from the high school.

Acts 1996, c. 112, eff. March 8, 1996; Acts 1999, c. 96, eff. July 1, 1999.

§ 18B–1–2. Definitions

The following words when used in this chapter and chapter eighteen-c of this code have the meanings ascribed to them unless the context clearly indicates a different meaning:

(a) Effective the first day of July, two thousand seven, "regional campus" means West Virginia University at Parkersburg;

(b) "Governing boards" or "boards" means the institutional boards of governors created pursuant to section one, article two-a of this chapter;

(c) "Free-standing community and technical colleges" means Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College and Eastern West Virginia Community and Technical College which may not be operated as branches or off-campus locations of any other state institution of higher education;

(d) "Community college" or "community colleges" means community and technical college or colleges as those terms are defined in this section;

(e) "Community and technical college", in the singular or plural, means the free-standing community and technical colleges and other state institutions of higher education which deliver community and technical college education. This definition includes Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, Eastern West Virginia Community and Technical College, New River Community and Technical College, West Virginia University at Parkersburg, The Community and Technical College at West Virginia University Institute of Technology, Blue Ridge Community and Technical College, Marshall Community and Technical College and West Virginia State Community and Technical College;

(f) "Community and technical college education" means the programs, faculty, administration and funding associated with the delivery of community and technical college education programs;

(g) "Essential conditions" means those conditions which shall be met by community and technical colleges as provided in section three, article three-c of this chapter;

(h) "Higher education institution" means any institution as defined by Sections 401(f), (g) and (h) of the federal Higher Education Facilities Act of 1963,[1] as amended;

(i) "Higher Education Policy Commission", "policy commission" or "commission" means the commission created pursuant to section one, article one-b of this chapter;

(j) "Chancellor for Higher Education" means the chief executive officer of the Higher Education Policy Commission employed pursuant to section five, article one-b of this chapter;

(k) "Chancellor for Community and Technical College Education" means the chief executive officer of the West Virginia Council for Community and Technical College Education employed pursuant to section three, article two-b of this chapter;

(*l*) "Chancellor" means the Chancellor for Higher Education where the context refers to a function of the Higher Education Policy Commission. "Chancellor" means Chancellor for Community and Technical College Education where the context refers to a function of the West Virginia Council for Community and Technical College Education;

(m) "Institutional operating budget" or "operating budget" means for any fiscal year an institution's total unrestricted education and general funding from all sources in the prior fiscal year, including, but not limited to, tuition and fees and legislative appropriation, and any adjustments to that funding as approved by the commission or council based on comparisons with peer institutions or to reflect consistent components of peer operating budgets;

(n) "Community and technical college education program" means any college-level course or program beyond the high school level provided through a public institution of higher education resulting in or which may result in a two-year associate degree award including an associate of arts, an associate of science and an associate of applied science; certificate programs and skill sets; developmental education; continuing education; collegiate credit and noncredit workforce development programs; and transfer and baccalaureate parallel programs. All such programs are under the jurisdiction of the council. Any reference to "post-secondary vocational education programs" means community and technical college education programs as defined in this subsection;

(*o*) "Rule" or "rules" means a regulation, standard, policy or interpretation of general application and future effect;

(p) "Senior administrator" means the vice chancellor for administration employed in accordance with section two, article four of this chapter;

(q) "State college" means Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty State College or West Virginia State University;

(r) "State institution of higher education" means any university, college or community and technical college under the jurisdiction of a governing board as that term is defined in this section;

(s) Until the first day of July, two thousand seven, "regional campus" means West Virginia University at Parkersburg and West Virginia University Institute of Technology;

(t) The advisory board previously appointed for the West Virginia Graduate College is known as the "Board of Visitors" and shall provide guidance to the Marshall University Graduate College;

(u) "Institutional compact" means the compact between the commission or council and a state institution of higher education under its jurisdiction, as described in section two, article one-a of this chapter;

(v) "Peer institutions", "peer group" or "peers" means public institutions of higher education used for comparison purposes and selected by the commission pursuant to section three, article one-a of this chapter;

(w) "Administratively linked community and technical college" means a community and technical college created pursuant to section eight, article three-c of this chapter;

(x) "Sponsoring institution" means a state institution of higher education that maintains an administrative link to a community and technical college pursuant to section eight, article three-c of this chapter;

(y) "Collaboration" means entering into an agreement with one or more providers of education services in order to enhance the scope, quality or efficiency of education services;

(z) "Broker" or "brokering" means serving as an agent on behalf of students, employers, communities or responsibility areas to obtain education services not offered at that institution. These services include courses, degree programs or other services contracted through an agreement with a provider of education services either in-state or out-of-state;

(aa) "Council" means the West Virginia Council for Community and Technical College Education created pursuant to article two-b of this chapter; and

(bb) "West Virginia Consortium for Undergraduate Research and Engineering" or "West Virginia CURE" means the collaborative planning group established pursuant to article one-c of this chapter.

Acts 1989, c. 64; Acts 1992, c. 61; Acts 1993, c. 47; Acts 1995, c. 99, eff. March 11, 1995; Acts 1996, c. 119, eff. March 9, 1996; Acts 1997, c. 85, eff. July 1, 1997; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2003, c. 96, eff. March 8, 2003; Acts 2004, c. 92, eff. March 13, 2004; Acts 2006, c. 84, eff. July 1, 2006.

[1] P.L. 88–204.

Historical and Statutory Notes

Acts 2006, c. 85, also amended this section to read:

"The following words when used in this chapter and chapter eighteen-c of this code have the meanings ascribed to them unless the context clearly indicates a different meaning:

"(a) Effective the first day of July, two thousand seven, 'regional campus' means West Virginia University at Parkersburg.

"(b) 'Governing boards' or 'boards' means the institutional boards of governors created pursuant to section one, article two-a of this chapter;

"(c) 'Freestanding community and technical colleges' means Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College and Eastern West Virginia Community and Technical College which may not be operated as branches or off-campus locations of any other state institution of higher education;

"(d) 'Community college' or 'community colleges' means community and technical college or colleges as those terms are defined in this section;

"(e) 'Community and technical college,' in the singular or plural, means the freestanding community and technical colleges and other state institutions of higher education which deliver community and technical college education. This definition includes Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, Eastern West Virginia Community

and Technical College, New River Community and Technical College, West Virginia University at Parkersburg, The Community and Technical College at West Virginia University Institute of Technology, Blue Ridge Community and Technical College, Fairmont State Community and Technical College, Marshall Community and Technical College and West Virginia State Community and Technical College;

"(f) 'Community and technical college education' means the programs, faculty, administration and funding associated with the delivery of community and technical college education programs;

"(g) 'Essential conditions' means those conditions which shall be met by community and technical colleges as provided in section three, article three-c of this chapter;

"(h) 'Higher education institution' means any institution as defined by Sections 401(f), (g) and (h) of the federal Higher Education Facilities Act of 1963, as amended;

"(i) 'Higher Education Policy Commission,' 'policy commission' or 'commission' means the commission created pursuant to section one, article one-b of this chapter;

"(j) 'Chancellor for Higher Education' means the chief executive officer of the Higher Education Policy Commission employed pursuant to section five, article one-b of this chapter;

"(k) 'Chancellor for Community and Technical College Education' means the Chief Executive Officer of the West Virginia Council for Community and Technical College Education employed pursuant to section three, article two-b of this chapter;

"(*l*) 'Chancellor' means the Chancellor for Higher Education where the context refers to a function of the Higher Education Policy Commission. 'Chancellor' means chancellor for Community and Technical College Education where the context refers to a function of the West Virginia Council for Community and Technical College Education;

"(m) 'Institutional operating budget' or 'operating budget' means for any fiscal year an institution's total unrestricted education and general funding from all sources in the prior fiscal year, including, but not limited to, tuition and fees and legislative appropriation, and any adjustments to that funding as approved by the commission or council based on comparisons with peer institutions or to reflect consistent components of peer operating budgets;

"(n) 'Community and technical college education program' means any college-level course or program beyond the high school level provided through a public institution of higher education resulting in or which may result in a two-year associate degree award including an associate of arts, an associate of science and an associate of applied science; certificate programs and skill sets; developmental education; continuing education; collegiate credit and noncredit workforce development programs; and transfer and baccalaureate parallel programs. All such programs are under the jurisdiction of the council. Any reference to 'post-secondary vocational education programs' means community and technical college education programs as defined in this subsection;

"(*o*) 'Rule' or 'rules' means a regulation, standard, policy or interpretation of general application and future effect;

"(p) 'Senior administrator' means the vice chancellor for administration employed in accordance with section two, article four of this chapter;

"(q) 'State college' means Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty State College or West Virginia State University;

"(r) 'State institution of higher education' means any university, college or community and technical college under the jurisdiction of a governing board as that term is defined in this section;

"(s) Until the first day of July, two thousand seven 'Regional campus' means West Virginia University at Parkersburg and West Virginia University Institute of Technology;

"(t) The advisory board previously appointed for the West Virginia Graduate College is known as the 'Board of Visitors' and shall provide guidance to the Marshall University Graduate College;

"(u) 'Institutional compact' means the compact between the commission or council and a state institution of higher education under its jurisdiction, as described in section two, article one-a of this chapter;

"(v) 'Peer institutions', 'peer group' or 'peers' means public institutions of higher education used for comparison purposes and selected by the commission pursuant to section three, article one-a of this chapter;

"(w) 'Administratively linked community and technical college' means a community and technical college created pursuant to section eight, article three-c of this chapter;

"(x) 'Sponsoring institution' means a state institution of higher education that maintains an administrative link to a community and technical college pursuant to section eight, article three-c of this chapter;

"(y) 'Collaboration' means entering into an agreement with one or more providers of education services in order to enhance the scope, quality or efficiency of education services;

"(z) 'Broker' or 'brokering' means serving as an agent on behalf of students, employers, communities or responsibility areas to obtain edu-

cation services not offered at that institution. These services include courses, degree programs or other services contracted through an agreement with a provider of education services either in-state or out-of-state; and

"(aa) 'Council' means the West Virginia Council for Community and Technical College Education created pursuant to article two-b of this chapter.

"(bb) 'West Virginia Consortium for Undergraduate Research and Engineering' or 'West Virginia CURE' means the collaborative planning group established pursuant to article one-c of this chapter."

Cross References

Institutions of higher education, exemptions from certain contributions to public employees insurance programs, see § 11B–2–15.

§ 18B–1–3. Transfer of powers, duties, property, obligations, etc.

(a) All powers, duties and authorities transferred to the Board of Regents pursuant to former provisions of chapter eighteen of this code and transferred to the Board of Trustees and Board of Directors which were created as the governing boards pursuant to the former provisions of this chapter and all powers, duties and authorities of the Board of Trustees and Board of Directors, to the extent they are in effect on the seventeenth day of June, two thousand, are hereby transferred to the Interim Governing Board created in article one-c of this chapter and shall be exercised and performed by the Interim Governing Board until the first day of July, two thousand one, as such powers, duties and authorities may apply to the institutions under its jurisdiction.

(b) Title to all property previously transferred to or vested in the Board of Trustees and the Board of Directors and property vested in either of the Boards separately, formerly existing under the provisions of this chapter, are hereby transferred to the Interim Governing Board created in article one-c of this chapter until the first day of July, two thousand one. Property transferred to or vested in the Board of Trustees and Board of Directors shall include:

(1) All property vested in the Board of Governors of West Virginia University and transferred to and vested in the West Virginia Board of Regents;

(2) All property acquired in the name of the State Board of Control or the West Virginia Board of Education and used by or for the state colleges and universities and transferred to and vested in the West Virginia Board of Regents;

(3) All property acquired in the name of the State Commission on Higher Education and transferred to and vested in the West Virginia Board of Regents; and

(4) All property acquired in the name of the Board of Regents and transferred to and vested in the respective Board of Trustees and Board of Directors.

(c) Each valid agreement and obligation previously transferred to or vested in the Board of Trustees and Board of Directors formerly existing under the provisions of this chapter is hereby transferred to the Interim Governing Board until the first day of July, two thousand one, as those agreements and obligations may apply to the institutions under its jurisdiction. Valid agreements and obligations transferred to the Board of Trustees and Board of Directors shall include:

(1) Each valid agreement and obligation of the Board of Governors of West Virginia University transferred to and deemed the agreement and obligation of the West Virginia Board of Regents;

(2) Each valid agreement and obligation of the State Board of Education with respect to the state colleges and universities transferred to and deemed the agreement and obligation of the West Virginia Board of Regents;

(3) Each valid agreement and obligation of the State Commission on Higher Education transferred to and deemed the agreement and obligation of the West Virginia Board of Regents; and

(4) Each valid agreement and obligation of the Board of Regents transferred to and deemed the agreement and obligation of the respective Board of Trustees and Board of Directors.

(d) All orders, resolutions and rules adopted or promulgated by the respective Board of Trustees and Board of Directors and in effect immediately prior to the first day of July, two thousand, are hereby transferred to the Interim Governing Board until the first day of July, two thousand one, and shall continue in effect and shall be deemed the orders, resolutions and rules of the Interim Governing Board until rescinded, revised, altered or amended by the Commission or the governing boards in the manner and to the extent authorized and permitted by law. Such orders, resolutions and rules shall include:

(1) Those adopted or promulgated by the Board of Governors of West Virginia University and in effect immediately prior to the first day of July, one thousand nine hundred sixty-nine, unless and until rescinded, revised, altered or amended by the Board of Regents in the manner and to the extent authorized and permitted by law;

(2) Those respecting state colleges and universities adopted or promulgated by the West Virginia Board of Education and in effect immediately prior to the first day of July, one thousand nine hundred sixty-nine, unless and until rescinded, revised, altered or amended by the Board of Regents in the manner and to the extent authorized and permitted by law;

(3) Those adopted or promulgated by the State Commission on Higher Education and in effect immediately prior to the first day of July, one thousand nine hundred sixty-nine, unless and until rescinded, revised, altered or amended by the Board of Regents in the manner and to the extent authorized and permitted by law; and

(4) Those adopted or promulgated by the Board of Regents prior to the first day of July, one thousand nine hundred eighty-nine, unless and until rescinded, revised, altered or amended by the respective Board of Trustees or Board of Directors in the manner and to the extent authorized and permitted by law.

(e) Title to all real property transferred to or vested in the Interim Governing Board pursuant to this section of the code is hereby transferred to the Commission effective the first day of July, two thousand one. The board of governors for each institution may request that the Commission transfer title to the board of governors of any real property specifically identifiable with that

institution or the Commission may initiate the transfer. Any such request must be made within two years of the effective date of this section and be accompanied by an adequate legal description of the property. In the case of real property that is specifically identifiable with Marshall University or West Virginia University, the Commission shall transfer title to all real property, except real property that is used jointly by institutions or for statewide programs under the jurisdiction of the Commission or the Council, to the Board of Governors of Marshall University or West Virginia University, as appropriate, upon receipt of a request from the appropriate governing board accompanied by an adequate legal description of the property.

The title to any real property that is jointly utilized by institutions or for statewide programs under the jurisdiction of the Commission or the Council shall be retained by the Commission.

(f) Ownership of or title to any other property, materials, equipment or supplies obtained or purchased by the Interim Governing Board or the previous governing boards on behalf of an institution is hereby transferred to the board of governors of that institution effective the first day of July, two thousand one.

(g) Each valid agreement and obligation previously transferred or vested in the Interim Governing Board and which was undertaken or agreed to on behalf of an institution or institutions is hereby transferred to the board of governors of the institution or institutions for whose benefit the agreement was entered into or the obligation undertaken effective the first day of July, two thousand one.

(1) The obligations contained in revenue bonds issued by the previous governing boards under the provisions of section eight, article ten of this chapter and article twelve-b, chapter eighteen of this code are hereby transferred to the Commission and each institution shall transfer to the Commission those funds the Commission determines are necessary to pay that institution's share of bonded indebtedness.

(2) The obligations contained in revenue bonds issued on behalf of a state institution of higher education pursuant to any other section of this code is hereby transferred to the board of governors of the institution on whose behalf the bonds were issued.

(h) All orders, resolutions, policies and rules:

(1) Adopted or promulgated by the respective Board of Trustees, Board of Directors or Interim Governing Board and in effect immediately prior to the first day of July, two thousand one, are hereby transferred to the Commission effective the first day of July, two thousand one, and continue in effect until rescinded, revised, altered, amended or transferred to the governing boards by the Commission as provided in this section and in section six of this article.

(2) Adopted or promulgated by the Commission relating solely to community and technical colleges or community and technical college education, or rules which the Council finds necessary for the exercise of its lawful powers and duties pursuant to the provisions of this chapter, may be adopted by the Council and continue in effect until rescinded, revised, altered, amended or transferred

to the governing boards under the jurisdiction of the Council pursuant to section six of this article. Nothing in this section requires the initial rules of the Commission that are adopted by the Council to be promulgated again under the procedure set forth in article three-a, chapter twenty-nine-a of this code unless such rules are rescinded, revised, altered or amended.

(3) Adopted or promulgated by the Commission relating to multiple types of public institutions of higher education or community and technical college education as well as baccalaureate and post-baccalaureate education are transferred to the Council in part as follows:

(A) That portion of the rule relating solely to community and technical colleges or community and technical college education is transferred to the Council and continues in effect until rescinded, revised, altered, amended or transferred to the governing boards by the Council as provided in this section and in section six of this article;

(B) That portion of the rule relating to institutions or education other than community and technical colleges is retained by the Commission and continues in effect until rescinded, revised, altered, amended or transferred to the governing boards by the Commission as provided in this section and in section six of this article.

(i) The Commission may, in its sole discretion, transfer any rule, other than a legislative rule, to the jurisdiction of the governing boards of the institutions under its jurisdiction who may rescind, revise, alter or amend any rule so transferred pursuant to rules adopted by the Commission pursuant to section six of this article.

The Council may, in its sole discretion, transfer any rule, other than a legislative rule, to the jurisdiction of the governing boards of the institutions under its jurisdiction who may rescind, revise, alter or amend any rule so transferred pursuant to rules adopted by the Council pursuant to section six of this article.

(j) As to any title, agreement, obligation, order, resolution, rule or any other matter about which there is some uncertainty, misunderstanding or question, the matter shall be summarized in writing and sent to the Commission which shall make a determination regarding such matter within thirty days of receipt thereof.

(k) Rules or provisions of law which refer to other provisions of law which were repealed, rendered inoperative or superseded by the provisions of this section shall remain in full force and effect to such extent as may still be applicable to higher education and may be so interpreted. Such references include, but are not limited to, references to sections and prior enactments of article twenty-six, chapter eighteen of this code and code provisions relating to retirement, health insurance, grievance procedures, purchasing, student loans and savings plans. Any determination which needs to be made regarding applicability of any provision of law shall first be made by the Commission.

Acts 1989, c. 64; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2004, c. 92, eff. March 13, 2004; Acts 2005, c. 86, eff. July 1, 2005.

Library References

Colleges and Universities ⇐7.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 15 to 18.

§ 18B–1–4. Prior transfer of powers, etc., to board of regents; board of regents abolished

(a) All the powers, duties and authorities which the board of governors of West Virginia University, previously established by article eleven of chapter eighteen of the code or by any other provisions of law, may have had immediately prior to the first day of July, one thousand nine hundred sixty-nine, shall be the powers, duties and authorities of the West Virginia board of regents until the first day of July, one thousand nine hundred eighty-nine. Until such date, all of the policies and affairs of West Virginia University shall be determined, controlled, supervised and managed by the West Virginia board of regents, who shall exercise and perform all such powers, duties and authorities.

All powers, duties and authorities which the West Virginia board of education may have had with respect to state colleges and universities immediately prior to the first day of July, one thousand nine hundred sixty-nine, shall be the powers, duties and authorities of the West Virginia board of regents until the first day of July, one thousand nine hundred eighty-nine. Until such date, all of the policies and affairs of the state colleges and universities shall be determined, controlled, supervised and managed by the West Virginia board of regents, who shall exercise and perform all such powers, duties and authorities: Provided, That the standards for education of teachers and teacher preparation programs at the state colleges and universities shall continue to be under the general direction and control of the West Virginia board of education, and the West Virginia board of education shall have sole authority to continue, as authorized by section six, article two, chapter eighteen of this code, to enter into agreements with county boards of education for the use of the public schools to give prospective teachers teaching experience.

All powers, duties and authorities vested in the state commission on higher education by previous provisions of chapter eighteen of this code or by any other provisions of law shall be the powers, duties and authorities of the West Virginia board of regents until the first day of July, one thousand nine hundred eighty-nine. Until such date, all of the powers, duties, and authorities of the state commission on higher education shall be exercised and performed by the West Virginia board of regents.

(b) The board of regents shall be abolished on the first day of July, one thousand nine hundred eighty-nine.

Acts 1989, c. 64.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Colleges and Universities ⇐7.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 15 to 18.

§ 18B–1–5. Repealed by Acts 2000, c. 100, eff. 90 days after March 19, 2000

Historical and Statutory Notes

Section 18B–1A–8, enacted by Acts 2000, c. 100, in part repealed §§ 18B–1–5, which related to the board of trustees and board of directors under the department of education and the arts.

§ 18B–1–5a. Pilot program of delivering educational services via distance learning.

(a) The intent of the Legislature in enacting this section is to create the framework for establishing an educational delivery system to address findings that:

(1) The strength of the economy of the state of West Virginia is directly affected by the percentage of the available work force possessing college degrees and/or an advanced vocational-technical education from which an employer may draw;

(2) Real and perceived barriers within West Virginia and its systems of higher education, such as the cost of a college education, the availability of appropriate course work at locations and times convenient for students with families and/or jobs, and inadequate preparation for college-level work, have created road blocks for West Virginians in achieving their educational goals and, in turn, have limited the economic opportunities available to them and the state of West Virginia; and

(3) Because of the state's history of a low college-going rate and a low percentage of state residents who hold college degrees, meeting the current and future work force needs of West Virginia will require attention to the needs of working-age adults for upgrading their skills, continuing their educations, preparing for new careers and other lifelong learning pursuits, in addition to attending to the educational needs of traditional college age students.

(b) Such a delivery system should employ the best available technology and qualified instructors to provide courses of instruction to students at remote locations by means of electronic transmission and computer assisted instruction. The delivery system should make maximum use of the currently existing resources, facilities, equipment and personnel in the state's systems of public and higher education and other educational and administrative agencies and should be low-tuition, commuter-oriented, open door admissions, serving adults of all ages. The courses of instruction offered through such a system should be relevant to the needs of the target population as expressed in the major findings listed in subsection (a) of this section and should meet the several goals of helping students to prepare for college level work, to increase their likelihood of securing gainful employment given their other relevant life circumstances, to

obtain higher education core curriculum course work that is universally accepted at all state institutions of higher education with the grade earned and to minimize the amount of additional course work they will be required to take at less convenient times and locations to achieve their educational goals. The delivery system should also include adequate student support services such as student advising, career counseling, library access and immediate interaction with peers and instructors.

(c) The secretary of education and the arts is responsible for establishing a three-year pilot program consisting of no more than eight sites within the state for the delivery of educational programs consistent with the goals established in this section. To assist in the development of this program, the secretary shall appoint an advisory committee comprised of persons from public education, higher education, the West Virginia distance learning coordinating council, the Legislature and the business community. In consultation with the advisory committee, the secretary shall contract with the appropriate governing board or other body to offer courses or programs of various levels and types to meet the objectives of this section. The contracts shall specify the pilot sites for offering the educational programs, the various technologies for program delivery, the types of courses to be offered, the course instructors and site coordinators and their training, the fees to be charged, the institutions in the state willing to enroll the student participants, the collection of tuition and fees, a method for accounting for the funds collected and expended and other issues relevant to program administration. There is hereby established in the state treasury a special revolving fund within the account of the secretary of education and the arts into which appropriations, course fees, charitable contributions and other moneys received by the secretary for the purposes of the program shall be paid for expenditures in the operation of the pilot program. During each year of the pilot program, the secretary shall report to the governor and the Legislature on the progress of the program, whether it should be continued or discontinued, and, if continued, any recommended modifications in program scope and mission and any action which is necessary on behalf of the governor or the Legislature to improve the success of the program. At the end of the pilot program, the secretary shall make a final report to the governor and the Legislature as to whether the findings set forth in this section are being addressed through such an educational delivery system and shall recommend whether it should become permanent. If the secretary recommends that the delivery system should become permanent, the secretary shall also recommend specific structures for program support and administration, instructional development and objectives, technology, student support services and other relevant policy issues.

Acts 1993, c. 47.

Library References

Colleges and Universities ⇦7.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 15 to 18.

§ 18B–1–6. Rulemaking

(a) The Commission is hereby empowered to promulgate, adopt, amend or repeal rules, in accordance with the provisions of article three-a, chapter twenty-nine-a of this code, subject to the provisions of section three of this article.

(b) The Council is hereby empowered to promulgate, adopt, amend or repeal rules in accordance with the provisions of article three-a, chapter twenty-nine-a of this code and subject to the provisions of section three of this article. This grant of rule-making power extends only to those areas over which the Council has been granted specific authority and jurisdiction by law.

(c) As it relates to the authority granted to governing boards of state institutions of higher education to promulgate, adopt, amend or repeal any rule under the provisions of this code:

(1) "Rule" means any regulation, guideline, directive, standard, statement of policy or interpretation of general application which has institutionwide effect or which affects the rights, privileges or interests of employees, students or citizens. Any regulation, guideline, directive, standard, statement of policy or interpretation of general application that meets this definition is a rule for the purposes of this section.

(2) Regulations, guidelines or policies established for individual units, divisions, departments or schools of the institution, which deal solely with the internal management or responsibilities of a single unit, division, department or school or with academic curricular policies that do not constitute a mission change for the institution, are excluded from this subsection, except for the requirements relating to posting.

(3) The Commission and Council each shall promulgate a rule to guide the development and approval of rules made by their respective governing boards, including the governing boards of Marshall University and West Virginia University. The rules promulgated by the Commission and Council shall include, but are not limited to, the following provisions which shall be included in the rule on rules adopted by each governing board of a state institution of higher education:

(A) A procedure to ensure that public notice is given and that the right of interested parties to have a fair and adequate opportunity to respond is protected, including providing for a thirty-day public comment period prior to final adoption of a rule;

(B) Designation of a single location where all proposed and approved rules, guidelines and other policy statements are posted and can be accessed by the public; and

(C) A procedure to maximize Internet access to all proposed and approved rules, guidelines and other policy statements to the extent technically and financially feasible.

(d) Nothing in this section requires that any rule reclassified or transferred by the Commission or the Council under this section be promulgated again under the procedures set out in article three-a, chapter twenty-nine-a of this code unless the rule is amended or modified.

(e) The Commission and Council each shall file with the Legislative Oversight Commission on Education Accountability any rule it proposes to promulgate, adopt, amend or repeal under the authority of this article.

(f) The governing boards of Marshall University and West Virginia University, respectively, shall promulgate and adopt any rule which they are required to adopt by this chapter or chapter eighteen-c of this code no later than the first day of July, two thousand six. On and after this date:

(1) Any rule of either governing board which meets the definition set out in subsection (c) of this section and which has not been promulgated and adopted by formal vote of the appropriate governing board is void and may not be enforced;

(2) Any authority granted by this code which inherently requires the governing board to promulgate and adopt a rule is void until the governing board complies with the provisions of this section.

(g) Within thirty days of the adoption of a rule, including repeal or amendment of an existing rule, the governing boards of Marshall University and West Virginia University, respectively, shall furnish to the Commission or the Council, as appropriate, a copy of each rule which has been formally adopted;

(h) Not later than the first day of October, two thousand five, and annually thereafter, each governing board of a state institution of higher education shall file with the Commission or the Council, as appropriate, a list of all institutional rules that were in effect for that institution on the first day of July of that year, including the most recent date on which each rule was considered and adopted, amended or repealed by the governing board. For all rules adopted, amended or repealed after the effective date of this section, the list shall include a statement by the chair of the governing board certifying that the governing board has complied with the provisions of this section when each listed rule was adopted.

Acts 1989, c. 64; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2004, c. 92, eff. March 13, 2004; Acts 2005, c. 86, eff. July 1, 2005.

Library References

Colleges and Universities ⇐7.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 15 to 18.

§ 18B–1–7. Fairmont State Community and Technical College merged

(a) Notwithstanding any other provision of this code to the contrary, on the first day of July, two thousand six, Fairmont State Community and Technical College shall be known as Pierpont Community and Technical College and shall

merge and consolidate with Fairmont State University and become a fully integrated division of the university. All administrative and academic units shall be consolidated with primary responsibility for direction and support assigned to Fairmont State University.

(1) Fairmont State Community and Technical College ceases to be an individual higher education institution, as defined by subsection (h), section two of this article.

(2) The advisory board previously appointed for Fairmont State Community and Technical College is continued as the advisory board for Pierpont Community and Technical College. The advisory board:

(A) Serves to advise the Fairmont State University Board of Governors and president on issues regarding the delivery of community and technical college education; and

(B) Continues to function pursuant to the provisions of section one, article six of this chapter.

(b) Any reference in this code to Fairmont State Community and Technical College means Pierpont Community and Technical College, a division of Fairmont State University.

(c) In the delivery of community and technical college education and programs, Fairmont State University shall adhere to all provisions set forth in this code and rules promulgated by the council for the delivery of such education and programs, including, but not limited to, council review and approval of academic programs, institutional compacts, master plans, charge-back agreements and tuition and fee rates, including capital fees. The only provision of this code that Fairmont State University is not required to adhere to is the requirement related to independent accreditation of community and technical colleges.

(d) Pierpont Community and Technical College shall continue to exist as an administrative division of Fairmont State University, pursuant to the provisions of article ten, chapter four of this code, until the first day of July, two thousand nine, unless sooner terminated, continued or reestablished pursuant to the provisions of that article.

(e) During the time period Pierpont Community and Technical College exists as an administrative division of Fairmont State University pursuant to subsection (d) of this section, the council shall determine if the following conditions are being met:

(1) Pierpont Community and Technical College meets or exceeds all of the benchmarks contained in its approved compact required by section two, article one-a of this chapter;

(2) Pierpont Community and Technical College has established and is meeting or exceeding the goals of its approved consortium compact pursuant to section four, article three-c of this chapter;

(3) Pierpont Community and Technical College meets or exceeds the service needs of its consortium planning district according to its approved consortium compact;

(4) Pierpont Community and Technical College meets or exceeds Council goals as defined in the community and technical college performance indicators and institutional compacts established pursuant to section two, article one-a of this chapter and national averages for the delivery of comprehensive community and technical college education in the following areas:

(A) Providing access to the following groups of students in the community and technical college's consortium planning district:

(i) Traditional students eighteen to twenty-four years of age;

(ii) Nontraditional students twenty-five to forty-four years of age; and

(iii) High school students seeking college credit through early entrance and earn-a-degree-graduate-early (EDGE) courses;

(B) Serving the state's workforce development goals by:

(i) Increasing the number of graduates with career technical certificates and associate degrees;

(ii) Ensuring that students who earn certificates and degrees are placed in the workforce;

(iii) Providing workforce education and training programs for employers; and

(iv) Maintaining community and technical college student freshman-to-sophomore retention rates and graduation rates that equal or exceed state and national averages;

(5) The costs of operating Pierpont Community and Technical College as an independently accredited community and technical college administratively linked to Fairmont State University exceed the benefits of such an arrangement to the achievement of community and technical college system goals;

(6) A consortia arrangement, centralized processing alternative or other cost-saving measure is not available to offset the costs determined to be excessive pursuant to subdivision (5) of this subsection; and

(7) Fairmont State University and Pierpont Community and Technical College demonstrate that they are required:

(A) By the United States Department of Education to operate separate offices for student financial aid processing; and

(B) By the Higher Learning Commission of the North Central Association of Colleges and Schools to maintain a separate library for each institution.

(f) The council shall report to the Legislative Oversight Commission on Education Accountability concerning its findings and its final recommendations. The report shall be filed by the first day of December, two thousand nine.

(g) If the council determines that the merger of Fairmont State University and Pierpont Community and Technical College has not resulted in enabling the community and technical college to meet the conditions established in this section, the community and technical college shall pursue independent accreditation status. If Pierpont Community and Technical College fails to achieve independent accreditation by the first day of January, two thousand eleven, the council shall choose one of the following options:

(1) Create the administratively linked institution as a free-standing community and technical college under the jurisdiction of its own institutional board of governors established pursuant to section one, article two-a of this chapter; or

(2) Assign the responsibility for obtaining independent accreditation to another state institution of higher education.

Acts 2006, c. 84, eff. July 1, 2006.

Historical and Statutory Notes

Former section: A former § 18B–1–7, which related to the power of governing boards to supervise the policies and affairs of the state institutions of higher education under their jurisdiction and directed that each board delegate much of its power to the president or other administrative head of those institutions, was repealed by Acts 2005, c. 86, and was derived from Acts 1989, c. 64, and Acts 1993, c. 47.

Library References

Colleges and Universities ⇐7.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 15 to 18.

§ 18B–1–8. Student rights when institutions merge or become administratively linked

(a) Commencing with the effective date of this section, when a conflict exists between academic program requirements at an institution to be consolidated, merged or administratively linked to another state institution of higher education, the requirements of the institution at which the student initially enrolled prevail. A student may not be required to earn additional credits toward the degree pursued, or to take additional courses, that were not included in the program of study at the time the student declared that major at the enrolling institution.

(b) A student enrolled in an institution to be consolidated, merged or administratively linked to another state institution of higher education shall continue to receive any state-funded student financial aid for which he or she would otherwise be eligible.

Acts 2003, c. 96, eff. March 8, 2003.

Historical and Statutory Notes

Former section: A former § 18B–1–8 related to the powers and duties of governing boards generally, and was repealed by Acts 2000, c. 100.

§ 18B–1–8a. Repealed by Acts 2000, c. 100, eff. June 30, 2001

Historical and Statutory Notes

Repealed § 18B–1–8a related to higher education accountability and institutional and statewide report cards.

§ 18B–1–8b. Marshall university graduate college

(a) Notwithstanding any other provisions of this code to the contrary, the West Virginia graduate college shall cease to be an individual higher education institution, as defined by subsection (h), section two, article one of this chapter and shall be merged and consolidated with Marshall university, effective the first day of July, one thousand nine hundred ninety-seven.

(b) The graduate programs of Marshall university shall be operated under the same procedures, policies, rules and practices utilized by Marshall university and the board of trustees in operating Marshall university: Provided, That the board of trustees shall assure that the president of Marshall university adopts policies, procedures and standards for its graduate programs that facilitate the multiple missions of the graduate college in serving traditional and nontraditional students and providing graduate instruction throughout the state. Nothing herein shall be interpreted to abrogate the power or responsibility of the board of trustees to approve and review graduate programs offered within the university system, nor to limit the statewide mission of West Virginia university or any other institution.

(c) The president of Marshall university shall appoint the head of the graduate college, who shall report directly to the president of Marshall university.

(d) Nothing contained herein shall be interpreted to authorize the provision or expansion of any four-year programs offered by Marshall university to any sites formerly offering graduate school courses by the West Virginia graduate college.

(e) It is the intent of the Legislature that the program review and approval process for campus offerings for graduate education by the graduate college of Marshall university be separate and distinct from the process for the approval of undergraduate education program offerings.

(f) It is the Legislature's intent that, through the fiscal year two thousand—two thousand one, the proportionate share of the funds which would have been generated by the board of trustees resource allocation policy for the West Virginia graduate college shall be allocated to the Marshall university graduate college. It is further the intent of the Legislature that the merger and consolidation of West Virginia graduate college and Marshall university shall not result in any financial gain or loss to the board of trustees or any institution within the university system in the appropriation decisions by the Legislature.

(g) It is the intent of the Legislature that Marshall university and the Marshall university graduate college each receive any increase in state appropriated funds for the fiscal year beginning the first day of July, one thousand nine hundred ninety-seven, set out in section one-c, article one of this chapter, and further, that they shall not be denied any increases because of the need for

changes in their strategic plans necessitated by the merger and consolidation of the two institutions: Provided, That Marshall university shall prepare a revised strategic plan and submit it to the board of trustees for approval by the first day of November, one thousand nine hundred ninety-seven.

(h) Each valid agreement, obligation or claim entered into or incurred by the board of trustees on behalf of the West Virginia graduate college is hereby undertaken by the board of trustees on behalf of Marshall university.

Acts 1996, c. 119, eff. March 9, 1996; Acts 1997, c. 85, eff. July 1, 1997.

§ 18B–1–9. Repealed by Acts 2005, c. 86, eff. July 1, 2005

Historical and Statutory Notes

The repealed section, which related to the powers and duties of institutional presidents or other administrative head of each state institution of higher education, was derived from Acts 1989, c. 64.

§ 18B–1–10. Potomac branch of West Virginia university

(a) Notwithstanding any other provision of this code to the contrary, by the first day of July, two thousand five, Potomac state college shall merge and consolidate with West Virginia university, and become a fully integrated division of the university. All administrative and academic units shall be consolidated with primary responsibility for direction and support assigned to West Virginia university. The advisory board previously appointed for Potomac state college shall be known as the board of visitors and shall provide guidance to the division in carrying out its mission.

(b) Operational costs for the Potomac campus may not exceed by more than ten percent the average cost per full-time equivalent student for freestanding community and technical colleges or the southern regional education board average expenditures for two-year institutions. West Virginia university shall reduce these costs to the mandated level within four years.

(c) Auxiliary enterprises shall be incorporated into the West Virginia university auxiliary enterprise system. The West Virginia university board of governors shall determine if operations at the Potomac campus can be operated on a self-sufficient basis when establishing rates for auxiliary services and products.

(d) Potomac state college has a strong reputation in agriculture and forestry instruction, pre-professional programs in business, computer science and education, and basic liberal arts instruction. These programs shall be further cultivated and emphasized as the sustaining mission of the Potomac campus over the next decade, except that the higher education policy commission may change the mission of the Potomac campus at any time the commission determines appropriate. In order to focus its resources on these programs, the campus shall contract through eastern West Virginia community and technical college to provide work force development training, literacy education and technical education programs which are most efficiently offered within a flexible community and technical college curriculum. This collaborative relationship shall serve to strengthen both institutions and generate a model

relationship between traditional and community and technical college education for institutions throughout the state.

(e) Beginning the first day of November, two thousand three, and annually thereafter, Potomac state college and eastern West Virginia community and technical college shall report to the higher education policy commission on plans, accomplishments and recommendations in implementing the cooperative relationship authorized in subsection (d) of this section. The commission shall report to the legislative oversight commission on education accountability on the cooperative activities, results and recommendations for changes by the fifteenth day of December, two thousand three, and annually thereafter.

Acts 2003, c. 96, eff. March 8, 2003.

Historical and Statutory Notes

Former section: A former § 18B–1–10 was repealed by Acts 1993, c. 47.

Library References

Colleges and Universities ⇐3.
Westlaw Topic No. 81.
C.J.S. Colleges and Universities §§ 5 to 6.

§ 18B–1–11. Colleges and universities to provide appropriate services to meet needs of students with handicapping conditions

Each state funded institution of higher education accepting students with handicapping conditions, such as physical, learning, or severe sensory disabilities, shall provide services in accordance with Rehabilitation Act 504 appropriate to meet the educational needs of these students. Such information shall be provided to local boards of education for information dissemination to students and parents to fulfill the goals of transition.

Acts 1990, 1st Ex. Sess., c. 2.

Library References

Colleges and Universities ⇐9.10.
Westlaw Topic No. 81.
C.J.S. Civil Rights §§ 122, 140.
C.J.S. Colleges and Universities § 29.

Article		Section
1F.	MANAGEMENT AGREEMENTS FOR THE HIGHER EDUCATION POLICY COMMISSION.	18B–1F–1
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10.	FEES AND OTHER MONEY COLLECTED AT STATE INSTITUTIONS OF HIGHER EDUCATION.	18B–10–1
11.	MISCELLANEOUS INSTITUTES AND CENTERS.	18B–11–5
14.	MISCELLANEOUS.	18B–14–1
16.	HEALTH CARE EDUCATION.	18B–16–6b
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19.	CAPITAL PROJECTS AND FACILITIES NEEDS.	18B–19–1

ARTICLE 1

GOVERNANCE

Section	
18B–1–1.	Repealed.
18B–1–1a.	Legislative intent; findings; establishment of state goals for higher education and education; creation of partnership to achieve state goals and objectives.
18B–1–1b, 18B–1–1c.	Repealed.
18B–1–2.	Definitions.
18B–1–6.	Rulemaking.
18B–1–7.	Repealed.
18B–1–8.	Student rights when institutional affiliations or governance structures change.

§ 18B–1–1. Repealed by Acts 2008, c. 72, eff. March 8, 2008

Historical and Statutory Notes

The repealed section set out as the purpose of the Legislature in enacting article 1 of this chapter the establishment of a governance structure for the state institutions of higher education.

See, now, WV ST § 18B–1D–1.

§ 18B–1–1a. Legislative intent; findings; establishment of state goals for higher education and education; creation of partnership to achieve state goals and objectives

(a) It is the intent of the Legislature in enacting this section to establish state goals for public higher education which benefit the citizens of the State of West Virginia.

(b) It is further the intent of the Legislature that this section be read and implemented in conjunction with the accountability system established in article one-d of this chapter and that any reference to this section in this code includes the provisions of that article.

(c) *Findings.* — The Legislature finds that post-secondary education is vital to the future of West Virginia. For the state to realize its considerable potential in the 21st Century, it

must have a system for the delivery of post-secondary education which is competitive in the changing national and global environment, is affordable for the state and its citizenry and has the capacity to deliver the programs and services necessary to meet regional and statewide needs.

The Legislature further finds that it is vitally important for young people entering the workforce to have the education and skills to succeed in today's high-technology, knowledge-based economy. It is equally important for working-age adults who are the majority of the current and potential workforce also to possess the requisite education and skills to compete successfully in the workplace and to have the opportunity to continue learning throughout their lives. The future of the state rests not only on how well its youth are educated, but also on how well it educates its entire population of any age.

The Legislature further finds that providing access to a high-quality and affordable post-secondary education is a state responsibility and, while states spent more than seventy billion dollars on public higher education in two thousand six, they are not maximizing that investment. The Legislature recognizes the efforts of the National Conference of State Legislatures' Blue Ribbon Commission on Higher Education in producing a report to assist the states in higher education policymaking. According to the commission report, "Transforming Higher Education: National Imperative — State Responsibility", the United States is losing its competitive advantage in a new, high-tech, highly mobile global economy. This lack of competitiveness is a matter of the highest urgency for federal and state policymakers and higher education is at the center of this discussion. The report further states that higher education is both the problem and the solution" because the nation has failed to focus on how higher education energizes American competitiveness and revitalizes the states. Pursuant to these findings, the commission made some specific recommendations addressed to the states which include the following:

(1) Define clear state goals;

(2) Identify your state's strengths and weaknesses;

(3) Know your state demographic trends for the next ten to thirty years;

(4) Identify a place or structure to sustain the public policy agenda;

(5) Hold institutions accountable for their performance;

(6) Rethink funding formulas and student aid;

(7) Make a commitment to access, success and innovation;

(8) Encourage partnerships;

(9) Give special attention to adult learners; and

(10) Focus on productivity.

All of these recommendations are useful in providing policy guidance and have been given careful consideration in the development of this section and article one-d of this chapter.

(d) *Establishment of state goals.* — In recognition of its importance to the citizens of West Virginia, the Legislature hereby establishes the following goals for public higher education in the state:

(1) The ultimate goal of public education is to enhance the quality of life for citizens of the state of West Virginia.

(2) The overall focus of public education is on developing and maintaining a process of lifelong learning which is as seamless as possible at all levels, encourages citizens of all ages to increase their knowledge and skills and provides ample opportunities for them to participate in public higher education.

(3) Higher education collaborates with public education and other providers to offer education opportunities:

(A) To individuals of all ages and socioeconomic backgrounds in all areas of the state; and

(B) To overcome financial barriers to participation for both traditional and nontraditional students.

(4) Higher education seeks to enhance state efforts to diversify and expand the economy by focusing available resources on programs and courses which best serve students, provide the greatest opportunity for job creation and retention and are most supportive of emerging high-technology and knowledge-based businesses and industries.

(5) Higher education creates a learning environment that is student-friendly and that encourages and assists students in the completion of degree requirements, certifications or skill sets within a reasonable period of time.

(6) The learning environment expands participation for the increasingly diverse student population and responds to the needs of the current workforce and other nontraditional students.

(7) Through the establishment of innovative curricula and assessment efforts, state institutions of higher education ensure that students graduate from nationally recognized and accredited programs and meet or exceed national and international standards for performance in their chosen fields as evidenced through placement and professional licensure examinations.

(8) Higher education promotes academic research and innovation to achieve measurable growth in West Virginia's knowledge-based economic sector.

(9) State institutions of higher education emphasize productivity and strive to exceed the performance and productivity levels of peer institutions. In return, and within the constraints of fiscal responsibility, the state seeks to invest in institutions so that they may adequately compensate faculty, classified employees and other employees at a competitive level to attract and retain high quality personnel.

(10) State institutions of higher education are committed to a shared responsibility with faculty, staff, students and their communities to provide access to the knowledge and to promote acquisition of the skills and abilities necessary to establish and maintain physical fitness and wellness.

(A) Programs that encourage healthy lifestyles are essential for the vibrancy of the institutions of higher education, for the well-being of the communities they serve and for the state as a whole.

(B) Increasing the fitness levels of adults on college and university campuses is critically important for the people of West Virginia, not only for disease prevention, but also, and perhaps most importantly, to enhance the overall quality of life.

(C) While individuals must bear the primary responsibility for their own health, it is imperative that the institutions provide appropriate education and support focused on enriching and expanding the short- and long-term views and attitudes towards physical activity, understanding the principles of wellness and their application to a healthy lifestyle, understanding what components are a necessary part of an all-around healthy lifestyle and learning how to set and achieve realistic goals aimed at establishing healthy habits for the benefit of long-term health and well-being.

(e) *Education partnership to achieve state goals and objectives.* — If public institutions of higher education are to provide services that meet the needs of state citizens as outlined in this section and article one-d of this chapter, then West Virginia must create and participate in a partnership across various education organizations that recognizes the valuable contributions each member of the group can make. In addition to public education as outlined in section four, article one, chapter eighteen of this code and in addition to the State of West Virginia, key members of this partnership include the state institutions of higher education, the Council for Community and Technical College Education and the Higher Education Policy Commission.

(1) *State institutions of higher education.* — The institutions are the cornerstone of efforts to provide higher education services that meet the needs of state citizens. To varying degrees, and depending upon their missions, these institutions serve the state in three major ways:

(A) *Instruction.* — By providing direct instruction to students along with the student ervices necessary to support the instructional mission. These services have two primary oals:

(i) To produce college graduates who have the knowledge, skills and desire to make aluable contributions to society; and

(ii) To provide opportunities for citizens to engage in life-long learning to enhance their mployability and their overall quality of life.

(B) *Public service.* — By providing an occupational home for experts in a variety of fields nd by serving as the educational home for students. In these capacities, institutions create a rge and varied pool of high quality human resources capable of making valuable contribuons to business and industry, local and state governments and communities. The following re examples of the types of public service that higher education institutions have to offer:

(i) Workforce development, primarily through community and technical colleges, to meet ie immediate and long-term needs of employers and employees;

(ii) Technical assistance to state and local policymakers as they work to address challenges s diverse as ensuring that West Virginia's citizens receive quality health care, assisting in ie development of a solid transportation infrastructure and ensuring that public school eachers have enriching professional development opportunities; and

(iii) Opportunities to learn and serve in local communities, to teach civic responsibility and encourage civic engagement.

(C) *Research.* — By conducting research at state institutions of higher education, particurly Marshall University and West Virginia University, to enhance the quality of life in West irginia in the following ways:

(i) Targeting cutting-edge research toward solving pressing societal problems;

(ii) Promoting economic development by raising the level of education and specialization nong the population; and

(iii) Creating jobs through development of new products and services.

(2) *The Council for Community and Technical College Education and the Higher Edutition Policy Commission.* — In their role as state-level coordinating boards, the council and mmission function as important partners with state policy leaders in providing higher lucation that meets state needs. The council and commission provide service to the state in ie following ways:

(A) By developing a public policy agenda for various aspects of higher education that is igned with state goals and objectives and the role and responsibilities of each coordinating oard;

(B) By ensuring that institutional missions and goals are aligned with relevant parts of the iblic policy agenda and that institutions maximize the resources available to them to fulfill eir missions and make reasonable progress toward meeting established state goals;

(C) By evaluating and reporting on progress in implementing the public policy agenda;

(D) By promoting system efficiencies through collaboration and cooperation across instituons and through focusing institutional missions as appropriate; and

(E) By conducting research, collecting data and providing objective recommendations to d elected state officials in making policy decisions.

(3) *State of West Virginia.* — Elected state officials represent the citizens of West Virginia id are critical partners in providing quality higher education. In this context, these statevel policymakers serve the state in the following ways:

(A) By establishing goals, objectives and priorities for higher education based on a oughtful, systematic determination of state needs;

(B) By providing resources necessary to address state goals, objectives and priorities for gher education; and

(C) By providing incentives for and removing barriers to the achievement of state goals, objectives and priorities.

Acts 1993, c. 47; Acts 1995, c. 99, eff. March 11, 1995; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; Acts 2004, c. 92, eff. March 13, 2004; Acts 2008, c. 72, eff. March 8, 2008.

§§ 18B–1–1b, 18B–1–1c. Repealed by Acts 2000, c. 100, eff. June 30, 2001

Historical and Statutory Notes

Acts 2008, c. 72, effective March 8, 2008, repealed §§ 18B–1–1b and 18B–1–1c without reference to their earlier repeal by Acts 2000, c. 100, effective June 30, 2001.

§ 18B–1–2. Definitions

The following words when used in this chapter and chapter eighteen-c of this code have the meanings ascribed to them unless the context clearly indicates a different meaning:

(1) "Administratively linked community and technical college" means a state institution of higher education delivering community and technical college education and programs which has maintained a contractual agreement to receive essential services from another accredited state institution of higher education prior to July 1, 2008;

(2) "Advanced technology center" means a facility established under the direction of an independent community and technical college or the council for the purpose of implementing and delivering education and training programs for high-skill, high-performance Twenty-first Century workplaces;

(3) "Board of visitors" means the advisory board previously appointed for the West Virginia Graduate College and the advisory board previously appointed for West Virginia University Institute of Technology, which provide guidance to the Marshall University Graduate College and West Virginia University Institute of Technology, respectively;

(4) "Broker" or "brokering" means serving as an agent on behalf of students, employers, communities or responsibility areas to obtain education services not offered at that institution. These services include courses, degree programs or other services contracted through an agreement with a provider of education services either in-state or out-of-state;

(5) "Chancellor" means the Chancellor for Higher Education where the context refers to a function of the Higher Education Policy Commission. "Chancellor" means the Chancellor for Community and Technical College Education where the context refers to a function of the West Virginia Council for Community and Technical College Education;

(6) "Chancellor for Community and Technical College Education" means the chief executive officer of the West Virginia Council for Community and Technical College Education employed pursuant to section three, article two-b of this chapter;

(7) "Chancellor for Higher Education" means the chief executive officer of the Higher Education Policy Commission employed pursuant to section five, article one-b of this chapter;

(8) "Collaboration" means entering into an agreement with one or more providers of education services in order to enhance the scope, quality or efficiency of education services;

(9) "Community and technical college", in the singular or plural, means the free-standing community and technical colleges and other state institutions of higher education which deliver community and technical college education. This definition includes Blue Ridge Community and Technical College, Bridgemont Community and Technical College, Eastern West Virginia Community and Technical College, Kanawha Valley Community and Technical College, Mountwest Community and Technical College, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College and West Virginia University at Parkersburg;

(10) "Community and technical college education" means the programs, faculty, administration and funding associated with the delivery of community and technical college education programs;

(11) "Community and technical college education program" means any college-level course or program beyond the high school level provided through a public institution of higher education resulting in or which may result in a two-year associate degree award including an associate of arts, an associate of science and an associate of applied science; certificate programs and skill sets; developmental education; continuing education; collegiate credit and noncredit workforce development programs; and transfer and baccalaureate parallel programs. All programs are under the jurisdiction of the council. Any reference to "postsecondary vocational education programs" means community and technical college education programs as defined in this subsection;

(12) "Council" means the West Virginia Council for Community and Technical College Education created by article two-b of this chapter;

(13) "Dual credit course" or "dual enrollment course" means a credit-bearing college-level course offered in a high school by a state institution of higher education for high school students in which the students are concurrently enrolled and receiving credit at the secondary level.

(14) "Essential conditions" means those conditions which shall be met by community and technical colleges as provided in section three, article three-c of this chapter;

(15) "Free-standing community and technical colleges" means Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and Eastern West Virginia Community and Technical College, which may not be operated as branches or off-campus locations of any other state institution of higher education;

(16) "Governing boards" or "boards" means the institutional boards of governors created by section one, article two-a of this chapter;

(17) "Higher Education Policy Commission", "Policy Commission" or "Commission" means the commission created by section one, article one-b of this chapter;

(18) "Independent community and technical college" means a state institution of higher education under the jurisdiction of the Council which is independently accredited, is governed by its own independent governing board, and may not be operated as a branch or off-campus location of any other state institution of higher education. This definition includes Blue Ridge Community and Technical College, Bridgemont Community and Technical College, Eastern West Virginia Community and Technical College, Kanawha Valley Community and Technical College, Mountwest Community and Technical College, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and West Virginia University at Parkersburg;

(19) "Institutional compact" means the compact between the commission or council and a state institution of higher education under its jurisdiction, as described in section seven, article one-d of this chapter;

(20) "Institutional operating budget" or "operating budget" means for any fiscal year an institution's total unrestricted education and general funding from all sources, including, but not limited to, tuition and fees and legislative appropriation, and any adjustments to that funding as approved by the commission or council based on comparisons with peer institutions to reflect consistent components of peer operating budgets;

(21) "Peer institutions", "peer group" or "peers" means public institutions of higher education used for comparison purposes and selected by the commission pursuant to section three, article one-a of this chapter;

(22) "Rule" or "rules" means a regulation, standard, policy or interpretation of general application and future effect;

(23) "Sponsoring institution" means a state institution of higher education that maintained administrative link to a community and technical college providing essential services prior July 1, 2008. This definition includes institutions whose governing boards had under their jurisdiction a community and technical college, regional campus or a division delivering community and technical college education and programs;

(24) "State college" means Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty University or West Virginia State University;

(25) "State institution of higher education" means any university, college or community and technical college under the jurisdiction of a governing board as that term is defined in this section;

(26) "Statewide network of independently accredited community and technical colleges" or "community and technical college network" means the state institutions of higher education under the jurisdiction of the West Virginia Council for Community and Technical College Education which are independently accredited, each governed by its own independent governing board, and each having a core mission of providing affordable access to and delivering high quality community and technical education in every region of the state;

(27) "Vice Chancellor for Administration" means the person employed in accordance with section two, article four of this chapter. Any reference in this chapter or chapter eighteen-c of this code to "Senior Administrator" means Vice Chancellor for Administration;

(28) "Vice Chancellor for Human Resources" means the person employed by the commission and the council jointly pursuant to section two-a, article four of this chapter. The person employed as senior director of human resources by the commission on January 1, 2011, becomes the Vice Chancellor for Human Resources on the effective date of this section; and

(29) "West Virginia Consortium for Undergraduate Research and Engineering" or "West Virginia CURE" means the collaborative planning group established by article one-c of this chapter.

Acts 1989, c. 64; Acts 1992, c. 61; Acts 1993, c. 47; Acts 1995, c. 99, eff. March 11, 1995; Acts 1996, c. 119, eff. March 9, 1996; Acts 1997, c. 85, eff. July 1, 1997; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2003, c. 96, eff. March 8, 2003; Acts 2004, c. 92, eff. March 13, 2004; Acts 2006, c. 84, eff. July 1, 2006; Acts 2008, c. 87, eff. July 1, 2008; Acts 2011, c. 79, eff. June 10, 2011.

[1] P.L. 88–204.

Historical and Statutory Notes

Acts 2011, c. 82, also amended this section to read:

"The following words when used in this chapter and chapter eighteen-c of this code have the meanings ascribed to them unless the context clearly indicates a different meaning:

"(a) 'Governing boards' or 'boards' means the institutional boards of governors created pursuant to section one, article two-a of this chapter;

"(b) 'Free-standing community and technical colleges' means Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and Eastern West Virginia Community and Technical College, which may not be operated as branches or off-campus locations of any other state institution of higher education;

"(c) 'Community and technical college', in the singular or plural, means the free-standing community and technical colleges and other state institutions of higher education which deliver community and technical college education. This definition includes Blue Ridge Community and Technical College, Bridgemont Community and Technical College, Eastern West Virginia Community and Technical College, Kanawha Valley Community and Technical College, Mountwest Community and Technical College, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and West Virginia University at Parkersburg;

"(d) 'Community and technical college education' means the programs, faculty, administration and funding associated with the delivery of community and technical college education programs;

"(e) 'Essential conditions' means those conditions which shall be met by community and technical colleges as provided in section three, article three-c of this chapter;

"(f) 'Higher education institution' means any institution as defined by Sections 401(f), (g) and (h) of the federal Higher Education Facilities Act of 1963, as amended;

"(g) 'Higher Education Policy Commission', 'Policy Commission' or 'Commission' means the commission created pursuant to section one, article one-b of this chapter;

"(h) 'Chancellor for Higher Education' means the chief executive officer of the Higher Education Policy Commission employed pursuant to section five, article one-b of this chapter;

"(i) 'Chancellor for Community and Technical College Education" means the chief executive officer of the West Virginia Council for Community and Technical College Education employed pursuant to section three, article two-b of this chapter;

"(j) 'Chancellor' means the Chancellor for High- Education where the context refers to a func- on of the Higher Education Policy Commission. 'hancellor' means Chancellor for Community and echnical College Education where the context fers to a function of the West Virginia Council r Community and Technical College Education;

"(k) 'Institutional operating budget' or 'operat- g budget' means for any fiscal year an institu- on's total unrestricted education and general nding from all sources in the prior fiscal year, cluding, but not limited to, tuition and fees and gislative appropriation, and any adjustments to at funding as approved by the Commission or ouncil based on comparisons with peer institu- ons or to reflect consistent components of peer erating budgets;

"(l) 'Community and technical college education ogram' means any college-level course or pro- am beyond the high school level provided rough a public institution of higher education sulting in or which may result in a two-year sociate degree award including an associate of ts, an associate of science and an associate of plied science; certificate programs and skill ts; developmental education; continuing edu- tion; collegiate credit and noncredit workforce velopment programs; and transfer and bacca- ureate parallel programs. All programs are un- r the jurisdiction of the Council. Any reference "post-secondary vocational education programs" eans community and technical college education ograms as defined in this subsection;

"(m) 'Rule' or 'rules' means a regulation, stan- rd, policy or interpretation of general application d future effect;

"(n) 'Vice Chancellor for Administration' means e person employed in accordance with section o, article four of this chapter. Any reference in is chapter or chapter eighteen-c of this code to enior Administrator' means Vice Chancellor for lministration;

"(o) 'State college' means Bluefield State Col- ge, Concord University, Fairmont State Univer- y, Glenville State College, Shepherd University, est Liberty University or West Virginia State niversity;

"(p) 'State institution of higher education' means y university, college or community and technical llege under the jurisdiction of a governing board that term is defined in this section;

"(q) 'Board of visitors' means the advisory board eviously appointed for the West Virginia Gradu- e College and the advisory board previously ap- inted for West Virginia University Institute of chnology, which provide guidance to the Mar- all University Graduate College and West Virgi- a University Institute of Technology, respective-

"(r) 'Institutional compact' means the compact tween the Commission or Council and a state stitution of higher education under its jurisdic- n, as described in section six, article one-d of is chapter;

"(s) 'Peer institutions', 'peer group' or 'peers' means public institutions of higher education used for comparison purposes and selected by the Commission pursuant to section three, article one-a of this chapter;

"(t) 'Administratively linked community and technical college' means a state institution of higher education delivering community and technical college education and programs which has maintained a contractual agreement to receive essential services from another accredited state institution of higher education prior to July 1, 2008;

"(u) 'Sponsoring institution' means a state institution of higher education that maintained an administrative link to a community and technical college providing essential services prior to July 1, 2008. This definition includes institutions whose governing boards had under their jurisdiction a community and technical college, regional campus or a division delivering community and technical college education and programs;

"(v) 'Collaboration' means entering into an agreement with one or more providers of education services in order to enhance the scope, quality or efficiency of education services;

"(w) 'Broker' or 'brokering' means serving as an agent on behalf of students, employers, communities or responsibility areas to obtain education services not offered at that institution. These services include courses, degree programs or other services contracted through an agreement with a provider of education services either in-state or out-of-state;

"(x) 'Council' means the West Virginia Council for Community and Technical College Education created pursuant to article two-b of this chapter;

"(y) 'West Virginia Consortium for Undergraduate Research and Engineering' or 'West Virginia CURE' means the collaborative planning group established pursuant to article one-c of this chapter;

"(z) 'Advanced technology center' means a facility established under the direction of an independent community and technical college for the purpose of implementing and delivering education and training programs for high-skill, high-performance Twenty-first Century workplaces;

"(aa) 'Statewide network of independently accredited community and technical colleges' or 'community and technical college network' means the state institutions of higher education under the jurisdiction of the West Virginia Council for Community and Technical College Education which are independently accredited, each governed by its own independent governing board, and each having a core mission of providing affordable access to and delivering high quality community and technical education in every region of the state;

"(bb) 'Independent community and technical college' means a state institution of higher education under the jurisdiction of the Council which is independently accredited, is governed by its own independent governing board, and may not be operated as a branch or off-campus location of any other

state institution of higher education. This definition includes Blue Ridge Community and Technical College, Bridgemont Community and Technical College, Eastern West Virginia Community and Technical College, Kanawha Valley Community and Technical College, Mountwest Community and Technical College, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and West Virginia University at Parkersburg; and

"(cc) 'Dual credit course' or 'dual enrollment course' means a credit-bearing college-level course offered in a high school by a state institution of higher education for high school students in which the students are concurrently enrolled and receiving credit at the secondary level."

§ 18B-1-6. Rulemaking

(a) The commission is hereby empowered to promulgate, adopt, amend or repeal rules, in accordance with article three-a, chapter twenty-nine-a of this code, subject to section three of this article.

(b) The council is hereby empowered to promulgate, adopt, amend or repeal rules in accordance with article three-a, chapter twenty-nine-a of this code, subject to section three of this article. This grant of rule-making power extends only to those areas over which the council has been granted specific authority and jurisdiction by law.

(c) As it relates to the authority granted to governing boards of state institutions of higher education to promulgate, adopt, amend or repeal any rule under this code:

(1) "Rule" means any regulation, guideline, directive, standard, statement of policy or interpretation of general application which has institution-wide effect or which affects the rights, privileges or interests of employees, students or citizens. Any regulation, guideline, directive, standard, statement of policy or interpretation of general application that meets this definition is a rule for the purposes of this section.

(2) Regulations, guidelines or policies established for individual units, divisions, departments or schools of the institution, which deal solely with the internal management or responsibilities of a single unit, division, department or school or with academic curricular policies that do not constitute a mission change for the institution, are excluded from this subsection, except for the requirements relating to posting.

(3) The commission and council each shall promulgate a rule to guide the development and approval of rules made by their respective governing boards, including the governing boards of Marshall University and West Virginia University. The rules promulgated by the commission and council shall include, but are not limited to, the following provisions which shall be included in the rule on rules adopted by each governing board of a state institution of higher education:

(A) A procedure to ensure that public notice is given and that the right of interested parties to have a fair and adequate opportunity to respond is protected, including providing for a thirty-day public comment period prior to final adoption of a rule;

(B) Designation of a single location where all proposed and approved rules, guidelines and other policy statements are posted and can be accessed by the public;

(C) A procedure to maximize Internet access to all proposed and approved rules, guidelines and other policy statements to the extent technically and financially feasible; and

(D) A procedure for the governing board to follow in submitting its rules for review and approval to the commission and/or council, as appropriate, except the following conditions apply for the governing boards of Marshall University and West Virginia University:

(i) The governing boards shall submit rules for review and comment to the commission.

(ii) The commission shall return to the governing board its comments and suggestions within thirty days of receiving the rule.

(iii) If a governing board receives comments or suggestions on a rule from the commission, it shall record these as part of the minute record. The rule is not effective and may not be implemented until the governing board holds a meeting and places on the meeting agenda the comments it has received from the commission.

(d) Nothing in this section requires that any rule reclassified or transferred by the ommission or the council under this section be promulgated again under the procedures set ut in article three-a, chapter twenty-nine-a of this code unless the rule is amended or odified.

(e) The commission and council each shall file with the Legislative Oversight Commission n Education Accountability any rule it proposes to promulgate, adopt, amend or repeal nder the authority of this article.

(f) The governing boards shall promulgate and adopt any rule which they are required to dopt by this chapter or chapter eighteen-c of this code no later than July 1, 2011 unless a ter date is specified. On and after this date:

(1) Any rule of a governing board which meets the definition set out in subsection (c) of is section and which has not been promulgated and adopted by formal vote of the ppropriate governing board is void and may not be enforced;

(2) Any authority granted by this code which inherently requires the governing board to romulgate and adopt a rule is void until the governing board complies with this section.

(g) Within thirty days of the adoption of a rule, including repeal or amendment of an xisting rule, and before the change is implemented, a governing board shall furnish a copy of ach rule which it has adopted to the commission or the council, respectively, for review and pproval, except the governing boards of Marshall University and West Virginia University re subject to subsection (c) of this section.

(h) Annually, by October 1, each governing board shall file with the commission or the ouncil, as appropriate, a list of all rules that were in effect for that institution on July 1 of at year, including the most recent date on which each rule was considered and adopted, mended or repealed by the governing board. For all rules adopted, amended or repealed ter the effective date of this section, the list shall include a statement by the chair of the overning board certifying that the governing board has complied with this section when each sted rule was promulgated and adopted.

cts 1989, c. 64; Acts 2000, c. 100, eff. 90 days after March 19, 2000; Acts 2001, c. 110, eff. July 1, 2001; cts 2004, c. 92, eff. March 13, 2004; Acts 2005, c. 86, eff. July 1, 2005; Acts 2011, c. 79, eff. June 10, 011.

18B–1–7. Repealed by Acts 2008, c. 87, eff. July 1, 2008

Historical and Statutory Notes

The repealed section, which related to the Fair-ont State Community and Technical College erger, was derived from Acts 2006, c. 84.

18B–1–8. Student rights when institutional affiliations or governance structures change

(a) When a conflict exists between academic program requirements at an institution to be nsolidated, merged, separated from, or administratively linked to another state institution higher education, the requirements of the institution at which the student initially enrolled evail. A student may not be required to earn additional credits toward the degree pursued, to take additional courses, that were not included in the program of study at the time the udent declared that major at the enrolling institution.

(b) A student enrolled in an institution to be consolidated, merged, separated from, or lministratively linked to another state institution of higher education shall continue to ceive any state-funded student financial aid for which he or she would otherwise be eligible.

ts 2003, c. 96, eff. March 8, 2003; Acts 2008, c. 87, eff. July 1, 2008.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 18, ARTICLE 12B OF THE WEST VIRGINIA CODE, AND CHAPTER 18, ARTICLE 12B OF THE 2011 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



Given under my hand and the Great Seal of the State of West Virginia on

June 20, 2012

Natalie E Tennant

Secretary of State

ARTICLE 12B

REVENUE BONDS FOR STATE INSTITUTIONS OF HIGHER EDUCATION—CAPITAL IMPROVEMENTS ON SYSTEM BASIS

Section

18–12B–1. Board of regents authorized to issue revenue bonds for certain capital improvements; payment of relocation costs.
18–12B–2. State system tuition fee special capital improvements fund in state treasury; collections to be paid into special fund; authority of board of regents to pledge such collections as security for revenue bonds; authority of board to finance projects on a cash basis.
18–12B–3. Board of regents to fix and collect fees.
18–12B–4. Issuance of revenue bonds; use of proceeds; bonds exempt from taxation.
18–12B–5. Issuance of revenue refunding bonds; use of moneys; power to enter into escrow agreements; call for redemption.
18–12B–6. Bonds may be issued for combined purposes.
18–12B–7. Bonds shall be negotiable instruments.
18–12B–8. Trust agreements for holders of bonds.
18–12B–9. Sinking fund for payment of bonds.
18–12B–10. Credit of State not pledged.
18–12B–11. Attorney general or his duly appointed legal representative to serve as bond counsel.
18–12B–12. Powers of board are supplemental; conflicting laws superseded.

Cross References

High–Tech 2000 research zones and parks, bonds, tax exemptions, see § 18B–13–4.

§ 18–12B–1. Board of regents authorized to issue revenue bonds for certain capital improvements; payment of relocation costs

The West Virginia board of regents shall have authority, as provided in this article, to issue revenue bonds of the state from time to time, either to finance the cost of major renovations, repairs and safety upgrading and providing new capital improvements consisting of facilities, buildings and structures, for those state institutions of higher education as determined by resolution of the board of regents, including any college, university or community college under its supervision, management and control, or to refund, at the discretion of the board of regents, bonds issued and outstanding under and pursuant to the provisions of this article or article eleven-b of this chapter, or both. Such major renovations, repairs and safety upgrading and capital improvements may, in each case, include land for current or future use in connection therewith and equipment and machinery and other similar items essential or convenient in connection with the foregoing but shall not include such items as books, fuel, supplies or other items which are customarily deemed to result in a current operating charge. The principal of, interest and redemption premium, if any, on such bonds shall be payable solely from the special fund herein provided for such payment. The costs of any such major renovations, repairs and safety upgrading and capital improvements shall include the cost of

acquisition of land, the construction and acquisition of any such major renovations, repairs and safety upgrading and capital improvements and equipment and machinery therefor, and the provision of roads, utilities, and other services necessary, appurtenant or incidental to the foregoing; and shall also include all other charges or expenses necessary, appurtenant or incidental to the construction, acquisition, and financing including, but not limited to, debt service reserve requirements and capitalized interest, and placing in operation of any such major renovations, repairs and safety upgrading and capital improvements: Provided, That from time to time, but not later than the first day of March, one thousand nine hundred seventy-eight, the board shall issue and sell bonds pursuant to this article in an amount which, when combined with cash available under the provisions of section two of this article, will be sufficient to finance the costs of the following purposes and projects:

(1) Refunding of all bonds issued and outstanding under and pursuant to the provisions of article eleven-b of this chapter;

(2) A building to house the music, arts and theatre programs at Shepherd College, at a cost not to exceed two million five hundred thousand dollars;

(3) A field house at West Liberty State College at a cost not to exceed two million seven hundred thousand dollars;

(4) A shop and laboratory building at West Virginia State College at a cost not to exceed two million six hundred thousand dollars;

(5) A multipurpose physical education facility at Marshall University, at a cost not to exceed eighteen million dollars;

(6) A new football stadium at West Virginia University (at a different location than the existing stadium) at a cost not to exceed twenty million dollars; and

(7) An all-purpose shell building for sports and physical education at West Virginia University, at a cost not to exceed four million five hundred thousand dollars.

In the event that private real property is acquired in connection with the above enumerated projects or any board projects initiated on or after the first day of July, one thousand nine hundred eighty-eight, the board shall reimburse individuals, families and business concerns for relocation costs incurred as a consequence of being displaced by such acquisition. With respect to payment of such relocation costs, the board shall follow the same procedure and be subject to the same limitations as required for the commissioner of highways under section twenty, article two-a, chapter seventeen of this code and regulations promulgated pursuant thereto.

Acts 1977, c. 90; Acts 1988, c. 49.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers
Colleges and Universities ⇨6(1).
Westlaw Key Number Search: 81k6(1).

Encyclopedias
C.J.S. Colleges and Universities § 10.

§ 18–12B–2. State system tuition fee special capital improvements fund in state treasury; collections to be paid into special fund; authority of board of regents to pledge such collections as security for revenue bonds; authority of board to finance projects on a cash basis

There is created in the state treasury a state system tuition fee special capital improvements fund to be expended by the board of regents for the benefit of the state institutions of higher education, which shall include any college, university or community college under its supervision, management and control.

On and after the first day of July, one thousand nine hundred seventy-seven, the board of regents may periodically transfer from the special nonrevolving West Virginia University capital improvements fund created in the state treasury pursuant to the provisions of article eleven-b of this chapter and from the special nonrevolving Marshall University capital improvements fund created in the state treasury pursuant to the provisions of article twelve-a of this chapter, into the state system tuition fee special capital improvements fund moneys in excess of the amount pledged for the payment of the principal of, interest and redemption premium, if any, on any revenue bonds or revenue refunding bonds issued pursuant to such article eleven-b or twelve-a prior to the first day of July, one thousand nine hundred seventy-seven. Said Marshall University capital improvements fund is hereby continued notwithstanding the retirement of outstanding bonds issued pursuant to such article twelve-a, but on and after the first day of July, one thousand nine hundred seventy-seven, no bonds shall be issued pursuant to article twelve-a, nor shall any moneys be expended (unless the board of regents shall by board action have made a commitment with respect thereto) pursuant to such article twelve-a. On and after the first day of July, one thousand nine hundred seventy-seven there shall be paid directly into such state system tuition fee special capital improvements fund subject to the prior lien and pledge, if any, of outstanding bonds issued pursuant to the provisions of articles eleven-b and twelve-a of this chapter all tuition fees collected under the provisions of section one, article twenty-four, chapter eighteen of this Code, from students at West Virginia and Marshall universities; and on and after the first day of July, one thousand nine hundred seventy-eight, in addition to said fees from students at West Virginia University and Marshall University (and subject to said prior lien and pledge, if any) there shall be paid directly into such state system tuition fee special capital improvements fund all tuition fees collected under the provisions of section one, article twenty-four, chapter eighteen of this Code, from students at all other state institutions of higher education which are under the supervision, management and control of the board of regents: Provided, That tuition fees from students at community colleges shall not be paid into the state system tuition fee special capital improvements fund unless the board shall otherwise determine by resolution.

The board of regents shall have authority to pledge all or such part of the revenues and tuition fees paid into the state system tuition fee special capital improvements fund as may be needed to meet the requirements of any revenue bond issue or issues authorized by this article, including the payment of principal of, interest and redemption premium, if any, on such revenue bonds, the establishing and maintaining of a reserve fund or funds for the payment of the principal of, interest and redemption premium, if any, on such revenue bond issue or issues when other moneys pledged may be insufficient therefor and including such additional protective pledge of revenues and fees as the board of regents in its discretion may provide by resolution authorizing the issue of such bonds and in any trust agreement made in connection therewith, and the board of regents may further provide in such resolution and in such trust agreement, for such priorities on the revenues and fees paid into such state system tuition fee special capital improvements fund as may be necessary for the protection of the prior rights of the holders of bonds issued at different times under the provisions of this article.

Any balance remaining in the state system tuition fee special capital improvements fund after the board of regents has issued bonds authorized by this article, and after the requirements of all funds including reserve funds established in connection with the bonds issued pursuant to this article have been satisfied, may be used (i) for the redemption of any of the outstanding bonds issued hereunder which by their terms are then redeemable, or for the purchase of such bonds at the market price, but at not exceeding the price, if any, at which such bonds shall in the same year be redeemable, and all bonds redeemed or purchased shall forthwith be canceled and shall not again be issued or (ii) for any lawful purpose for which the board of regents may expend funds.

The board of regents, in its discretion, may use the moneys in such state system tuition fee special capital improvements fund to finance the cost of projects and purposes on a cash basis. Any pledge of moneys in such fund for revenue bonds shall be a prior and superior charge on such fund over the use of any of the moneys in such fund to pay for the cost of any project or purpose on a cash basis: Provided, That except for the projects and purposes expressly enumerated in section one of this article, any expenditures from such fund, other than for the retirement of revenue bonds, may only be made by the board to meet the cost of a predetermined capital improvements program for one or more of the state institutions of higher education, in such order or priority as shall have been agreed upon by the board of regents and presented to the governor for inclusion in the annual budget bill, and only with the approval of the legislature as indicated by direct appropriation for the purpose.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers
Colleges and Universities ⇐6(1).
States ⇐127.
Westlaw Key Number Searches: 81k6(1); 360k127.

Encyclopedias
C.J.S. Colleges and Universities § 10.
C.J.S. States § 228.

§ 18–12B–3. Board of regents to fix and collect fees

The board of regents shall fix, establish, maintain and collect the tuition fees provided for in section one, article twenty-four, chapter eighteen of this Code, from students at all state institutions of higher education other than (unless the board of regents shall otherwise determine by resolution) tuition fees from students attending community colleges, in amounts at least sufficient, at all times, after depositing (subject to, or until termination of, the lien and pledge referred to in section two of this article) in the special nonrevolving Marshall University capital improvements fund, and the special nonrevolving West Virginia University capital improvements fund referred to in section two of this article such tuition fees as are now required to be deposited therein pursuant to section one, article twenty-four, chapter eighteen of this Code, to provide revenues for deposit in the state system tuition fee special capital improvements fund which are adequate to pay the principal of, interest and redemption premium, if any, on the bonds authorized to be issued pursuant to this article as the same mature and become due and to make all reserve and other payments to be required by the proceedings which authorize such bonds, and to provide any additional protective pledge of revenues and fees and reserve or other payments as the board of regents may in its discretion require by the resolution authorizing any issue of bonds pursuant to this article and any trust agreement made in connection therewith, and to make all other payments required by this article or any such proceedings, resolutions or trust agreements.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

§ 18–12B–4. Issuance of revenue bonds; use of proceeds; bonds exempt from taxation

The issuance of revenue bonds under the provisions of this article shall be authorized from time to time by resolution or resolutions of the board of regents, which shall set forth the proposed major renovations, repairs and safety upgrading and capital improvements authorized by section one of this article; and shall provide for the issuance of bonds in amounts sufficient, when sold as hereinafter provided, to provide moneys deemed by the board of regents sufficient to pay such costs, less the amounts of any other funds available for said costs from any other moneys of the board of regents available therefor or from any appropriation, grant or gift therefor. Such resolution shall prescribe the rights and duties of the bondholders and the board of regents, and for such purpose may prescribe the form of the trust agreement hereinafter referred to. The bonds may be issued from time to time, in such amounts, shall be of such

series, bear such date or dates, mature at such time or times not exceeding forty years from their respective dates, bear interest at such rate or rates; be in such denominations; be in such form, either coupon or registered, carrying such registration, exchangeability and interchangeability privileges be payable in such medium of payment and at such place or places within or without the State; be subject to such terms of redemption at such prices not exceeding one hundred five percent of the principal amount thereof; and be entitled to such priorities on the revenues and fees paid into the state system tuition fee special capital improvements fund as may be provided in the resolution authorizing the issuance of the bonds or in any trust agreement made in connection therewith. The bonds shall be signed by the governor, and by the president or vice president of the board of regents, under the great seal of the State, attested by the secretary of State, and the coupons attached thereto shall bear the facsimile signature of the president or vice president of the board of regents. In case any of the officers whose signatures appear on the bonds or coupons cease to be such officers before the delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if such officers had remained in office until such delivery. Such revenue bonds shall be sold in such manner as the board of regents may determine to be for the best interests of the State.

Any pledge of funds and fees for such revenue bonds made by the board of regents shall be valid and binding between the parties from the time the pledge is made; and the funds so pledged shall immediately be subject to the lien of such pledge without any further physical delivery thereof or further act. The lien of such pledge shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice of the lien of such pledge, and such pledge shall be a prior and superior charge over any other use of such funds so pledged.

The proceeds of such bonds shall be used solely for the payment of the cost of those major renovations, repairs and safety upgrading and capital improvements as generally and specifically set forth in section one of this article, and shall be deposited in the state treasury in a special fund to be disbursed as provided by law for the disbursement of any other state funds. If the proceeds of such bonds, by error in calculations or otherwise, shall be less than the cost of such major renovations, repairs and safety upgrading and capital improvements, additional bonds may in like manner be issued to provide the amount of the deficiency; and unless otherwise provided for in the resolution or trust agreement hereinafter mentioned, such additional bonds shall be deemed to be of the same issue, and shall be entitled to payment from the same fund, without preference or priority, as the bonds before issued for major renovations, repairs and safety upgrading and capital improvements. If the proceeds of bonds issued for such major renovations, repairs and safety upgrading and capital improvements shall exceed the cost thereof, the surplus may be used for such other capital improvements as the board of regents may determine or in such other manner as the resolution authorizing such bonds may provide. Prior to the preparation of definitive bonds, the board may, under like restrictions, issue

temporary bonds with or without coupons, exchangeable for definitive bon upon the issuance of such definitive bonds. The term "cost," as used in th section, shall be deemed to include all of the items contemplated by the use that term in section one of this article.

After the issuance of any of such revenue bonds, the tuition fees at the stat institutions of higher education pledged therefor shall not be reduced as long a any of such revenue bonds are outstanding and unpaid except under suc terms, provisions and conditions as shall be contained in the resolution, trus agreement or other proceedings under which such revenue bonds were issued

Such revenue bonds and the revenue refunding bonds, and bonds issued fo combined purposes shall, together with the interest thereon, be exempt from al taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers
Colleges and Universities ⇐6(1).
Westlaw Key Number Search: 81k6(1).

Encyclopedias
C.J.S. Colleges and Universities § 10.

§ 18–12B–5. Issuance of revenue refunding bonds; use of moneys; power to enter into escrow agreements; call for redemption

The issuance of revenue refunding bonds under the provisions of this article shall be authorized by resolution of the board of regents and shall otherwise be subject to the limitations, conditions and provisions of section four of this article. Such revenue refunding bonds may be issued in an amount at the option of the board of regents sufficient to pay either in full or together with interest earned on the investment of the proceeds thereof, whether or not at the time of the issuance of the revenue refunding bonds the hereafter mentioned bonds are payable or callable for optional redemption, (1) the principal of any outstanding bonds heretofore issued pursuant to the provisions of article eleven-b of this chapter or this article (hereinafter referred to as the "outstanding bonds"); (2) the redemption premium, if any, on such outstanding bonds or the prior redemption thereof; (3) the interest due and payable on such outstanding bonds to and including the first date upon which said outstanding bonds are callable prior to maturity, not exceeding, however, ten years from the date of issuance of such revenue refunding bonds, or the dates upon which the principal of said outstanding bonds mature before such first date on which the same are callable prior to maturity, including any interest theretofore accrued and unpaid; and (4) all expenses of the issuance and sale of said revenue refunding bonds, including all necessary financial and legal expenses, and also including the creation of initial debt service reserve funds. Any moneys in funds pledged with respect to the outstanding bonds may be used for any or all of the purposes stated in (1), (2), (3) and (4) above or may be deposited in a

sinking fund or reserve fund or other funds for the issue of bonds which have been issued wholly or in part for the purpose of such refunding. Such amount of the proceeds of the revenue refunding bonds as shall be sufficient for the payment of the principal of, interest and redemption premium, if any, on such outstanding bonds which will not be immediately due and payable shall be deposited in trust, for the sole purpose of making such payments, with the treasurer of the State of West Virginia or the state sinking fund commission. Any of the moneys so deposited in trust may, prior to the date on which such moneys will be needed for the payment of principal of, interest and redemption premium, if any, on such outstanding bonds, be invested and reinvested as determined by the board of regents, in whole or in part: (a) in direct obligations issued by the United States of America or one of its agencies or in direct obligations of the State of West Virginia, (b) in obligations unconditionally guaranteed by the United States of America as to principal and interest, or (c) in certificates of deposit of a banking corporation or association which is a member of the federal deposit insurance corporation, or successor; but any such certificates of deposit must be fully secured as to both principal and interest by pledged collateral consisting of direct obligations of or obligations guaranteed by the United States of America, or direct obligations of the State of West Virginia, having a market value, excluding accrued interest, at all times at least equal to the amount of the principal of and accrued interest on such certificates of deposit. Any such investments must mature, or be payable in advance of maturity at the option of the holder, and must bear interest in such manner as to provide funds which, together with uninvested money, will be sufficient to pay when due or called for redemption the bonds refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and such refunding bonds' proceeds or obligations so purchased therewith shall be deposited in escrow and held in trust for the payment and redemption of the bonds refunded: Provided, That if interest earned by any investment in such escrow is shown to be in excess of the amounts required from time to time for the payment of interest on and principal of the refunded bonds, including applicable redemption premium, then such excess may be withdrawn from escrow and disbursed in such manner as the board of regents shall by resolution determine, subject to the provisions of section two of this article. Any moneys in the sinking or reserve funds or other funds maintained for the outstanding bonds to be refunded may be applied in the same manner and for the same purpose as are the net proceeds of refunding bonds or may be deposited in the special fund or any reserve funds established for account of the refunding bonds.

The authority to issue revenue refunding bonds shall be in addition to any other authority to refund bonds conferred by law.

The board of regents shall have power to enter into such escrow agreements and to insert therein such protective and other covenants and provisions as it may consider necessary to permit the carrying out of the provisions of this article and to insure the prompt payment of principal of and interest and redemption premiums on the revenue bonds refunded.

Where any revenue bonds to be refunded are not to be surrendered for exchange or payment and are not to be paid at maturity with escrowed obligations, but are to be paid from such source prior to maturity pursuant to call for redemption exercised under a right of redemption reserved in such revenue bonds, the board of regents shall, prior to the issuance of the refunding bonds, determine which redemption date or dates shall be used, call such revenue bonds for redemption and provide for the giving of the notice of redemption required by the proceedings authorizing such revenue bonds. Where such notice is to be given at a time subsequent to the issuance of the refunding bonds, the necessary notices may be deposited with the state sinking fund commission or the bank acting as escrow agent of the refunding bond proceeds and the escrow agent appropriately instructed and authorized to give the required notices at the prescribed time or times. If any officer of the public body signing any such notice shall no longer be in office at the time of the utilization of the notice, the notice shall nevertheless be valid and effective for its intended purpose.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers
Colleges and Universities ⇨6(1).
Westlaw Key Number Search: 81k6(1).

Encyclopedias
C.J.S. Colleges and Universities § 10.

§ 18–12B–6. Bonds may be issued for combined purposes

The board of regents may authorize by one or more resolutions a single issue of bonds for the combined purposes of refunding the outstanding bonds as herein authorized and financing one or more of the major renovations, repairs and safety upgrading and capital improvements herein authorized.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

§ 18–12B–7. Bonds shall be negotiable instruments

The revenue bonds, revenue refunding bonds and bonds issued for combined purposes under the provisions of this article shall, independently of the requirements of any other provision of law and solely by virtue of the provisions of this section, be and have all the qualities and incidents of negotiable instruments.

Acts 1977, c. 90.

§ 18–12B–8. Trust agreements for holders of bonds

The board of regents may enter into an agreement or agreements with any trust company, or with any bank having the powers of a trust company, either within or outside the State, to act as trustee for the holders of bonds issued

hereunder, setting forth therein such duties and containing such legally binding covenants of the board of regents with the holders of the bonds in respect to the payment of the bonds, the fixing, establishing and collecting of the fees hereinbefore referred to; the acquisition, construction, improvement, maintenance, operation, repair and insurance of authorized major renovations, repairs and safety upgrading and capital improvements; the custody, safeguarding and disposition of the proceeds of the bonds, and the moneys in such special funds, sinking funds, reserve funds, or any other moneys or funds, notwithstanding provisions of this article to the contrary; the security for moneys on hand or on deposit, and the rights and remedies of the trustee and the holders of the bonds, as may be agreed upon with the purchasers of such bonds; provisions restricting the individual right of action of bondholders as is customary in trust agreements respecting bonds and debentures of municipal corporations, protecting and enforcing the rights and remedies of the trustee and the bondholders; and provisions as to any other matters which are deemed necessary and advisable by the board of regents in the best interests of the State and to enhance the marketability of the bonds. Any such agreement entered into by the board of regents shall be binding in all respects on such board and its successors from time to time in accordance with the terms thereof; and all the provisions thereof shall be enforceable by appropriate proceedings at law or in equity, or otherwise.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers
Colleges and Universities ⇐6(1).
Westlaw Key Number Search: 81k6(1).

Encyclopedias
C.J.S. Colleges and Universities § 10.

§ 18–12B–9. Sinking fund for payment of bonds

From the state system tuition fee special capital improvements fund the board of regents shall make periodic payments to the state sinking fund commission in an amount sufficient to meet the requirements of any issue of bonds sold under the provisions of this article, as may be specified in the resolution of the board authorizing the issue thereof and in any trust agreement entered into in connection therewith. The payments so made shall be placed by the commission in a special sinking fund which is hereby pledged to and charged with the payment of the principal of the bonds of such issue and the interest thereon, and to the redemption or repurchase of such bonds, such sinking fund to be a fund for all bonds of such issue without distinction or priority of one over another, except as may be provided in the resolution authorizing such issue of bonds. The moneys in the special sinking fund, less such reserve for payment of principal and interest and redemption premium, if any, as may be required by the resolution of the board of regents, authorizing the issue and any trust agreement made in connection therewith, may be used

for the redemption of any of the outstanding bonds payable from such fund which by their terms are then redeemable, or for the purchase of bonds at the market price, but at not exceeding the price if any, at which such bonds shall in the same year be redeemable; and all bonds redeemed or purchased shall forthwith be canceled and shall not again be issued.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers
Colleges and Universities ⇐6(1).
Westlaw Key Number Search: 81k6(1).

Encyclopedias
C.J.S. Colleges and Universities § 10.

§ 18–12B–10. Credit of State not pledged

No provisions of this article shall be construed to authorize the board of regents at any time or in any manner to pledge the credit or taxing power of the State, nor shall any of the obligations or debts created by the board under the authority herein granted be deemed to be obligations of the State.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

§ 18–12B–11. Attorney general or his duly appointed legal representative to serve as bond counsel

The attorney general, or his duly appointed legal representative, shall serve as bond counsel and shall be responsible for the issuance of a final approving opinion regarding the legality of the sale of bonds under this article.

Acts 1977, c. 90.

§ 18–12B–12. Powers of board are supplemental; conflicting laws superseded

The powers conferred by this article shall be in addition and supplemental to the existing powers of the board of regents. The provisions of any other law or laws conflicting with the provisions of this article shall be and the same are hereby superseded to the extent of any such conflict.

Acts 1977, c. 90.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

ARTICLE 13

WEST VIRGINIA STATE COLLEGE

Section

18–13–1. Continuation and management; courses and degrees; rules and regulations.
18–13–2. Repealed.

§ 18–13–1. Continuation and management; courses and degrees; rules and regulations

The institution for the instruction of students heretofore established and located at Institute, in Kanawha county, shall be continued and shall be known as the "West Virginia State College." The business and educational affairs of said college shall be under the control, supervision and management of the state board of education, as provided in section thirteen, article two of this chapter.

The state board of education shall establish and maintain in the West Virginia State College, in addition to the courses of study leading to a bachelor of science or bachelor of arts degree, such professional and preprofessional courses of study as may be expedient and practicable, and shall prescribe the conditions for graduation therefrom and make rules for the conferring of degrees and for issuing the proper diplomas to those who successfully complete such courses.

The rules and regulations made by the president and faculty of said college for its general government, for the admission of students thereto, the standards of scholarship to be maintained therein and the graduation of students therefrom, shall be submitted to the state board of education for its approval.

Acts 1891, c. 65; Acts 1901, c. 50, § 2; Acts 1908, c. 27, §§ 204–210; Acts 1915, c. 66, §§ 205a, 207a; Acts 1919, c. 2, § 150; Acts 1929, c. 11; Acts 1933, Ex. Sess., c. 12; Acts 1937, c. 101; Acts 1957, c. 74; Acts 1979, c. 95.

Formerly Code 1923, c. 45, § 150.

Library References

Key Numbers
Colleges and Universities ⇨3.
Westlaw Key Number Search: 81k3.

Encyclopedias
C.J.S. Colleges and Universities §§ 5 to 6.

§ 18–13–2. Repealed by Acts 1957, c. 74

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapter 18

2011
Cumulative Annual Pocket Part

Replacing 2010 Pocket Part supplementing 2002 Main Volume

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ARTICLE 12B

REVENUE BONDS FOR STATE INSTITUTIONS OF HIGHER EDUCATION—CAPITAL IMPROVEMENTS ON SYSTEM BASIS

Cross References

High-Tech research zones and parks, bonds, tax exemptions, see § 18B–13–4.

ARTICLE 13

WEST VIRGINIA STATE COLLEGE

Section
18–13–1. Repealed.

§ 18–13–1. Repealed by Acts 2011, c. 79, eff. June 10, 2011

Historical and Statutory Notes

The repealed section, which related to management and regulation of the West Virginia State College, was derived from:

Acts 1891, c. 65.
Acts 1901, c. 50, § 2.
Acts 1908, c. 27, §§ 204–210.
Acts 1915, c. 66, §§ 205a, 207a.
Acts 1919, c. 2, § 150.
Code 1923, c. 45, § 150.
Acts 1929, c. 11.
Acts 1933, Ex. Sess., c. 12.
Acts 1937, c. 101.
Acts 1957, c. 74.
Acts 1979, c. 95.

ARTICLE 14

BLUEFIELD STATE COLLEGE

Section
18–14–1. Repealed.

§ 18–14–1. Repealed by Acts 2005, c. 89, eff. 90 days after April 7, 2005

Historical and Statutory Notes

The repealed section, which related to the Bluefield State College, was derived from:

Acts 1943, c. 80.
Acts 1933, Ex. Sess., c. 12.
Acts 1931, c. 7.
Acts 1919, c. 2, § 151.
Acts 1908, c. 27, §§ 211–218.
Acts 1895, c. 40.

ARTICLE 17

WEST VIRGINIA SCHOOLS FOR THE DEAF AND THE BLIND

18–17–1. Continuation; management; minimum salary scale for all employees

United States Code Annotated

Aid to blind, grants to states, Social Security Act, see 42 U.S.C.A. § 1201 et seq.

Blind persons, supplemental payments, Social Security Act, see 42 U.S.C.A. § 1381 et seq.

ARTICLE 19

EDUCATIONAL OPPORTUNITIES FOR SPOUSES AND CHILDREN OF DECEASED SOLDIERS, SAILORS, MARINES AND AIRMEN

Section
18–19–1. Appropriation to provide educational opportunities.
18–19–2. Eligibility of applicant for benefits; application forms; preference.
18–19–3. No tuition fees to be charged; how funds to be expended; cessation of allowances.

18–19–1. Appropriation to provide educational opportunities

(a) The purpose of this article is to provide educational opportunities for the children and spouses of those:

(1) Who served in:

(A) The Army, Navy or Marine Corps of the United States during the world war from the sixth day of April, one thousand nine hundred seventeen, to the second day of July, one thousand nine hundred twenty-one, all dates inclusive;

(B) The Armed Forces of the United States of America at any time between the first day of December, one thousand nine hundred forty-one, and the declaration of peace by the Congress of the United States, all dates inclusive;

(C) The Armed Forces of the United States of America at any time between the twenty-seventh day of June, one thousand nine hundred fifty, and the thirty-first day of January, one thousand nine hundred fifty-five, all dates inclusive;

(D) The Armed Forces of the United States of America at any time between the fifth day of August, one thousand nine hundred sixty-four, and the seventh day of May, one thousand nine hundred seventy-five, all dates inclusive; or

(E) The Armed Forces of the United States of America at any time during which the forces or members of the reserve components are called to active duty by the President of the United States under Title 10 of the United States Code for the purpose of entering into armed combat; and

(2) Who were killed in action or have died or may hereafter die from disease or disability resulting from their war service.

(b) For the purpose of this article, there is appropriated from the State General Revenue Fund the sum of at least five thousand dollars for each fiscal year commencing the first day of July and ending on the thirtieth day of June of each year of the next biennium to be used for the benefit of these children and spouses while attending post-secondary education or training institutions.

(c) This benefit also shall be given to children and spouses of a service member killed during hostile actions as defined by the agency administering this section.

(d) The term "children" as used in this article includes any child of a veteran who has been legitimized by operation of law prior to the veteran's demise.

(e) The term "spouse" as used in this article includes any spouse who remained married to the veteran prior to the veteran's demise and who was neither the plaintiff nor defendant in any active divorce or annulment proceedings against the veteran at the time of the veteran's demise.

Acts 1943, c. 39; Acts 1965, c. 64; Acts 1974, c. 122; Acts 1991, c. 170; Acts 2006, c. 78, eff. July 1, 2006; Acts 2007, c. 20, eff. June 7, 2007.

18–19–2. Eligibility of applicant for benefits; application forms; preference

(a) To be eligible for the benefits of this article, a child or spouse set forth in section one of this article shall meet the following conditions:

(1) In the case of a child, is at least sixteen and not more than twenty-five years of age;

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 2G OF THE WEST VIRGINIA CODE, AND CHAPTER 13, ARTICLE 2G OF THE 2011 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



Given under my hand and the Great Seal of the State of West Virginia on

June 20, 2012

Natalie E Tennant

Secretary of State

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ARTICLE 2G

STATE REFUNDING BOND ACT

Section
13-2G-1. Short title.
13-2G-2. Definitions.
13-2G-3. Issuance of refunding bonds.
13-2G-4. Security for refunding bonds.
13-2G-5. Principal amount, use of sinking and reserve funds.
13-2G-6. Terms of refunding bonds; time, place and amount of payments.
13-2G-7. Sale of refunding bonds at above or below par value.
13-2G-8. Swap agreements.
13-2G-9. Certain provisions of the code or act of Legislature to apply to refunding bonds.
13-2G-10. Provision for payment of the bonds to be refunded.
13-2G-11. Bonds previously issued by the board of regents.
13-2G-12. Article sufficient authority for issuing refunding bonds.
13-2G-13. Issuance without election or creation of a new debt.
13-2G-14. Bonds exempt from taxation.

§ 13–2G–1. Short title

This article shall be known and may be cited as the "State Refunding Bond Act."

Acts 1992, c. 30.

§ 13–2G–2. Definitions

As used in this article, unless the context otherwise requires:

(a) "Bonds" means general obligation bonds, review bonds, notes or other debt instruments issued by the state, a state agency or a state authority.

(b) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended.

(c) "Legislature" means the Legislature of this state.

(d) "Refunding bonds" means bonds, notes or other debt instruments issued to refund all or any part of general obligation bonds, revenue bonds, notes or other debt instruments heretofore or hereafter issued or lawfully assumed by the state, a state agency or a state authority pursuant to the provisions of this code.

(e) "State" means the state of West Virginia, a state agency or a state authority.

(f) "State agency" means any office, department, cabinet, board, commission, entity, bureau, division, public corporation, agency, or instrumentality of the state authorized to issue bonds.

(g) "State authority" means any authority authorized to issue bonds, including, but without limitations, the university of West Virginia board of trustees and the board of directors of the state college system.

(h) "Swap agreement" means an agreement which is a rate swap agreement, basis swap, forward rate agreement, commodity swap, interest rate opinion, forward foreign exchange agreement, rate cap agreement, rate floor agreement, rate collar agreement, currency swap agreement, cross-currency rate swap agreement, currency option, any similar agreement or any combination of the foregoing.

Acts 1992, c. 30.

§ 13–2G–3. Issuance of refunding bonds

The state may, in the manner and subject to the limitations and conditions contained in this article, issue its refunding bonds, at a public or private sale, for the purpose of refunding the bonds of the state then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. A determination by the state that any refunding is advantageous or necessary, or that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or permitted to remain outstanding until their respective dates of maturity, shall be conclusive: Provided, That a determination by the state to issue its refunding bonds as provided in this article is subject to the provisions of the debt management act set forth in article six-a, chapter twelve of this code.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐148.
Westlaw Key Number Search: 360k148.

Encyclopedias
C.J.S. States § 252.

§ 13–2G–4. Security for refunding bonds

Refunding bonds may be secured by a pledge of: (a) The same source of security as the bonds to be refunded; or (b) such other security as the state may lawfully pledge, or both.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐152.
Westlaw Key Number Search: 360k152.

Encyclopedias
C.J.S. States § 254.

§ 13–2G–5. Principal amount, use of sinking and reserve funds

(a) The total amount of refunding bonds to be issued under this chapter shall be an amount sufficient to effect the refunding and may include an amount sufficient to pay (1) the principal amount outstanding of the bonds to be refunded, (2) interest accrued or to accrue to the date of maturity or the date of redemption of the bonds to be refunded (which need not necessarily be on the first available redemption date), (3) any redemption premiums to be paid

thereon, (4) any reasonable expenses incurred in connection with such refunding and (5) any other reasonable costs deemed appropriate by the state, including without limitation, the expenses of preparing and delivering the refunding bonds, legal fees, financial advisor fees, consultant fees, and other expenses incurred in connection with the issuance, sale and delivery of the refunding bonds.

(b) Any money in a sinking fund or reserve fund or other fund for the bonds to be refunded may be used to pay the principal of, premium, if any, or interest on the outstanding bonds to be refunded or may be deposited in a sinking fund or reserve fund or other fund for the refunding bonds.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐165.
Westlaw Key Number Search: 360k165.

Encyclopedias
C.J.S. States §§ 259 to 260.

§ 13–2G–6. Terms of refunding bonds; time, place and amount of payments

Upon determining the issue of such refunding bonds, the state shall, by resolution, authorize the issuance of such bonds in an amount not exceeding the amount permitted by this article, fix the date thereof, the rate or rates of interest which such bonds shall bear, and when and where they are payable.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐151.
Westlaw Key Number Search: 360k151.

Encyclopedias
C.J.S. States § 253.

§ 13–2G–7. Sale of refunding bonds at above or below par value

All refunding bonds issued by the state may be sold at a price equal to, above or below par value and accrued interest as the state may direct. Refunding bonds may also be sold at a zero (0) rate of interest or at an original issue discount.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐153.
Westlaw Key Number Search: 360k153.

Encyclopedias
C.J.S. States § 256.

§ 13–2G–8. Swap agreements

The state may from time to time enter into one or more swap agreements that it determines to be necessary or desirable in connection with, or incidental to, or in lieu of the issuance of its refunding bonds. Swap agreements entered into by the state shall contain such provisions, including payment, term, security,

default and remedy provisions, and shall be with such parties, as the state shall determine to be necessary or desirable after due consideration to the creditworthiness of such parties.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐153.
Westlaw Key Number Search: 360k153.

Encyclopedias
C.J.S. States § 256.

§ 13–2G–9. Certain provisions of the code or act of Legislature to apply to refunding bonds

All the provisions of this code or any act of the Legislature, relating to bonds issued for original indebtedness and insofar as such provisions may be applicable, shall apply to the same extent and with equal force and effect to refunding bonds issued under the provisions of this article.

Acts 1992, c. 30.

§ 13–2G–10. Provision for payment of the bonds to be refunded

(a) It is the intention of this article to authorize the state to issue bonds for the purpose of refunding outstanding bonds without thereby contracting any additional indebtedness, and it shall be conditional upon the delivery of any refunding bonds that sufficient funds are held in trust to provide for the payment of the principal of, premium, if any, and interest on the bonds to be refunded. It is the further intention of this article that any amounts received by the issuance of any refunding bonds pursuant to this article be used solely for the purposes set forth in subsection (a), section five of this article and not be used for incurrence of additional debt.

(b) For all purposes of this section, bonds shall be considered to have been canceled and paid in advance of their due date or date of redemption if there shall have been deposited in trust for the benefit of holders of the bonds to be refunded:

(1) Moneys sufficient to pay when and as due all amounts of principal and interest payable on such bonds; or

(2) Direct obligations of the United States of America or the state, or obligations fully and irrevocably secured as to the payment of both principal and interest by such direct obligations the payment on which when due will provide moneys, sufficient to pay when and as due all amounts of principal and interest payable on such bonds.

(c) All such amounts shall be set aside and held in trust and irrevocably dedicated solely to the payment of such bonds, except that amounts in excess of the amounts required for the payment of the bonds so refunded may be applied to the payment of costs related to the issuance, carrying, insuring or servicing the refunding bonds, including costs of credit or market enhancement services, such as letters of credit, remarketing arrangements and similar services. Any

amount deposited pursuant to this section may include amounts already held on deposit in trust for the payment of the bonds to be refunded.

Acts 1992, c. 30.

Library References

Key Numbers	Encyclopedias
States ⇐152.	C.J.S. States § 254.
Westlaw Key Number Search: 360k152.	

§ 13–2G–11. Bonds previously issued by the board of regents

In connection with or incident to the refunding of any bonds previously issued by the board of regents pursuant to any prior enactment of chapter eighteen of the code, or the board of regents predecessor in interest, the university of West Virginia board of trustees and the board of directors of the state college system, as the transferees of all powers, duties and authorities of the board of regents pursuant to chapter eighteen-b of the code, are authorized to make one or more written agreements with regard to which entity is obligated to provide for the payment of such bonds previously issued by the board of regents and with regard to the allocation of revenues to be dedicated to the payment of refunding bonds.

Acts 1992, c. 30.

Acts 1989, c. 64, abolished the board of regents. For transfer of powers, duties, property and obligations, see §§ 18B–1–3 and 18B–1–4.

Library References

Key Numbers	Encyclopedias
States ⇐152.	C.J.S. States § 254.
Westlaw Key Number Search: 360k152.	

§ 13–2G–12. Article sufficient authority for issuing refunding bonds

This article shall, without reference to any other act of the Legislature, be full authority for the issuance, sale and exchange of bonds in this article authorized. No order, ordinance, resolution or proceeding in respect to the issuance of any bonds hereunder shall be necessary except such as are required by this article. No publication of any notice, order, ordinance or proceeding relating to the issuance of such bonds shall be necessary.

Acts 1992, c. 30.

Library References

Key Numbers	Encyclopedias
States ⇐151.	C.J.S. States § 253.
Westlaw Key Number Search: 360k151.	

§ 13–2G–13. Issuance without election or creation of a new debt

The issuance, sale or exchange of bonds authorized in this article may be had without an election and shall not be deemed to create a new debt as long as

provision has been made to pay the principal of, premium, if any, and interest on the bonds to be refunded as provided in section seven of this article.

Acts 1992, c. 30.

Library References

Key Numbers
States ⇐150.
Westlaw Key Number Search: 360k150.

Encyclopedias
C.J.S. States § 253.

§ 13–2G–14. Bonds exempt from taxation

All bonds of the state, a state agency or state authority issued hereunder shall be exempt from all state, county, and municipal taxes, and the exception shall include income, inheritance and property taxes.

Acts 1992, c. 30.

Library References

Key Numbers
Taxation ⇐218.
Westlaw Key Number Search: 371k218.

Encyclopedias
C.J.S. Taxation § 260.

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapters 12 to 15

2011
Cumulative Annual Pocket Part

Replacing 2010 Pocket Part supplementing 2002 Main Volume

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ARTICLE 2G

STATE REFUNDING BOND ACT

Section
13–2G–14. Bonds exempt from taxation.

§ 13–2G–14. Bonds exempt from taxation

All bonds of the state, a state agency or state authority issued hereunder shall be exempt from all state, county, and municipal taxes, and the exemption includes income, inheritance and property taxes.

Acts 1992, c. 30; Acts 2004, c. 46, eff. 90 days after March 13, 2004.

ARTICLE 2H

LOTTERY REVENUE BOND ACT

Section
13–2H–1. Short title.
13–2H–2. Definitions.
13–2H–3. Powers conferred on counties and municipalities.
13–2H–4. Issuance of lottery revenue bonds by county.
13–2H–5. Issuance of lottery revenue bonds by municipality.
13–2H–6. Issuance of lottery revenue bonds by board of education.
13–2H–7. Use of proceeds from sale of bonds.
13–2H–8. Redemption of bonds.
13–2H–9. Refunding bonds.
13–2H–10. Joint establishment by two or more governmental bodies.
13–2H–11. Exemption from taxation.
13–2H–12. Construction of article.

§ 13–2H–1. Short title

This article may be known as and may be cited as the Lottery Revenue Bond Act.

Acts 2010, c. 129, eff. March 13, 2010.

§ 13–2H–2. Definitions

Unless the context clearly indicates otherwise, as used in this article:

(a) "Board of education" means a county board of education of a growth county, as that term is defined in section three, article twenty, chapter seven of this code, which has enacted the Local Powers Act and in which county a racetrack is located that has participated in the West Virginia Thoroughbred Development Fund since on or before January 1, 1991, and is receiving lottery revenues.

(b) "Governmental body" means any municipality, county or board of education that receives lottery revenues.

(c) "Lottery revenues" means the funds distributed to a governmental body pursuant to the provisions of sections ten and ten-b, article twenty-two-a, chapter twenty-nine of this code; section one thousand four hundred eight, article twenty-two-b of said chapter, or section twenty-seven, article twenty-two-c of said chapter or section twenty-two, article twenty-five, chapter twenty-nine of this code.

(d) "Lottery revenue bonds" means bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership or other evidences of indebtedness or ownership that are issued by a governmental body, the proceeds of which are used directly or indirectly to finance or refinance public projects pursuant to this article and are secured by the lottery revenues of the governmental body.

(e) "Lottery revenue fund" means the fund required to be established by the governmental body to deposit lottery revenues if the governmental body issues lottery revenue bonds

[RESERVED]

State of West Virginia

CERTIFICATE

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

Each of the following named persons were appointed by the Governor of the State of West Virginia as a member of the Higher Education Policy Commission and ever since such appointment has been qualified and acting as such member, and that the dates of commencement and expiration of their respective terms of office are as follows; each such member remaining duly qualified and acting in office until his successor shall be duly appointed by the Governor of the State of West Virginia:

List of Appointees on second page.

Given under my hand and the Great Seal of the State of West Virginia

Signature:

Natalie E Tennant

West Virginia Secretary of State

Wednesday, June 20, 2012

Secretary of State
Bldg. 1, Suite 157-K
1900 Kanawha Blvd. East
Charleston, WV 25305-0770

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866-767-8683
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Jenny Allen - July 25, 2011 to June 30, 2015

Bruce L Berry - January 23, 2009 to June 30, 2013

Chair, Community and Technical College Education - to

Kathy Eddy - July 25, 2011 to June 30, 2015

Secretary, Education and the Arts - to

John Estep - November 04, 2009 to June 30, 2013

David K. Hendrickson - August 17, 2010 to June 30, 2014

John Leon - January 23, 2009 to June 30, 2013

Jorea Marple - to

David Tyson - November 04, 2009 to June 30, 2013

BOND PURCHASE AGREEMENT

June 12, 2012

West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, West Virginia 25301

Re: State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and Revenue Bonds (Higher Education Facilities), 2012 Series B

Ladies and Gentleman:

The undersigned, Citigroup Global Markets Inc. (the "Representative"), acting on its behalf and on behalf of the other underwriters, Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters"), offers to enter into this Bond Purchase Agreement (this "Agreement") with the West Virginia Higher Education Policy Commission (the "Commission") which, upon your acceptance of this offer, will be binding upon you and upon the Underwriters. This offer is made subject to your acceptance of this Agreement on or before 11:59 pm, New York, New York time on June 12, 2012.

1. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriters hereby agree to purchase from the Commission, and the Commission hereby agrees to sell to the Underwriters all (but not less than all) of the $124,190,000 State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds") and $7,975,000 State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds" and, together with the 2012 Series A Bonds, the "Bonds"), at an aggregate purchase price (the "Purchase Price") of $142,624,302.44 (par, plus net original issue premium of $11,130,550.00, less Underwriters' discount of $671,247.56).

2. A. The net proceeds of the sale of the 2012 Series A Bonds shall initially be deposited as follows: (i) a sum equal to the costs of issuance of the 2012 Series A Bonds shall be for deposit into the 2012 A Bonds (Higher Education Facilities) Costs of Issuance Fund; and (ii) the balance of the proceeds of the 2012 Series A Bonds shall be deposited into the 2012 Series A Escrow Fund.

B. The net proceeds of the sale of the 2012 Series B Bonds shall initially be deposited into the 2012 Series B Project Fund.

3. The capitalized terms used in this Agreement shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings set forth in the General Resolution, as hereinafter defined, and the Preliminary Official Statement dated June 1, 2012 (the "Preliminary Official Statement") . This Agreement, the Final Official Statement, the Preliminary Official

Statement, the Continuing Disclosure Agreement, the Prior General Resolution, the 2012 Series Resolution, the Certificate of Determinations, the Tax Agreement, and other documents incidental to the issuance of the Bonds are sometimes herein collectively referred to as the "Bond Documents."

4. The Bonds are being issued pursuant to the General Resolution, Chapter 18, Article 12, Chapter 18B, Articles 1 and 10, Chapter 29, Article 22, Section 18a and 18c and Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended, of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and Senate Concurrent Resolution 41. The 2012 Series A Bonds are being issued to: (i) advance refund a portion of the outstanding principal balance of the 2004 Series B Bonds, (ii) fund the 2012 Projects, and (iii) pay the costs associated with the issuance of the Bonds. The Bonds are special, limited obligations of the Commission payable solely from the Revenues pledged under the General Resolution. The Bonds shall not constitute a debt or a pledge of the faith and credit or taxing power of the State or of any county, municipality or any other political subdivision thereof, nor shall any of the obligations or the debts of the Commission created under the General Resolution be deemed to be obligations of the State or any county, municipality or any other political subdivision thereof. The Owners of the Bonds shall have no right to have taxes levied by the State Legislature or the taxing authority of any county, municipality or any other political subdivision of the State for the payment of the principal thereof or interest thereon, but the principal of and interest on the Bonds, together with the principal of and interest on the Commission's University System Revenue Bonds (West Virginia University Projects) 1998 Series A, University System Revenue Bonds (West Virginia University Projects) 2000 Series A, Revenue Refunding Bonds (Higher Education Facilities), Series 2007 A, 2010 Series A Revenue Bonds, 2010 Series B Revenue Bonds and 2010 Series C Revenue Bonds and any Additional Bonds, as applicable, shall be payable equally and ratably and solely from the Revenues pledged under the General Resolution. The Commission has no taxing power. The Bonds shall mature on April 1, 2034, and otherwise contain the terms set forth in Exhibit A attached hereto.

5. The Underwriters agree to make a bona fide public offering of all of the Bonds at the offering prices set forth in the hereinafter described Official Statement.

6. (a) The Commission agrees to deliver to the Underwriters at such address as the Underwriters shall specify, as many copies of the final Official Statement dated the date hereof relating to the Bonds (the "Final Official Statement") as the Underwriters shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board ("MSRB") (including, but not limited to, revised Rule G-32 (effective June 1, 2009). The Commission shall deliver, or shall cause to be delivered, to the Underwriters within seven (7) business days from the date hereof and in sufficient time to accompany any confirmation requesting payment from any customer of the Underwriters a sufficient number of copies of the Final Official Statement, dated the date hereof, substantially in the form of the Preliminary Official Statement with only such changes and insertions therein from the Preliminary Official Statement as shall have been approved by the Representative to enable the Underwriters to comply with Rule 15c2-12, in final, printed and electronic form and any amendment or supplement thereto in such quantities as the Underwriters

may reasonably request to comply with the obligations of the Underwriters pursuant to the rules of the MSRB requiring submissions of official statements to the MSRB, including Rule G-32, through the EMMA primary market disclosure service), Rule 15c2-12 and other applicable securities laws, rules or regulations. The Commission agrees to provide an electronic copy of the Final Official Statement to the Underwriters in order that the Underwriters may satisfy their obligations pursuant to MSRB Rule G-32. The Commission agrees to notify the Underwriters of any material changes that might affect the accuracy and completeness of the Official Statement for a period for twenty-five (25) days from the end of the underwriting period. Unless the Commission is otherwise notified by the Underwriters in writing, the "end of the underwriting period" for purposes of the preceding sentence and within the meaning of Rule 15c2-12 shall be deemed to be the date of the Closing. As soon as possible following receipt of the Official Statement from the Commission, the Representative shall deliver the Official Statement, and any supplement and amendment thereto, to the MSRB through the EMMA primary market disclosure service. The Commission hereby authorizes the distribution and use of the Official Statement in connection with the public offering and the sale of the Bonds by the Underwriters. The Commission hereby ratifies and confirms its authorization and consent of the distribution and use by the Underwriters prior to and after the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Bonds.

(b) The Commission hereby authorizes and approves the Preliminary Official Statement and the Final Official Statement (the Final Official Statement, the Preliminary Official Statement and any amendments or supplements that may be authorized for use with respect to the Bonds are herein collectively referred to as the "Official Statement"), consents to their use by the Underwriters and authorizes the execution of the Final Official Statement by a duly authorized officer of the Commission. The Commission represents that it deems the Preliminary Official Statement "final as of its date" within the meaning of Rule 15c2-12.

(c) The Underwriters represent to the Commission that each "participating underwriter" shall deliver Official Statements in the manner and at the times required by paragraph (b)(4) of the Rule. The Commission shall be entitled to treat the date of Closing as the "end of the underwriting period" for the Bonds under the Rule (the "End of the Underwriting Period"), unless the Underwriters notify the Commission otherwise.

7. The Commission represents and warrants to the Underwriters that:

(a) The Commission adopted its Sixth Consolidated Supplemental Resolution on May 9, 2012, and its Seventh Consolidated Supplemental Resolution on May 30, 2012, which authorized the issuance of the Bonds (the "2012 Series Resolution"). The 2012 Series Resolution supplemented that certain General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and that certain General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, both of which remain in effect as amended, consolidated and supplemented from time to time and are collectively referred to as the "Prior General Resolution." The Prior General Resolution, as supplemented by the 2012 Series Resolution, is collectively referred to herein as the "General Resolution." The Bonds shall be issued pursuant to the General Resolution, the Act, as applicable, and other applicable

provisions of law. The Commission is authorized to secure the Bonds in the manner contemplated by the General Resolution and the Act.

(b) The Commission has the full legal right, power and authority (i) to adopt the General Resolution, (ii) to enter into this Agreement, the Bond Documents and other documents incidental to the issuance of the Bonds, (iii) to issue, sell and deliver the Bonds to the Underwriters as provided herein, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the Commission has complied with all provisions of applicable law, including the Act, in all matters relating to such transactions.

(c) The Commission has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance of the General Resolution, (ii) the execution, delivery and distribution of the Official Statement, (iii) the execution and delivery of the Bond Documents and the performance of the obligations of the Commission set forth therein, and (iv) the taking of any and all such action as may be required on the part of the Commission to carry out, give effect to and consummate the transactions contemplated by the General Resolution and other Bond Documents. All consents or approvals necessary to be obtained by the Commission in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The General Resolution has not been rescinded, amended or modified, is in full force and effect and constitutes the legal, valid and binding act of the Commission, and the Bond Documents, when executed and delivered, will constitute, and this Agreement does constitute, the legal, valid and binding obligations of the Commission in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

(e) When delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute legal, valid and binding limited obligations of the Commission in conformity with the laws governing the Commission, including the Act, and will be entitled to the benefit and security of the General Resolution and the Act.

(f) The information contained in the Official Statement, including the Appendices thereto, is, and as of the date of Closing will be, true and correct in all material respects, and does not and will not contain any untrue statement of 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.

(g) If, at any time prior to the expiration of ninety (90) days following the Closing, the Commission becomes aware of any event as a result of which the Preliminary Official Statement or the Final Official Statement as then amended or supplemented might include an 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, the Commission shall promptly notify (or cause to be notified) the Underwriters of such event.

(h) Neither the adoption of the General Resolution, the execution and delivery of this Agreement, the Bonds, the Bond Documents nor the consummation of the transactions contemplated therein or the compliance with the provisions thereof will conflict with, or constitute on the part of the Commission a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, commitment, note or other agreement or instrument to which the Commission is a party or by which it is bound, (ii) the West Virginia constitution or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Commission (or any of its officers in their respective capacities as such) is subject.

(i) Since July 3, 1995, the Commission has not been in default at any time, as to principal of or interest on any obligation that it has issued.

(j) Except as may be disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the best knowledge of the undersigned, threatened, which in any way questions the powers of the Commission referred to in paragraph (b) above or the validity of any proceeding taken in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Agreement, or of any other document or instrument required or contemplated thereby, or which, in any way, could adversely affect the validity or enforceability of the General Resolution, the Bond Documents, the Bonds or this Agreement or, to the best knowledge of the undersigned, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or State tax laws or regulations.

(k) The Commission will cooperate with the Underwriters in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriters may request; provided, however, that the Commission shall not be required with respect to the offering or sale of the Bonds to file written consent to suit or to file written consent to service of process in any jurisdiction. The undersigned consents to the use by the Underwriters of the documents relating to the Bonds necessary to obtain such qualification, subject to the right of the Commission to withdraw such consent for cause by written notice to the Underwriters.

(l) The Commission has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(m) The Commission deems the Preliminary Official Statement to be final as of its date in accordance with subsection (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Commission deems the Official Statement to be final and complete as of its date for purposes of subsection (b)(3) of such Rule.

(n) When the Bonds are issued, sold and delivered to the Underwriters, the representations and certifications of the Commission herein and in the other Bond Documents will be true, accurate and complete.

(o) Any certificate signed by any official of the Commission and delivered to the Underwriters shall be deemed a representation and warranty by the Commission to the Underwriters as to the truth of the statements therein contained.

(p) Except as disclosed and set forth in the Official Statement, the Commission has never failed to comply with its continuing disclosure obligations with respect to any issue of bonds of the Commission.

(q) The Commission acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Commission and the Representative, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Representative is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Commission, (iii) the Representative has not assumed an advisory or fiduciary responsibility in favor of the Commission with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Representative has provided other services or is currently providing other services to the Commission on other matters), and the Representative has no obligation to the Commission with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, and (iv) the Commission has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

8. On or before noon Eastern Time on June 26, 2012 (the "Closing Date"), or at such other time as shall have been mutually agreed upon by the Commission and the Underwriters, the Commission will deliver, or cause to be delivered, to the Underwriters the Bonds in definitive form duly executed and authenticated by the Registrar. The Underwriters will accept such delivery and pay in immediately available funds payable to the Registrar and Paying Agent an amount equal to the Purchase Price for the Bonds. Such payment and delivery is herein called the "Closing." Upon payment as aforesaid, the Bonds will be delivered to The Depository Trust Company in New York, New York, using the DTC FAST closing procedure. The Bonds will be delivered as fully-registered bonds, one for each stated maturity of the Bonds in the aggregate principal amount of such maturity, bearing proper, duly assigned CUSIP numbers, and registered in the name of The Depository Trust Company's nominee, Cede & Co., and, if the Underwriters shall so request, will be made available to the Underwriters at least twenty-four (24) hours before the Closing for inspection and packaging.

9. The obligations of the Underwriters hereunder shall be subject (a) to the performance by the Commission of its obligations to be performed hereunder at and prior to the Closing, (b) to the accuracy of the representations and warranties of the Commission herein as of the date hereof and as of the time of the Closing, and (c) to the following conditions, including

the delivery by the Commission of such documents as are enumerated herein in form and substance reasonably satisfactory to Goodwin & Goodwin, LLP, Charleston, West Virginia ("Counsel to the Underwriters").

The obligations of the Underwriters hereunder shall also be subject to the following additional conditions:

(a) At the time of Closing, (i) the Official Statement, this Agreement and the Bond Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriters, (ii) the proceeds of the sale of the Bonds shall be deposited and applied as described in the Official Statement, and (iii) the Commission shall have duly adopted and there shall be in full force and effect such resolutions or orders as, in the opinion of Spilman Thomas & Battle, PLLC, Charleston, West Virginia, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Bonds and executed copies of the Bond Documents at or prior to the Closing.

(c) At or prior to the Closing, the Underwriters shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriters and the Commission:

(i) A final approving opinion of Bond Counsel dated the date of Closing, in substantially the form set forth in the Preliminary Official Statement.

(ii) A Letter of Bond Counsel addressed to the Underwriters and dated the date of Closing, to the effect that Bond Counsel's final approving opinion referred to in Section 9(c)(i) hereof may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters.

(iii) A supplemental opinion of Bond Counsel dated the date of the Closing and addressed to the Underwriters, in form and substance satisfactory to Counsel to the Underwriters to the effect that (1) this Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Commission; (2) the Official Statement has been duly approved, signed and delivered by the Commission; (3) assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents have been duly authorized, executed, acknowledged and delivered by the Commission, and are legal, valid and binding agreements of the Commission enforceable in accordance with their respective terms (except as enforcement of

remedies may be limited by bankruptcy, insolvency or other laws and equitable principles affecting the right of creditors); (4) the statements contained in the Official Statement under the captions "Summary," "Introduction," "The 2012 Series Bonds," "Security for the 2012 Series Bonds," "Tax Matters," "Appendix G – Summary of Certain Provisions of the Principal Documents," and "Appendix H – Proposed Form of Opinion of Bond Counsel" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading; and (5) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the General Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(iv) Intentionally Omitted.

(v) Letters from Counsel to the Underwriters addressed to the Underwriters indicating the jurisdictions in which the Bonds have been qualified or exempted under the securities or "Blue Sky" laws.

(vi) An opinion of Counsel to the Underwriters in substantially the form set forth in Exhibit B hereto.

(vii) Opinion of Bruce Walker, Esq, Charleston, West Virginia, counsel to the Commission, addressed to, among others, Bond Counsel, Counsel to the Underwriters and the Underwriters, in form and substance satisfactory to Bond Counsel, Counsel to the Underwriters and the Underwriters, dated the Closing Date, to the effect that: (1) no litigation is pending or, to its knowledge, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of the Revenues and other funds pledged under the General Resolution and other Bond Documents, (b) in any way contesting the power or the authority of the Commission for the issuance of the Bonds or the validity of the General Resolution, the Bonds, this Agreement or the Bond Documents, (c) in any way contesting the existence or powers of the Commission relating to the issuance of the Bonds, (2) to the best of its knowledge, no event affecting the Commission has occurred since the date of the Preliminary Official Statement or the Official Statement, as applicable, that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Commission not misleading in any material respect, (3) the Commission is validly existing under the provisions of the Act, and has full legal right, power and authority to enter into the Bond Documents and each constitutes the legal, valid and binding agreement of the Commission enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under

any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Commission is party or otherwise subject or bound, (4) except as may be disclosed in the Official Statement, the Commission has complied with or caused the State Department of Administration on its behalf to comply with all continuing disclosure obligations applicable to it under 17 CFR §240.15c2-12, (5) the Preliminary Official Statement and the Official Statement have been duly approved, executed and delivered by the Commission, and (6) the statements contained in the Official Statement under the captions "Summary," "Introduction," "The Commission," "West Virginia Higher Education," "Security For The 2012 Series Bonds," "Plan of Finance," "Revenues, Debt Service Coverage And Select Financial Information" (as such information pertains to the Commission), "Litigation," "Continuing Disclosure," "Appendix A – State Institutions of Higher Education," "Appendix B – Project List," and "Appendix D – Information Concerning the Commission and the General Resolution" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

(viii) The Final Official Statement executed on behalf of the Commission by a duly authorized officer.

(ix) Certified copies of the General Resolution.

(x) Specimen Bonds.

(xi) Intentionally Omitted.

(xii) A letter from each of Standard & Poor's Rating Services and Moody's Investors Service to the effect that the Bonds have been assigned a rating of "A+" and "Aa3", respectively.

(xiii) A certificate, in form and substance satisfactory to the Underwriters and Counsel to the Underwriters, of the Commission or any duly authorized officer or official of the Commission or combinations thereof, dated as of the date of Closing, to the effect that: (1) each of the Commission's representations, warranties and covenants contained herein are true and correct as of the date of the Closing; (2) the Commission has authorized, by all action necessary under the Act and the laws governing the Commission, the adoption of the General Resolution, and the execution, delivery and due performance of the Bonds, this Agreement and the Bond Documents; (3) the Bonds and the Bond Documents, as executed by the Commission, are in the form or in substantially the form approved for such execution by appropriate proceedings of the Commission; (4) the Commission has performed and complied with all agreements and conditions required by this Agreement to be complied with by it at or prior to the Closing Date; and (5) since the respective dates as of which

information is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Commission's condition, financial or otherwise.

(xiv) A certificate, satisfactory in form and substance to the Underwriters and Counsel to the Underwriters, of the Commission or any duly authorized officer or official of the Commission or combinations thereof satisfactory to the Underwriters and Counsel to the Underwriters, dated as of the date of Closing, to the effect that (1) there are not pending or, to their knowledge, threatened, legal or administrative proceedings to which the Commission is a party or to which property of the Commission is subject, which are material as to the Commission and not disclosed in the Official Statement or which will materially and adversely affect the transactions contemplated hereby or by the Official Statement or which will materially and adversely affect the validity or enforceability of the Bonds or this Agreement; (2) the information contained in the Official Statement is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (3) if, at any time prior to the expiration of ninety (90) days following the Closing, the Commission becomes aware of any event (including events of which such officer has received notice by any means) as a result of which the Preliminary Official Statement or the Final Official Statement as then amended or supplemented might include an 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, in any material respect, such officer shall promptly notify the Underwriters thereof and, upon request of the Underwriters, shall assist in the preparation of an amendment or supplement which will correct such statement or omission at the expense of the Commission.

(xv) A certificate, satisfactory in form and substance to the Underwriters and Counsel to the Underwriters, of the Director of the West Virginia Lottery ("Lottery") or any duly authorized officer or official of the Lottery or combinations thereof satisfactory to the Underwriters and Counsel to the Underwriters, dated as of the date of Closing, to the effect that (1) the Lottery has no reason to believe that the audited annual and unaudited interim financial statements relating to the Lottery included as Appendix F in the Official Statement do not fairly present the respective financial positions and results of operations of the Lottery as of the dates and for the periods therein set forth, and such financial statements have been prepared in conformity with generally accepted accounting principles (or, alternatively, generally accepting auditing principles) consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto; (2) since June 30, 2011, there has not been any material adverse change in the properties, financial position or results of

operations of the Lottery, whether or not arising from transactions in the ordinary course of business, other than as set forth in the Official Statement, and since such date the Lottery has not entered into any transaction or incurred any liability material as to the Lottery, except as set forth in the Official Statement; (3) there are not pending or, to their knowledge, threatened, legal or administrative proceedings to which the Lottery or the State Lottery Commission is a party or to which property of the Lottery or the State Lottery Commission is subject, which are material as to the Lottery or the State Lottery Commission and not disclosed in the Official Statement or which will materially and adversely affect the transactions contemplated hereby or by the Official Statement or which will materially and adversely affect the validity or enforceability of the Bonds or this Agreement; (4) the information contained in the Official Statement relating to the Lottery, the Lottery Act, and the State Lottery Commission, including but not limited to the statements and financial information contained in the Official Statement under the caption "Revenues, Debt Service Coverage And Select Financial Information," "Investment Considerations" (excluding only the portion of that caption appearing immediately beneath the subcaption "No Mortgage or Other Interest"), "Independent Auditors," "Appendix E" and "Appendix F" ("Lottery Official Statement Information") is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; (5) the Lottery has complied, or has caused the West Virginia Department of Administration on its behalf to comply with all continuing disclosure obligations applicable to it, and (6) if, at any time prior to the expiration of ninety (90) days following the Closing, any event occurs (including events of which such officer has received notice by any means) as a result of which the Lottery Official Statement Information, as then amended or supplemented might include an 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, in any material respect, such officer shall promptly notify the Underwriters thereof and, upon request of the Underwriters, shall assist in the preparation of an amendment or supplement which will correct such statement or omission at the expense of the Commission.

(xvi) A certificate, satisfactory in form and substance to the Underwriters and Counsel to the Underwriters, dated as of the Closing Date signed by an authorized officer of the Commission, sufficient in form and substance to show to the satisfaction of Bond Counsel and the Underwriters that the Bonds will not be arbitrage bonds under Section 148 of the Code and the regulations thereunder, which certificate shall conform to the requirements of said regulations.

(xvii) Evidence that Treasury Form 8038-G has been executed by the Commission and will be filed with the Internal Revenue Service.

(xviii) Intentionally omitted.

(xix) Intentionally omitted.

(xx) A Continuing Disclosure Agreement satisfactory in form and substance to the Underwriters and Counsel to the Underwriters executed by the Secretary of the Department of Administration, acting on behalf of the Lottery.

(xxi) A Verification Report from Causey Demgen & Moore Inc., certified public accountants, confirming the accuracy of the arithmetical computations of the adequacy of State and Local Government Series securities to be purchased and placed in the Escrow Fund to pay, when due, the maturing amounts of principal of, premium, if any, and interest on the 2004 Series B Bonds.

(xxii) Such additional legal opinions, certificates, proceedings, instruments and other documents as Counsel to the Underwriters, Bond Counsel or counsel to the Commission may reasonably request to evidence compliance by the Commission with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Commission herein contained and the due performance or satisfaction by the Commission at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Commission.

If the Commission shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if the obligations of the Underwriters to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Commission shall be under further obligation hereunder, except that the respective obligations to pay expenses, as provided in Section 12 hereof, shall continue in full force and effect.

10. The Underwriters shall have the right to cancel their obligations to purchase the Bonds if between the date hereof and the date of Closing:

(a) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State of West Virginia, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff of such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill

to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, or any other action or event shall have occurred, in any such case with respect to or affecting, directly or indirectly, the taxation of interest received on obligations of the general character of the Bonds, which, in the judgment of the Representative, materially and adversely affects the market price of or market for the Bonds at the contemplated offering prices by the Underwriters of the Bonds; or

(b) legislation shall be introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the General Resolution is not exempt from qualification under or other requirements of the Trust indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect; or

(c) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall have been issued or made, the effect of which is that the issuance, offering, sale or distribution of the Bonds or the execution and delivery of the General Resolution as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or of the Securities Exchange Act of 1934, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) there shall exist any event which in the judgment of the Underwriters either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, (1) the Commission refuses to permit the Official Statement to be amended or supplemented to correct or supply such statement or information, or (2) the statement or information as amended or supplemented in the Official Statement, in the judgment of the Underwriters, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Bonds; or

(e) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity

or crisis, the effect of which on the financial markets is such as to make it impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(f) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations, or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(g) a general banking moratorium shall have been declared by federal, New York or West Virginia authorities or a major financial crisis or material disruption in commercial banking or securities settlement or clearance services shall have occurred such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Commission;

(i) additional material restrictions not in force as of the date hereof shall have been imposed in the Code, in regulations promulgated thereunder, or by other official action of the United States Treasury or the Internal Revenue Service which materially and adversely affect, in the judgment of the Underwriters, (a) the ability of the recipients thereof to exclude from gross income the interest on the Bonds for federal income tax purposes, or (b) the marketability of the Bonds; or

(j) a downgrading or suspension of any rating (without regard to credit enhancement) by Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's") of any debt securities issued by the Commission or payable from revenues of the State Excess Lottery Revenue Fund, as defined in the Official Statement, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by S&P or Moody's of any debt securities issued by the Commission or payable from revenues of the State Excess Lottery Revenue Fund, including the Bonds.

11. All representations, warranties and agreements of the Commission shall remain operative and in full force and effect and shall survive the Closing, regardless of any investigations made by or on behalf of the Underwriters.

12. The Commission will pay or cause to be paid solely from the proceeds of the Bonds all reasonable expenses incident to the performance of its obligations under this Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, the Official Statement, any amendment or supplement to the Official Statement and this Agreement, including the mailing the delivery thereof by the printer, fees and disbursements of Bond Counsel, fees and disbursements of Counsel to the Underwriters, fees and disbursements of Counsel to the Commission, fees and disbursements of Public Resources Advisory Group, the Commission's financial advisor, any fees charged by rating agencies for the rating of Bonds, all fees and disbursements in connection with the qualification of the Bonds for sale under the securities or "Blue Sky" laws of the various jurisdictions and fees of the Authentication Agent, and accountant's expenses. The Commission shall pay for expenses (included in the expense component of the spread) incurred that are incidental to implementing this Agreement, including, but not limited to, meals, transportation and lodging or, conversely, shall reimburse the Underwriters for such expenses of the Commission paid for by the Underwriters. The Underwriters shall pay all other expenses incurred by them in connection with their public offering and distribution of the Bonds.

13. Any notice or other communication to be given to the Commission under this Agreement may be given by delivering the same in writing at their addresses set forth above, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Citigroup Global Markets Inc., Public Finance Department, 390 Greenwich Street, 2nd Floor, New York, NY 10013, Attention: Paul T. Creedon, Managing Director.

14. This Agreement is made solely for the benefit of the Commission and the Underwriters (including the successors or assigns of the Underwriters) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

16. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. The Commission acknowledges and agrees that the Underwriters are acting as principals and not agents or fiduciaries, and that the Underwriters' engagement is as an independent contractor and not in any other capacity. The Commission acknowledges and agrees that it is solely responsible for making its own judgments in connection with the offering of the Bonds, notwithstanding that the Underwriters have or are currently advising the Commission on related or other matters.

18. This Agreement shall become effective upon your acceptance hereof.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.,
CREWS & ASSOCIATES, INC. and PIPER
JAFFRAY & CO.

By: CITIGROUP GLOBAL MARKETS INC.

By: _____
Paul T. Creedon, Managing Director

Accepted and agreed to as of
the date first above written:

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

Approved as to matters set forth in Section 9(c)(xv) of this Bond Purchase Agreement.

WEST VIRGINIA LOTTERY

By: _____
John Musgrave, Director

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.,
CREWS & ASSOCIATES, INC. and PIPER
JAFFRAY & CO.

By: CITIGROUP GLOBAL MARKETS INC.

By: _____
Paul T. Creedon, Managing Director

Accepted and agreed to as of
the date first above written:

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

Approved as to matters set forth in Section 9(c)(xv) of this Bond Purchase Agreement.

WEST VIRGINIA LOTTERY

By: _____
John Melton, Director

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.,
CREWS & ASSOCIATES, INC. and PIPER
JAFFRAY & CO.

By: CITIGROUP GLOBAL MARKETS INC.

By: _____
Paul T. Creedon, Managing Director

Accepted and agreed to as of
the date first above written:

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

Approved as to matters set forth in Section 9(c)(xv) of this Bond Purchase Agreement.

WEST VIRGINIA LOTTERY

By: _____
John Musgrave, Director

EXHIBIT A

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE OR YIELDS

$124,190,000 Revenue Refunding Bonds (Higher Education Facilities)
2012 Series A

Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield
2013	$1,425,000	2.000%	0.490%	2022	$5,260,000	5.000%	2.870%
2015	3,740,000	5.000%	1.100%	2023	5,520,000	5.000%	3.020%
2016	3,925,000	5.000%	1.270%	2024	5,800,000	5.000%	3.170%
2017	4,125,000	5.000%	1.530%	2025	6,085,000	5.000%	3.280%
2018	4,325,000	5.000%	1.830%	2026	6,395,000	5.000%	3.370%
2019	4,545,000	5.000%	2.130%	2027	6,710,000	5.000%	3.440%
2020	4,775,000	5.000%	2.450%	2028	7,050,000	5.000%	3.510%
2021	5,010,000	5.000%	2.720%	2029	7,400,000	5.000%	3.580%

$42,100,000 4.000% 2012 Series A Term Bond due April 1, 2034 at a yield of 4.150%

$7,975,000 Revenue Bonds (Higher Education Facilities)
2012 Series B

Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield
2013	$200,000	2.000%	0.550%	2022	$340,000	2.750%	2.870%
2014	235,000	3.000%	0.920%	2023	350,000	3.000%	3.100%
2015	275,000	3.000%	1.100%	2024	360,000	3.200%	3.300%
2016	280,000	3.000%	1.270%	2025	375,000	3.375%	3.500%
2017	285,000	3.000%	1.530%	2026	385,000	3.500%	3.600%
2018	300,000	3.000%	1.830%	2027	400,000	3.600%	3.750%
2019	305,000	4.000%	2.130%	2028	410,000	3.700%	3.770%
2020	315,000	4.000%	2.450%	2029	430,000	3.750%	3.870%
2021	330,000	2.625%	2.720%				

$2,400,000 4.000% 2012 Series B Term Bond due April 1, 2034 at a yield of 4.150%

Redemption

Optional Redemption of the Bonds. The Bonds maturing on April 1, 2023 are subject to redemption at the option of the Commission, prior to maturity, in whole or in part on or after April 1, 2022 from amounts deposited with the paying agent by the Commission and from other funds available therefor at a redemption price of par, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption of the Bonds. The 2012 Series A Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$7,775,000
2031	$8,085,000
2032	$8,405,000
2033	$8,745,000
2034	$9,090,000

The 2012 Series B Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$440,000
2031	$460,000
2032	$480,000
2033	$500,000
2034	$520,000

Notice of Redemption. Notice of redemption of the Bonds will be given by the Registrar by mailing a copy of such notice to DTC, as the registered owner of the Bonds, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date. See "Summary" herein.

EXHIBIT B

UNDERWRITERS' COUNSEL OPINION

[Letterhead of Goodwin & Goodwin, LLP]

June 26, 2012

Citigroup Global Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Re: $124,190,000 State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and
$7,975,000 State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B (collectively, the "Bonds")

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to the Bond Purchase Agreement dated June 12, 2012 (the "Agreement"), between Citigroup Global Markets Inc., as the representative acting on behalf of itself, Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters"), and the West Virginia Higher Education Policy Commission (the "Commission") relating to the sale of the above-referenced Bonds. The terms defined in the Agreement are used in this opinion with the meanings assigned to them in this Agreement.

We have acted as your counsel in connection with the issuance and sale of the Bonds to you, and in that capacity have examined an executed counterpart of this Agreement and the Certificate of Governor Approving Issuance of Bonds, dated May 30, 2012. We have also examined the originals or copies, certified or otherwise identified to our satisfaction, of such other documents, corporate records and other instruments, as we have deemed necessary or advisable for purposes of this opinion.

In connection with the preparation of the Preliminary Official Statement, dated June 1, 2012, and the Final Official Statement dated June 12, 2012 (collectively, the "Official Statement"), we have generally reviewed information furnished to us by, and have participated in conferences with, representatives and officials of the Commission, its counsel, your representatives and Spilman Thomas & Battle, PLLC, Bond Counsel. We have also reviewed other records relating to the authorization, issuance and sale of the Bonds and have relied upon certificates of officials of the Commission and upon written opinions and letters received from the Commission and independent certified public accountants.

We have considered the information contained in the Official Statement and, based upon our review and discussions and in reliance upon the accuracy of the information contained in the aforementioned certificates, written opinions and letters, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. We express no opinion as to the financial statements included in the Official Statement, and we express no opinion as to any other financial or statistical data included in the Official Statement or the Appendices thereto.

The Agreement has been validly authorized, executed and delivered by and on behalf of the Underwriters and, assuming due authorization, execution and delivery by the Commission, constitutes a valid and binding agreement, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

In addition, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Sixth Consolidated Supplemental Resolution dated May 9, 2012, and the Seventh Consolidated Supplemental Resolution dated May 30, 2012, approved by the Commission are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

We are further of the opinion that the Continuing Disclosure Agreement satisfies as to form the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), which provides for an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices to various repositories at the times and in the manner required by the Rule.

Respectfully submitted,

Goodwin & Goodwin, LLP

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy. Nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2012

NEW ISSUE – Book-Entry-Only **(See "RATINGS" herein)**

In the opinion of Spilman Thomas & Battle, PLLC ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2012 Series Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2012 Series Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of calculating the corporate alternative minimum taxable income. In addition, under the Act, the 2012 Series Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof. See "TAX MATTERS" herein for a description of certain provisions of the Code which may affect the tax treatment of interest on the 2012 Bonds for certain bondholders.

$126,030,000*

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

$116,945,000*
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

$9,085,000*
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Dated: Date of Delivery **Due: April 1, as shown on the inside cover**

The State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds") and the State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds" and, together with the 2012 Series A Bonds, the "2012 Series Bonds") are issued to provide funds to (i) advance refund a portion of the outstanding principal amount of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2004 Series B (the "2004 Series B Bonds"), (ii) fund the 2012 Projects, and (iii) pay the costs of issuing the 2012 Series Bonds. The 2012 Series Bonds are being issued by the State of West Virginia Higher Education Policy Commission (the "Commission") pursuant to the Prior General Resolution, the Sixth Consolidated Supplemental Resolution, the Seventh Consolidated Supplemental Resolution, the provisions of Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (the "Lottery Act"), and Chapter 13, Article 2G, as applicable, together with Senate Concurrent Resolution No. 41 adopted by the West Virginia Legislature on March 13, 2010.

The 2012 Series Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Series Bonds. Purchases of the 2012 Series Bonds will be made only in book-entry form through DTC Participants in the principal amount of $5,000 and integral multiples thereof and no physical delivery of the 2012 Series Bonds will be made to purchasers. Unless otherwise provided herein, payments of the principal, interest and premium, if any, will be made to purchasers by DTC through its participants. See "THE 2012 SERIES BONDS - Book-Entry Only System." The West Virginia Municipal Bond Commission, Charleston, West Virginia, will act as the Paying Agent, and The Bank of New York Mellon, West Paterson, New Jersey, will act as the Registrar.

The maturities, interest rates and yields of the 2012 Series Bonds are shown on the inside cover hereof. Interest on the 2012 Series Bonds will be payable on each April 1 and October 1, commencing October 1, 2012. **The 2012 Series Bonds are subject to redemption prior to maturity in the manner set forth herein.**

The 2012 Series Bonds Debt Service is payable solely from the Revenues (as described herein). The 2012 Series Bonds are secured ratably by a first lien on all Revenues, which is on parity as to lien and source of payment with the Prior Bonds and Additional Bonds issued under the General Resolution. See "SECURITY FOR THE 2012 SERIES BONDS."

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED TO SECURE THE 2012 SERIES BONDS. THE COMMISSION HAS NO TAXING POWER.

This cover page contains certain summary information regarding the 2012 Series Bonds and is not a complete summary of the 2012 Series Bonds or the security pledged therefor. Investors should read the entire Official Statement, including "INVESTMENT CONSIDERATIONS" (and the Appendices), to obtain information necessary to make an informed decision. The capitalized terms not otherwise defined in this cover page have the same meaning as that meaning assigned to them elsewhere in this Official Statement.

The 2012 Series Bonds will be offered when, as and if issued and are subject to the approving opinion of Spilman Thomas & Battle, PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon by Bruce R. Walker, Esq., Charleston, West Virginia, general counsel to the Commission, and by Goodwin & Goodwin, LLP, Charleston, West Virginia, counsel to the Underwriters. It is expected that the 2012 Series Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about June __, 2012.

Citigroup Crews & Associates, Inc. Piper Jaffray & Co.

Dated: June __, 2012

*Preliminary, subject to change.

$126,030,000*
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE OR YIELDS*

$116,945,000* Revenue Refunding Bonds (Higher Education Facilities)

2012 Series A

Maturity Year (April 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP No.**	Maturity Year (April 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP No.**
2013	$1,245,000				2025	$5,695,000			
2015	3,500,000				2026	5,985,000			
2016	3,670,000				2027	6,280,000			
2017	3,860,000				2028	6,600,000			
2018	4,050,000				2029	6,930,000			
2019	4,255,000				2030	7,275,000			
2020	4,465,000				2031	7,640,000			
2021	4,690,000				2032	8,020,000			
2022	4,920,000				2033	8,425,000			
2023	5,170,000				2034	8,840,000			
2024	5,430,000								

$9,085,000* Revenue Bonds (Higher Education Facilities)

2012 Series B

Maturity Year (April 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP No.**	Maturity Year (April 1)	Principal Amount*	Interest Rate	Price or Yield	CUSIP No.**
2013	$200,000				2025	$440,000			
2015	270,000				2026	460,000			
2016	285,000				2027	485,000			
2017	295,000				2028	505,000			
2018	310,000				2029	530,000			
2019	325,000				2030	560,000			
2020	345,000				2031	585,000			
2021	360,000				2032	615,000			
2022	380,000				2033	645,000			
2023	395,000				2034	680,000			
2024	415,000								

*Preliminary, subject to change.

** CUSIP numbers have been assigned by an independent company not affiliated with the Commission and are included on this cover page solely for the convenience of the Owners of the 2012 Series Bonds only at the time of issuance of the 2012 Series Bonds. Neither the Underwriters nor the Commission makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2012 Series Bonds.

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

MEMBERS OF THE STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

DAVID K. HENDRICKSON, ESQ. – Chairman

DR. BRUCE BERRY – Vice Chairman

KATHY G. EDDY – Secretary

JENNY ALLEN

BOB BROWN, Ex-Officio, Chair, West Virginia Council for Community and Technical College Education

JOHN ESTEP

KAY H. GOODWIN, Ex-Officio, Secretary of Education and the Arts

DR. JOHN LEON

DR. JOREA MARPLE, Ex-Officio, State Superintendent of Schools

DAVID RICHARD TYSON, ESQ.

ADMINISTRATIVE OFFICERS

DR. PAUL HILL, Chancellor of Higher Education for West Virginia

ROB ANDERSON, Executive Vice Chancellor for Administration

RICHARD B. DONOVAN, Senior Director of Facilities

DR. ED MAGEE, Vice Chancellor for Finance

BRUCE RAY WALKER, General Counsel

THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMMISSION, THE WEST VIRGINIA LOTTERY, THE LOTTERY COMMISSION AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

IN CONNECTION WITH THE OFFERING OF THE 2012 SERIES BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2012 SERIES BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

OBTAINED FROM THE STATE LOTTERY COMMISSION ("LOTTERY COMMISSION"), PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES THAT ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE COMMISSION OR THE UNDERWRITERS. THE INFORMATION AND EXPRESSIONS OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMMISSION, THE WEST VIRGINIA LOTTERY OR THE LOTTERY COMMISSION SINCE THE DATE HEREOF. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS, OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACTS.

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE COMMISSION OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, IN CONNECTION WITH THE OFFERING OF THE 2012 SERIES BONDS, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE 2012 SERIES BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE 2012 SERIES BONDS HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMMISSION, THE WEST VIRGINIA LOTTERY, THE LOTTERY COMMISSION, THE PROJECTS OR OTHER MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

THE 2012 SERIES BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE GENERAL RESOLUTION (AS DEFINDED HEREIN) HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE 2012 SERIES BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2012 SERIES BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2012 SERIES BONDS OR

REGARDING THE USE OF THIS OFFICIAL STATEMENT

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. THE WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT DO NOT REFLECT HISTORICAL FACTS, BUT REFLECT FORECASTS AND "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION ACT OF 1995, THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMMISSION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR UNFORSEEN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

THE INFORMATION UNDER THE HEADINGS "THE COMMISSION" AND "WEST VIRGINIA HIGHER EDUCATION" HAS BEEN OBTAINED FROM THE COMMISSION. OTHER INFORMATION SET FORTH HEREIN HAS BEEN

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SUMMARY

The Summary is only intended to provide a brief summary of certain information contained in the Official Statement. It does not purport to be a complete description or explanation of the information contained in the Official Statement. Investors should read the entire Official Statement (including the cover page and Appendices) to obtain information necessary to make an informed decision. The capitalized terms not otherwise defined in this Summary have the same meaning as that meaning assigned to them elsewhere in this Official Statement.

The Issuer	State of West Virginia Higher Education Policy Commission (the "Commission"). See "The Commission."
The Offering	The Commission is offering its State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, in an aggregate principal amount of $116,945,000* (the "2012 Series A Bonds") and its State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B, in an aggregate principal amount of $9,085,000* (the "2012 Series B Bonds", and, together with the 2012 Series A Bonds, the "2012 Series Bonds"). See "THE 2012 SERIES BONDS."
Authority	The Commission adopted its Sixth Consolidated Supplemental Resolution on May 9, 2012, and its Seventh Consolidated Supplemental Resolution on May 30, 2012, which authorized the issuance of the 2012 Series Bonds (collectively, the "2012 Series Resolution"). The 2012 Series Resolution supplemented that certain General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and that certain General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, both of which remain in effect as amended, consolidated and supplemented from time to time and are collectively referred to as the "Prior General Resolution." The Prior General Resolution, as supplemented by the 2012 Series Resolution, is collectively referred to herein as the "General Resolution." The 2012 Series Bonds are being issued pursuant to the General Resolution and under Chapter 18, Articles 12B and Chapter 18B, Articles 1 and 10 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, as amended (the "Lottery Act"), and Chapter 13, Article 2G of the Code of West Virginia, together with Senate Concurrent Resolution No. 41 adopted by the West Virginia Legislature on March 13, 2010, as applicable, and other applicable provisions of law. A list of the various resolutions that comprise the General Resolution, as well as a list of the bonds that were respectively issued thereunder, is included in APPENDIX D –"INFORMATION

*Preliminary, subject to change.

CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION."

Plan of Finance

The 2012 Series Bonds are being issued to provide funds to (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund the 2012 Projects, and (iii) pay the costs associated with the issuance of the 2012 Series Bonds.

Security and Source of Payment

The principal of, premium, if any, and interest on the 2012 Series Bonds (the "2012 Series Bonds Debt Service") is payable solely from the Revenues. The 2012 Series Bonds are secured ratably by a first lien on Revenues, which is on parity as to lien and source of payment with the 1998 University Bonds, the 2000A University Bonds, the 2007 Series A Bonds, the 2010 Series A Bonds (Tax-Exempt), the 2010 Series B Bonds (Federally Taxable - Issuer Subsidy - Build America Bonds) and the 2010 Series C Bonds (Taxable) (collectively, the "Prior Bonds"), and any Additional Bonds issued under the General Resolution. See "PLAN OF FINANCE", "SECURITY FOR THE 2012 SERIES BONDS" and APPENDIX D – "INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION,"

The Revenues are comprised of: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the Institutions, as listed in APPENDIX A – "STATE INSTITUTIONS OF HIGHER EDUCATION", that constituted registration and tuition fees in effect as of March 21, 2004 (the "Pledged Educational and General Capital Fees"); and (iii) excess lottery revenues deposited into the higher education improvement fund as provided for in the Lottery Act, as hereafter defined (the "Pledged Excess Lottery Revenues"). See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION." Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended is referred to herein as the "Lottery Act."

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED

PLEDGED TO SECURE THE 2012 SERIES BONDS. THE COMMISSION HAS NO TAXING POWER.

Additional Bonds

Under the terms of the General Resolution, the Commission may issue Additional Bonds on parity as to lien and source of payment with the 2012 Series Bonds and the Prior Bonds, collectively referred to as the "Bonds," assuming certain conditions are met. See "SECURITY FOR THE 2012 SERIES BONDS – Additional Bonds" and APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS." The Commission may also issue other obligations subordinate as to lien and source of payment with the Bonds.

Revenue Covenant

The Commission has covenanted to fix and otherwise provide for the collection of Revenues, in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period, as those terms are defined in the General Resolution and the 2012 Series Resolution. See APPENDIX G - "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Redemption of Bonds:

The 2012 Series Bonds are subject to optional and mandatory redemption prior to their stated maturities as set forth in "THE 2012 SERIES BONDS – Redemption."

Ratings

Moody's: "Aa3"
Standard & Poor's: "A+"

Tax Matters

In the opinion of Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes, is not treated as a specific preference item for purposes of the alternative minimum income tax imposed on individuals and corporations under the Code, though such interest is included in adjusted current earnings of certain corporations for purposes of calculating the federal corporate alternative minimum tax. In addition, the 2012 Series Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof. Interest on the 2012 Series Bonds shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof.

Continuing Disclosure

Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, generally prohibits an underwriter from purchasing or selling municipal securities in an initial offering unless it has determined that the issuer of such securities has committed to provide, annually, certain information, including audited financial information, and notice of various events, if material. To enable the Underwriters to comply with the provisions of Rule 15c2-12, the Commission will enter into a Continuing Disclosure Agreement to provide continuing disclosure regarding the 2012 Series Bonds. See "CONTINUING DISCLOSURE."

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available from the Commission. The offering of the 2012 Series Bonds is made only by the entire Official Statement, including all of its Appendices. No person is authorized to make offers to sell, or solicit offers to buy, the 2012 Series Bonds unless the entire Official Statement is delivered in connection therewith.

Information

Information regarding the 2012 Series Bonds is available by contacting the West Virginia Higher Education Policy Commission, 1018 Kanawha Blvd., East, Suite 700, Charleston, WV 25301, (304) 558-2101, or the Representative of the Underwriters, Citigroup Global Markets Inc., 390 Greenwich Street, 2nd Floor, New York, NY 10013, (212) 723-7093, Attention: Municipal Syndicate.

OFFICIAL STATEMENT

Relating to

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

$116,945,000*	$9,085,000*
Revenue Refunding Bonds	**Revenue Bonds**
(Higher Education Facilities)	**(Higher Education Facilities)**
2012 Series A	**2012 Series B**

INTRODUCTION

The Introduction is furnished solely to provide limited introductory information about the 2012 Series Bonds. It is not a summary of the Official Statement. Terms used in this Introduction and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement.

This Official Statement of the Commission, including the cover page and appendices, is provided for the purpose of furnishing information concerning the Commission and 2012 Series Bonds.

The Commission adopted the 2012 Series Resolution on May 9, 2012 and May 30, 2012. The 2012 Series Resolution supplemented the Prior General Resolution.

The 2012 Series Bonds are being issued pursuant to the General Resolution, the Act, the Lottery Act and other applicable provisions of law. A list of the various resolutions that comprise the General Resolution, as well as a list of the bonds that were respectively issued thereunder, is included in APPENDIX D – "INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION."

The proceeds of the 2012 Series Bonds will be used, together with other available funds, to: (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund the 2012 Projects, and (iii) pay the costs associated with the issuance of the 2012 Series Bonds.

The principal of, premium, if any, and interest on the 2012 Series Bonds ("the 2012 Series Bonds Debt Service") is payable solely from the Revenues.

*Preliminary, subject to change.

The Revenues are comprised of: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the Institutions, as listed in APPENDIX A – "STATE INSTITUTIONS OF HIGHER EDUCATION", that constituted registration and tuition fees in effect as of March 21, 2004 (the "Pledged Educational and General Capital Fees"); and (iii) excess lottery revenues deposited into the higher education improvement fund as provided for in the Lottery Act, as hereafter defined (the "Pledged Excess Lottery Revenues"). See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION." Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended is referred to herein as the "Lottery Act."

Following revisions to the Act that reclassified the fees that Institutions could charge to their students, the registration and tuition fees included in clause (i) of the description of Revenues above are no longer separately collected, but are now designated and imposed as Pledged Educational and General Capital Fees. Nevertheless, these registration and tuition fees remain pledged as security for the Bonds. The Commission is unaware of any plans by any West Virginia Institutions of Higher Education (each an "Institution" and collectively, the "Institutions") to impose any registration and tuition fees in the future. The current practice of not imposing registration and tuition fees does not, however, affect the legal validity of the pledge of such fees as security for the Bonds. Accordingly, if registration and tuition fees are imposed in the future, they will constitute a source of funds available for payment of debt service on the Bonds in addition to the fees currently being imposed. Nevertheless, the Pledged Educational and General Capital Fees and the Pledged Excess Lottery Revenues are presently the sole sources of funds available for payment of debt service on the Bonds.

The 2012 Series Bonds are secured ratably by a first lien on Revenues, which is on parity as to lien and source of payment with the Prior Bonds, as previously defined, and with the 2012 Series Bonds and any Additional Bonds (collectively, the "Bonds") as such Prior Bonds are individually defined in APPENDIX D – "INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION." See also "PLAN OF FINANCE", "SECURITY FOR THE 2012 SERIES BONDS" and "THE COMMISSION – History and Experience of Commission in the Issuance of Bonds."

The Commission is the successor to the University of West Virginia Board of Trustees (the "Board of Trustees") and the Board of Directors of the State College System (the "Board of Directors"). The Commission is responsible for developing, overseeing and implementing a higher education public policy agenda and other duties as specifically set forth in the Act. The Commission has the authority to assess each State Institution of Higher Education for payment of the debt service on the Bonds, including the 2012 Series Bonds. See "THE COMMISSION."

Pursuant to Senate Bill 448, effective March 13, 2004, the Legislature separated the State's community and technical college institutions from the baccalaureate and graduate institutions, created independent, accredited community and technical colleges in every region of the State, and directed the universities, colleges and community and technical colleges to have focused missions, individual points of distinction and quality and strong links with the educational, economic and

social revitalization of their regions and provide greater access and capacity to deliver technical education, workforce development and other higher education services to place-bound adults to improve the general levels of post-secondary educational attainment and literacy.

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED TO SECURE THE 2012 SERIES BONDS. THE COMMISSION HAS NO TAXING POWER.

All capitalized terms used in this Official Statement that are defined in the General Resolution shall have the respective meanings set forth therein. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS" herein. The references to and summaries and descriptions of the Act, the Lottery Act, the General Resolution, the 2012 Series Bonds, and the other statutes, instruments and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by references to the appropriate statute, instrument or document.

THE 2012 SERIES BONDS

General

The 2012 Series Bonds will be dated the date of delivery and will bear interest from such date. Ownership interests in the 2012 Series Bonds will be in denominations of $5,000 or any integral multiple thereof. Interest with respect to the 2012 Series Bonds will be computed using a year of 360 days comprised of twelve 30-day months and is payable on April 1 and October 1 of each year, commencing October 1, 2012. The 2012 Series Bonds will mature on the dates and in the principal amounts, and bear interest at the rates, all as set forth on the inside cover page of this Official Statement.

Book-Entry Only System

The 2012 Series Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Series Bonds. Purchases of the 2012 Series Bonds will be made only in book-entry form through DTC Participants in the principal amount of $5,000 and integral multiples thereof and no physical delivery of the 2012 Series Bonds will be made to purchasers. Unless otherwise provided herein, payments of the principal, interest and premium, if any, will be made to purchasers by DTC through its participants.

Except as otherwise provided herein or APPENDIX J – "BOOK-ENTRY ONLY SYSTEM", each actual purchaser of each 2012 Series Bonds ("Beneficial Owner") will not be or be considered to be, and will not have any rights as, owners or holders of the 2012 Series Bonds under the General Resolution. For additional information about DTC and the book-entry-only system see APPENDIX J – "BOOK-ENTRY ONLY SYSTEM."

Redemption*

Optional Redemption of the 2012 Series Bonds. The 2012 Series Bonds maturing on or after April 1, 202_ are subject to redemption at the option of the Commission, prior to maturity, on and after April 1, 202_, in whole or in part at any time from amounts deposited with the West Virginia Municipal Bond Commission ("the Municipal Bond Commission") as Paying Agent by the Commission and from other funds available therefor at a redemption price of par, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption of the 2012 Series Bonds. The 2012 Series Bonds maturing April 1, 201_ through April 1, 201_ shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
201_	$_,___,000
201_	$_,___,000
201_	$_,___,000

Notice of Redemption. Notice of redemption of the 2012 Series Bonds will be given by the Registrar by mailing a copy of such notice to DTC, as the registered owner of the 2012 Series Bonds, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date. See "Summary" herein.

Negotiable Instruments

The Act provides that the 2012 Series Bonds shall constitute negotiable instruments under the West Virginia Uniform Commercial Code.

*Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS*

The following table sets forth the estimated sources and uses of funds:

Sources

Principal amount of the 2012 Series A Bonds	$116,945,000.00*
Principal amount of the 2012 Series B Bonds	9,085,000.00*
Transfers from 2004 Series B Bonds Bond Proceeds Fund	___,___,___.__
Net Original Issue Premium (Discount)	___,___.__
Total	$___,___,___.__

Uses

Deposit to Escrow Fund	$ ___,___,___.__
Deposit to Bond Proceeds Fund	___,___,___.__
Costs of Issuance Fund[(1)]	___,___.__
Total	$ ___,___,___.__

[(1)] Includes underwriters' discount, legal fees, printing and miscellaneous costs relating to the issuance of the 2012 Series Bonds.

*Preliminary, subject to change.

PLAN OF FINANCE

Proceeds of the 2012 Series Bonds will be applied to provide funds to (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund the 2012 Projects and (iii) pay the costs associated with the issuance of the 2012 Series Bonds.

A portion of the proceeds of the 2012 Bonds will be applied to advance refund the 2004 B Bonds maturing April 1, 20__ through 20__, April 1, 20__ and April 1, 20__, through the acquisition of the Escrow Funds (described below), being direct obligations of the United States or obligations, the principal and interest of which are guaranteed by the United States and the principal of and interest on which when due will provide moneys sufficient to pay principal and interest on the 2004 Series B Bonds as they come due on their principal and interest payment dates, with final redemption on April 1, 2014.

The proceeds of the 2012 Bonds, in an amount sufficient to redeem the 2004 Series B Bonds in full on the Redemption Date ("Escrow Funds"), as described in the immediately preceding paragraph of this Plan of Finance section, will be deposited with the Municipal Bond Commission,

as Escrow Agent (the "Escrow Agent") in trust for the payment of the principal of, premium, if any, and the interest on (the Redemption Price) the 2004 Series B Bonds pursuant to the terms of an Escrow Agreement dated as of June 1, 2012, between the Commission and the Municipal Bond Commission, as paying agent (the "Escrow Agreement"). Upon the deposit of the Escrow Funds in trust, the 2004 Series B Bonds will be deemed paid under the terms of the 2004 B General Resolution, and the covenants, agreements and other obligations of the Commission to the 2004 Series B Bondholders under the 2004 B General Resolution shall be discharged and satisfied. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

All Bonds issued under the General Resolution shall be payable from and equally and ratably secured by the Revenues in the manner set forth in General Resolution. See "SECURITY FOR THE 2012 SERIES BONDS."

The 2012 Projects consist of the new construction and facility improvements and renovations described more fully in Appendix B hereto. The 2012 Projects will be constructed with monies deposited in the Bond Proceeds Fund, along with amounts contributed by the Institutions for their specific projects. Funds on deposit in the Bond Proceeds Fund will be expended before any other monies or funds available for construction of the 2012 Projects.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each year as indicated, the amounts required annually for the payment of existing debt service on the Prior Bonds and the payment of principal and interest for the 2012 Series Bonds. The amounts shown for existing debt service do not reflect the effect of the refunding of a portion of the 2004 Series B Bonds.

Year Ending	2012 Series Bonds			Existing	
(June 30)	Principal	Interest	Debt Service	Debt Service[1,2,3]	Total
2013				28,906,455	28,906,455
2014				28,906,767	28,906,767
2015				28,909,881	28,909,881
2016				28,903,799	28,903,799
2017				27,724,110	27,724,110
2018				27,717,813	27,717,813
2019				27,716,212	27,716,212
2020				27,713,025	27,713,025
2021				27,717,325	27,717,325
2022				27,722,400	27,722,400
2023				27,718,175	27,718,175
2024				27,720,625	27,720,625
2025				27,718,025	27,718,025
2026				27,050,000	27,050,000
2027				27,051,062	27,051,062
2028				25,611,653	25,611,653
2029				21,793,491	21,793,491
2030				21,796,838	21,796,838
2031				21,794,897	21,794,897
2032				14,992,732	14,992,732
2033				14,997,608	14,997,608
2034				14,992,778	14,992,778
2035				4,997,243	4,997,243
2036				4,999,006	4,999,006
2037				4,996,570	4,996,570
2038				4,999,687	4,999,687
2039				4,997,610	4,997,610
2040				4,996,805	4,996,805
Total	-	-	-	**585,162,588**	**585,162,588**

(1) Interest is net of the 35% Build America Bond subsidy on the 2010 Series B Bonds.

(2) Debt service reflects the release of the Interest Subsidy Reserve Fund on the 2010 Series B Bonds at the final maturity

(3) Represents Debt Service on all Prior Bonds that are on parity with the 2012 Series Bonds. Amounts do not include debt service associated with the Commission's 2009 Series A Community and Technical Colleges Capital Improvement Revenue Bonds which are not secured by the Revenues pledged herein.

SECURITY FOR THE 2012 SERIES BONDS

Pledge of Revenues

The debt service on the Bonds is payable solely from the Revenues. The 2012 Series Bonds are secured ratably by a first lien on the Revenues, which is on parity as to lien and source of payment with the Prior Bonds and any Additional Bonds. See "PLAN OF FINANCE."

The Revenues are comprised of: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004; and (iii) the Pledged Excess Lottery Revenues. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION."

Following revisions to the Act that reclassified the fees that Institutions could charge to their students, the registration and tuition fees included in clause (i) of the description of Revenues above are no longer separately collected. Nevertheless, these registration and tuition fees remain pledged as security for the Bonds. The Commission is unaware of any plans by any Institution to impose any registration and tuition fees in the future. The current practice of not imposing registration and tuition fees does not, however, affect the legal validity of the pledge of such fees as security for the Bonds. Accordingly, if registration and tuition fees are imposed in the future, they will constitute a source of funds available for payment of debt service on the Bonds in addition to the fees currently being imposed. Nevertheless, the Pledged Educational and General Capital Fees and the Pledged Excess Lottery Revenues are presently the sole sources of funds available for payment of debt service on the Bonds.

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE REVENUES. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED THEREFOR. THE COMMISSION HAS NO TAXING POWER.

Flow of Funds

Under the Act there have been created capital improvement funds in the State Treasury for each West Virginia Institution of Higher Education (each an "Institution.") Under the General Resolution, the Commission has created and established certain funds including a Bond Fund for each Series of Bonds to be held by the Municipal Bond Commission or a corporate trustee. All Revenues available for the payment of debt service on Bonds issued by the Commission and its predecessors pursuant to the General Resolution shall be deposited in the respective capital improvement funds and the debt service on the Bonds will be transferred semiannually to the Municipal Bond Commission or a corporate trustee and is pledged for the payment of the Bonds.

Under the Lottery Act, a special revenue fund named the State Excess Lottery Revenue Fund has been created in the State Treasury (the "Excess Lottery Revenue Fund.") The Excess Lottery Revenue Fund receives its revenues, primarily from two sources: (1) the Racetrack Video Lottery; and (2) the Limited Video Lottery. The Lottery Act provides that funds on deposit in the Excess Lottery Revenue Fund be disbursed by the Lottery Commission to certain funds, including the Higher Education Improvement Fund ("Higher Education Improvement Fund"), in the order of priority specified therein. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION – Pledged Excess Lottery Revenues" herein.

Pursuant to the Tenth University Supplemental Resolution and a Memorandum of Understanding, as amended (the "MOU") among the Commission, the Director of the West Virginia Lottery Commission and the Treasurer of the State of West Virginia, the Treasurer has agreed to prohibit any withdrawals from the capital improvement fund held by the Treasurer on behalf of each Institution on and after each September 1 and February 1, beginning September 1, 2004, until the balance of such fund is equal to one-half of the debt service on the Bonds for the twelve-month period beginning on September 1 of each year allocable to such Institution and the MOU provides further that the Treasurer will only release funds for each Institution's use in excess of the amount necessary for such Institution's allocable portion of debt service. The Commission shall, on or prior to September 1 of each year, furnish to the Treasurer the allocable amount payable by each Institution. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Revenue Covenant

The Commission has covenanted to fix and otherwise provide for the collection of Revenues in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period, as those terms are defined in the General Resolution and the 2012 Series Resolution. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Additional Bonds

The Commission has covenanted, other than with respect to a Series of Additional Bonds, not to issue any other obligations payable from the Revenues having priority to or being on parity with the lien of the Bonds issued from time to time pursuant to the General Resolution. The 2012 Series Bonds are authorized to be issued under the 2012 Series Resolution. The issuance of the 2012 Series Bonds meets the test for the issuance of a Series of Additional Bonds (including refunding bonds) as set forth in the General Resolution.

Such Additional Bonds may be issued in one or more Series under the General Resolution only upon certification by an Authorized Representative that:

(i) all payments into the respective funds and accounts provided for in such General Resolution and any Related Supplemental Resolution respecting Bonds theretofore issued and then Outstanding shall have been made in full to the date of issuance and delivery of such Additional Bonds and no Event of Default thereunder shall then be existing; and

(ii) Revenues constituted solely of Pledged Educational and General Capital

Fees collected by the Commission for the last Fiscal Year preceding the date of issuance of such Additional Bonds shall have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); or

(iii) (a) all Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the Commission for the last Fiscal Year preceding the date of issuance of such Additional Bonds, plus Projected Revenues (as defined below) shall have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); and (b) Projected Revenues shall not have been greater than 20% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds). For the purposes of this paragraph (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under this Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of such Additional Bonds.

REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION

Pledged Educational and General Capital Fees

As previously discussed, the Pledged Educational and General Capital Fees are part of the Revenues pledged to secure the Bonds and consist of the portion of the required educational and general capital fees that constituted registration and tuition fees in effect as of March 21, 2004. The required educational and general capital fees are only a portion of the overall student fees charged to students enrolled in Institutions.

In general, the student fees that are regularly charged to and collected from students enrolled at Institutions are comprised of three distinct components: (1) tuition and required educational and general fees; (2) auxiliary and auxiliary capital fees; and (3) required educational and general capital fees (the "Educational and General Capital Fees") .

Pursuant to Senate Bill 448, effective March 13, 2004, the Legislature separated the State's community and technical college institutions from the baccalaureate and graduate institutions. The Institutions included in each category can be seen in APPENDIX A – "STATE INSTITUTIONS OF HIGHER EDUCATION" hereto.

The Pledged Educational and General Capital Fees do <u>not</u> constitute all of the Educational and General Capital Fees collected by the Institutions, but only those Educational and General Capital Fees that constituted registration and tuition fees in effect on March 21, 2004. Furthermore, the following fees are not part of the Revenues pledged for the payment of the Bonds: (i) fees constituting tuition fees collected at West Virginia University Health Sciences Center; (ii) fees constituting tuition and registration fees collected from students enrolled in West Virginia University graduate level extension and graduate level off-campus courses for credit taught off the campus of West Virginia University; (iii) fees constituting tuition fees collected at Eastern West Virginia Community and Technical College; Southern West Virginia Community and Technical College; West Virginia Northern Community and Technical College; Potomac State College of

West Virginia University; and West Virginia University at Parkersburg.

Collection of Educational and General Capital Fees

Pursuant to the Act, each Board of Governors is required to collect the Educational and General Capital Fees from students enrolled at their respective Institutions and deposit those fees into separate "capital improvement funds" maintained in the State Treasury.

Full-time students enrolled at each Institution are required by the Act to pay Education and General Capital Fees. For all part-time students and for all summer students, a prorated fee, calculated in direct proportion to the number of credit hours taken, is imposed. For fee purposes, a full-time undergraduate student is enrolled for 12 or more credit hours, and a full-time graduate student is enrolled for 9 or more credit hours. However, no additional Educational and General Capital Fees are collected from students taking more than 12 credit hours or from graduate students taking more than 9 hours.

The Commission has covenanted to diligently enforce and collect the Pledged Educational and General Capital Fees from all students enrolled for credit at any of the Institutions.

Each Board of Governors is empowered to fix the Educational and General Capital Fees to be imposed upon students at their respective Institutions. The Board of Governors of each Institution may increase the registration fee and tuition fee component of the Educational and General Capital Fees now or hereafter in effect pursuant to the Act. Any increase in fees over five percent (5%) is subject to the approval of the Commission, or, in the case of community and technical college education offered by the public higher education institutions, subject to the approval of the Council for Community and Technical College Education ("the Council"). Though the Council is now responsible for approving tuition and fees for institutions under its jurisdiction, the Commission remains responsible for debt repayment and capital project initiatives and all previous revenues pledged remain under the Commission's control.

Each Board of Governors may, pursuant to the Act, waive fees for certain students or classes of students, or may establish preferential fee rates for certain students or classes of students, provided, however, that such waivers or preferential fee rates shall not cause the Revenues to be reduced below a level equal to 1.00 times the aggregate principal and interest due on Bonds in the ensuing fiscal year.

Student Enrollment Statistics

Data in the following table illustrates the historical pattern of both end of term Fall head-count and FTE enrollment for all Institutions over the past five years, as well as projections through end of term, Fall 2011. Both resident and non-resident enrollment data are provided, since student fees for non-residents are substantially higher than for in-state students. Nevertheless, various factors may contribute to material fluctuations in head-counts and FTE enrollment statistics in the future, which may materially impact the Commission's ability to pay debt service on the Bonds. See "WEST VIRGINIA HIGHER EDUCATION – Student Enrollment."

Higher Education Policy Commission			
Council for Community and Technical College Education			
Summary of All Institutions			
Combined Headcount			
Fall Semester (End of Term)	Resident	Non Resident	Total
2006	66,086	20,886	86,972
2007	66,280	21,996	88,276
2008	66,070	23,210	89,280
2009	71,068	23,884	94,952
2010	71,556	24,999	96,555
2011	70,894	25,679	96,573
2012 Projected	69,804	25,818	95,622
Combined FTE			
Fall Semester (End of Term)	Resident	Non Resident	Total
2006	52,009	19,388	71,397
2007	51,657	20,473	72,130
2008	51,578	21,652	73,230
2009	54,687	22,240	76,927
2010	56,034	23,163	79,197
2011	54,936	23,753	78,689
2012 Projected	54,540	23,374	77,914
To project the Fall 2012 end of term Headcount and FTE enrollments, the Fall 2011 census data enrollments were divided by the Fall 2010 census data enrollments. The results were multiplied by the Fall 2011 end of term enrollments.			

Source: West Virginia Higher Education Policy Commission

Pledged Excess Lottery Revenues

As previously discussed, the Pledged Excess Lottery Revenues are part of the Revenues pledged to secure the Bonds. The Pledged Excess Lottery Revenues consist of funds from the State Excess Lottery Revenue Fund that are required to be deposited into the Higher Education Improvement Fund, subject to availability, as provided in the Lottery Act.

This explanation of the Pledged Excess Lottery Revenues, the State Excess Lottery Revenue Fund and the Lottery contained in this section does not purport to be a complete description or explanation of the information contained in the Official Statement. Investors should read APPENDIX E – "WEST VIRGINIA LOTTERY" and APPENDIX F – "FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY" to obtain the necessary information to make an informed evaluation of the Pledged Excess Lottery

Revenues.

The West Virginia Lottery was constitutionally authorized on November 6, 1984. The Lottery Act was enacted during the 1985 legislative session of the West Virginia Legislature. The Lottery Act created the Lottery Commission, which sets policy and direction for the Lottery.

Chapter 29, Article 22 of the Code of West Virginia, 1931, as amended (the "Lottery Act"), Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended, and Chapter 29, Article 22B, Code of West Virginia, 1931, as amended, together provide a system by which a portion of profits from Racetrack Video Lottery and from Limited Video Lottery as well as Limited Video Lottery licensing, permit and other fees are transferred to the State Excess Lottery Revenue Fund. The Lottery Act requires the Lottery Commission to disburse the remaining funds from the State Excess Lottery Revenue Fund to certain other funds, including the Higher Education Improvement Fund, in the order of priority set forth in the Lottery Act.

Under the General Resolution, the Commission has included the Higher Education Improvement Fund as security for the payment of the Bonds. Revenues include all amounts contained in the Higher Education Improvement Fund and the Pledged Educational and General Capital Fees. Revenues do not include, however, moneys on deposit in the State Excess Lottery Revenue Fund or the State Lottery Fund that have not been transferred by the Lottery Commission into the Higher Education Improvement Fund.

Under the Lottery Act, a special revenue fund named the State Excess Lottery Revenue Fund has been created in the State Treasury (the "State Excess Lottery Revenue Fund"). The State Excess Lottery Revenue Fund receives its revenues from two sources, the Limited Video Lottery and the Racetrack Video Lottery, as described herein. The Lottery Act also creates a special revenue fund in the State Treasury named the State Lottery Fund (the "State Lottery Fund"). The State Lottery Fund receives the State's share of net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and a portion of the net terminal income from the Racetrack Video Lottery. The Lottery Act requires that revenues on deposit in the State Excess Lottery Revenue Fund serve as the principal source of funding for the Higher Education Improvement Fund, while revenues on deposit in the State Lottery Fund, if available, serve as a backup source of funding for the Higher Education Improvement Fund in years where revenues on deposit in the State Excess Lottery Revenue Fund are insufficient to pay the debt service on bonds payable from the revenues thereof, but only to the extent such revenues of the State Lottery Fund are not otherwise needed to pay debt service on bonds secured thereby.

The Lottery Act provides that funds on deposit in the State Excess Lottery Revenue Fund shall be transferred to certain funds, including the Higher Education Improvement Fund, in the order of priority specified therein. The Lottery Act and the transfers of funds from the State Excess Lottery Revenue Fund required therein are subject to amendment by the State Legislature.

In the fiscal years, 2008 through 2011, the revenues of the State Excess Lottery Revenue Fund have been $407,707,840, $385,961,096, $335,385,048, and $328,979,057, respectively. See APPENDIX F – "FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY."

Future funding for the State Excess Lottery Revenue Fund is subject to the following risks, among others: (i) competition from lotteries and other gaming facilities in West Virginia and the surrounding states; (ii) changes in legislation affecting the funding of or allocation or distribution of funds from the State Excess Lottery Revenue Fund; and (iii) the dissolution of the West Virginia Lottery. See APPENDIX E – "WEST VIRGINIA LOTTERY."

State Excess Lottery Revenue Fund

The Lottery Act creates the "State Excess Lottery Revenue Fund" as a special revenue fund in the State Treasury. The State Excess Lottery Revenue Fund receives the State's share of net profits from two sources: (1) Racetrack Video Lottery, and (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery.

The Racetrack Video Lottery Act, as set forth in Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended, and the Limited Video Lottery Act, as set forth in Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended, together provide a system through which a portion of the net profits from Racetrack Video Lottery and from Limited Video Lottery, as well as Limited Video Lottery licensing, permit and other fees, are transferred to the State Excess Lottery Revenue Fund.

The Racetrack Video Lottery Act establishes two permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438.1 million. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). No deposit to the State Excess Lottery Revenue Fund occurs until the benchmarks for a given racetrack are exceeded during the respective fiscal year.

Transfers from the State Excess Lottery Revenue Fund are prescribed by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the State Excess Lottery Revenue Fund is transferred to West Virginia Department of Revenue for the purpose of providing funding for a senior citizen tax credit for real estate taxes paid on the first $20,000 of assessed value of the taxpayer's owner-occupied dwelling (the "Refundable Credit"). The Refundable Credit totaled $7,371,723 for the year ended June 30, 2009, $8,370,988 for the year ended June 30, 2010, and $9,553,377 for the year ended June 30, 2011. The Lottery Commission projects that the annual Refundable Credit will be approximately $10,000,000 during each of the next three fiscal years.

Second Priority Transfers: Second, a portion of the State Excess Lottery Revenue Fund is then transferred to the following eight funds: [1]

General Purpose Account	$65 million
Education Improvement Fund (Promise Scholarship Fund)	$29 million
Economic Development Project Fund	$19 million
Excess Lottery School Building Debt Service Fund	$19 million
West Virginia Infrastructure Fund	$46 million
Higher Education Improvement Fund	$15 million
State Park Improvement Fund	$ 5 million
Thoroughbred Development Fund	$ 2 million

If, after funding the Refundable Credit, the remaining funds in the State Excess Lottery Revenue Fund are insufficient to fund all of the foregoing eight transfers, the remaining funds on deposit in the State Excess Lottery Revenue Fund, will be transferred in the following priority:

(1) *First*, a transfer of approximately $19 million to the Economic Development Project Fund to pay debt service on the $249,895,000 West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable), Series 2004 (the "EDA - Excess Lottery Grant Bonds") coming due in a particular year, as certified to the Lottery Director, which shall be transferred by the Lottery Director to the Economic Development Project Fund in one-tenth increments on a monthly basis.

[1]Prior to the issuance of bonds payable from revenues of the State Excess Lottery Revenue Fund, the Lottery Act does not prescribe the timing or manner in which the Lottery Director must make the transfers to these eight funds in years when the revenues of the State Excess Lottery Revenue Fund are sufficient to make all such transfers. Following the issuance of bonds, however, the Lottery Act provides that the Lottery Director shall, on a monthly basis, *first* transfer to the Economic Development Project Fund one-tenth of the projected annual principal, interest and coverage requirements coming due on the EDA Excess Lottery Grant Bonds in a particular year, as certified to the Lottery Director, and *second* transfer to the fund or funds from which debt service is paid on bonds issued for the School Building Authority, infrastructure, Commission and park improvements in an amount equal to one-tenth of the projected annual principal, interest and coverage requirements coming due on those respective bonds in a particular year, as certified to the Lottery Director. Presently, this second required transfer is only made to the Higher Education Improvement Fund and the Excess Lottery School Building Debt Service Fund to pay such amounts coming due in a particular year. In years when revenues of the State Excess Lottery Revenue Fund are sufficient to make all of the transfers to these eight funds, the Lottery Act does not prohibit the Lottery Director from making transfers to funds from which debt service is not payable in the manner he deems appropriate following the one-tenth transfers referred to above. For a discussion of the priority in which transfers must be made from the State Excess Lottery Revenue Fund in years where revenues are insufficient to make all transfers required by the Lottery Act, see discussion in (2) of this section, below.

(2) *Second*, transfers to such of the other six funds from which debt service is payable in amounts necessary to pay the respective debt service on such bonds coming due in a particular year, as certified to the Lottery Director, which shall be transferred to such funds in one-tenth increments on a monthly basis; provided that, to the extent that sufficient State Excess Lottery Revenues are not available to pay debt service on all such revenue bonds, transfers will be made on a pro rata, parity basis. Presently, the second-priority, parity transfers include a $15 million transfer to the Higher Education Improvement Fund to pay debt service on bonds issued by the Commission and a transfer to the Excess Lottery School Building Debt Service Fund of $19 million to pay debt service on bonds issued by the School Building Authority of West Virginia. Additional second-priority, parity transfers may be required in the future as a result of the issuance of revenue bonds the debt service on which is payable out of the West Virginia Infrastructure Fund or the State Park Improvement Fund.

(3) Third, transfers to the Education Improvement Fund.

(4) Fourth, transfers to the General Purpose Account.

(5) Last, transfers to the remaining Funds.

The West Virginia Legislature authorized the issuance of two new series of bonds, that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The Lottery is currently transferring $6,000,000 each fiscal year to the West Virginia Infrastructure Fund for deposit into the West Virginia Infrastructure Lottery Revenue Debt Service Fund. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

Third Priority Transfers: Last, the remaining funds on deposit in the State Excess Lottery Revenue Fund are required to be transferred to the State Lottery Fund in amount equal to those amounts that were transferred from the State Lottery Fund to the State Excess Lottery Revenue Fund to pay debt service on bonds payable from revenues of the State Excess Lottery Revenue Fund.

NO PORTION OF THE STATE EXCESS LOTTERY REVENUE FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. ONLY AMOUNTS ON DEPOSIT IN THE EXCESS LOTTERY HIGHER EDUCATION IMPROVEMENT FUND CONSTITUTE PLEDGED REVENUES.

State Lottery Fund

The Lottery Act creates the "State Lottery Fund" as a special revenue fund in the State Treasury. The State Lottery Fund receives the State's share of net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and a portion of the net terminal income from the Racetrack Video Lottery.

A minimum annual average of forty-five percent of the gross amount received from each lottery is allocated and disbursed as prizes, and not more than fifteen percent of the gross amount received from each lottery can be allocated to and disbursed, as necessary, for fund operation and administrative expenses. The excess of the gross amount received from the lotteries described above over the sum of the amount distributed for prizes and administrative expenses shall be allocated as net profit. Thirty percent of net terminal income up to the Net Benchmark from the Racetrack Video Lottery is also transferred to the State Lottery Fund each fiscal year.

Transfers from the State Lottery Fund are required by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the net profits of the State Lottery Fund is transferred monthly to the School Building Debt Service Fund established under the Lottery Act to pay the annual principal, interest and coverage requirement on all revenue bonds and refunding bonds issued, or to be issued on or after April 1, 1994, payable from revenues of the State Lottery Fund (the "SBA Lottery Bonds").

Second Priority Transfers: Second, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Education, Arts, Sciences and Tourism Debt Service Fund established under the Lottery Act as necessary to pay debt service on revenue bonds issued and payable from such source pursuant to the Lottery Act (the "EAST Lottery Bonds"). The maximum monthly amount cannot exceed $1,000,000 and the total allocation of net profits cannot exceed the lesser of the principal and interest required to be annually paid or $10,000,000. The EAST Lottery Bonds matured by their terms on July 1, 2010. Pursuant to HB 113 enacted by the State Legislature in the First Special Session of 2009 ("HB 113"), the authority to issue revenue bonds payable from funds deposited into the Education, Arts, Sciences and Tourism Debt Service Fund (the "EAST Fund") from the State Lottery Fund was transferred from the State Building Commission to the West Virginia Economic Development Authority. The West Virginia Economic Development Authority issued bonds payable from funds on deposit in the EAST Fund in August 2010 (the "New EAST Lottery Bonds"). The New EAST Lottery Bonds were issued in an amount that will fully leverage the $10,000,000 allocation of revenues deposited into the EAST Fund from the State Lottery Fund.

Third Priority Transfers: Third, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Community and Technical College Capital Improvement Fund to pay the annual principal, interest and coverage ratio requirements on all revenue bonds payable from the Community and Technical College Capital Improvement Fund pursuant to the Lottery Act (the "CTC Lottery Bonds"). The maximum monthly amount cannot exceed $500,000 and the total allocation cannot exceed the lesser of the principal and interest required to be annually

paid or $5,000,000. The current annual principal and interest on the CTC Lottery Bonds is approximately $5,000,000 and these bonds mature by their terms in 2039. Upon the maturity of the CTC Lottery Bonds, the $5,000,000 allocated annually to the Community and Technical College Capital Improvement Fund shall become available for debt service on additional CTC Lottery Bonds ("Additional CTC Lottery Bonds"). The priority of the transfer of $5,000,000 from the State Lottery Fund to the Community and Technical College Capital Improvement Fund to pay debt service on Additional CTC Lottery Bonds, if issued, vis-à-vis the priority of the transfer of up to $10,000,000 from the State Lottery Fund to the Education, Arts, Sciences and Tourism Debt Service Fund to pay debt service on any bonds payable therefrom shall be determined as provided in the Lottery Act at the time of issuance of the Additional CTC Lottery Bonds.

Fourth Priority Transfers: Fourth, after first satisfying the requirements for funds dedicated to retire the SBA Lottery Bonds, the EAST Lottery Bonds and the CTC Lottery Bonds or Additional CTC Lottery Bonds, as the case may be, the remaining net profits of the State Lottery Fund are then made available to pay debt service in connection with any bonds issued pursuant to Section 18a of the Lottery Act (that is bonds payable from revenues of the State Excess Lottery Revenue Fund) if and to the extent needed for such purpose from time to time.

Fifth Priority Transfers: Last, subject to certain limitations described in this paragraph, the remaining net profits of the State Lottery Fund may be appropriated by the West Virginia Legislature annually, in such proportions as it deems beneficial, to (i) the Lottery Education Fund; (ii) the School Construction Fund; (iii) the Lottery Senior Citizens Fund; and (iv) the Division of Natural Resources and West Virginia Development Office; provided, however, these fifth priority payments may only be made if: (i) a default does not exist with respect to the debt service on the bonds issued by the School Building Authority, the State Building Commission, the Higher Education Policy Commission, the Economic Development Authority, or bonds that are otherwise secured by lottery proceeds; and (ii) the net profits of the State Lottery Fund for the preceding twelve months is equal to at least 150% of the debt service on bonds issued by the School Building Authority, the State Building Commission or the Higher Education Policy Commission, which are secured by the net profits of the lottery.

NO PORTION OF THE STATE LOTTERY FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. AS DESCRIBED ABOVE, HOWEVER, REVENUES OF THE STATE LOTTERY FUND IN EXCESS OF THE AMOUNT OF REQUIRED TRANSFERS TO THE SCHOOL BUILDING DEBT SERVICE FUND, THE EDUCATION, ARTS, SCIENCES AND TOURISM DEBT SERVICE FUND AND THE COMMUNITY AND TECHNICAL COLLEGE CAPITAL IMPROVEMENT FUND TO PAY DEBT SERVICE ON BONDS SECURED THEREBY SHALL BE MADE AVAILABLE FOR TRANSFER TO THE STATE EXCESS LOTTERY REVENUE FUND TO PAY DEBT SERVICE ON BONDS REFERRED TO IN SECTION 18A OF THE LOTTERY ACT TO THE EXTENT THAT REVENUES IN THE STATE EXCESS LOTTERY REVENUE FUND ARE INSUFFICIENT TO PAY ALL SUCH DEBT SERVICE.

Debt Service Coverage

The following Table, prepared by the Commission, shows: (i) the historical coverage of Annual Debt Service resulting from a historical comparison of the Revenues to the Annual Debt Service for the three prior fiscal years; and (ii) the projected Coverage of Annual Debt Service resulting from a comparison of forecasted Revenues and forecasted Annual Debt Service for the 2012 fiscal year. The forecasted Annual Debt Service for 2012 includes Debt Service on Outstanding Bonds.

The West Virginia Higher Education Fund (the "Fund"), through the Commission, does not as a matter of course make public projections as to future revenues, increase in net assets, or other results. However, the Commission has prepared the prospective financial information set forth below to present projected Annual Debt Service Coverage information. The accompanying prospective financial information was prepared for internal management purposes and was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Commission, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the Commission's knowledge and belief, the expected course of action and the expected future financial performance of the Fund. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Fund's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Higher Education Policy Commission

Summary of Actual/Forecasted Pledged Revenues and Expenditures

Higher Education Facilities Bonds - Pledged Revenues

				Forecasted	
Total	Period Ending 2009	Period Ending 2010	Period Ending 2011	Period Ending 2012	
Pledged Educational and General Capital Fees	$44,427,487	$45,495,567	$48,558,244	$50,588,364	(1)
Investment Earnings	318,446	67,443	53,701	56,000	(2)
Pledged Excess Lottery Revenues	10,000,000	10,000,000	15,000,000	15,000,000	
Total Revenues	$54,745,933	$55,563,010	$63,611,945	$65,644,365	
Annual Debt Service	$28,292,562	$28,252,315	$29,595,395	$31,663,657	(3)
Coverage of Annual Debt Service	1.93	1.97	2.15	2.07	

(1) To project the fiscal year 2012 pledged educational and general capital fees, collections were an average for the college system and a projected trend for the university system.

(2) This estimate is based on the assumption that invested balances will not change significantly from the previous year.

(3) Debt service for fiscal year 2012 is net of the 35% Federal Subsidy on the 2010 Series B Bonds.

THE COMMISSION

In General

The Commission is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees. The Commission was formed in June of 2000 as part of a restructuring of higher education.

The Commission is responsible for developing and overseeing the implementation of a higher education public policy agenda. The Commission is responsible for the development of public policy for higher education and other duties as specifically set forth in the Act, including preparation of the statewide budgets for higher education. Additional powers and duties include, but are not limited to, the duty to develop a master plan for each institution, the power to approve certain increases in tuition and other fees of the institutions, and the power to prescribe institutions' budget request. The Commission has the authority to assess each Institution for payment of debt service of the 2012 Series Bonds.

Members

The Commission is comprised of ten members. The ex-officio members are the Chairman of the Council for Community and Technical College Education, the Secretary of Education and the Arts, and the State Superintendent of Schools. The other seven members shall be citizens of the State, appointed by the Governor, with the advice and consent of the Senate. The terms of the members appointed by the Governor shall be for overlapping terms of four (4)

years. The Governor shall appoint a member to fill any vacancy among the seven members of the Commission appointed by the Governor. The member appointed to fill such vacancy shall serve for the unexpired term of the vacating member. The Governor shall fill the vacancy within thirty days of the occurrence of the vacancy. The current members of the Commission are as follows:

David K. Hendrickson, Esq., Chairman

David K. Hendrickson is the Founding Managing Partner of Hendrickson and Long, P.L.L.C. He graduated from West Virginia University in 1979 with a Bachelor of Arts, cum laude, and Juris Doctorate from the West Virginia University College of Law in 1982. He is a veteran, leaving active duty after completing a four-year tour of service as a Captain in the United States Army. Mr. Hendrickson is a new inductee into the International Academy of Trial Lawyers. He has also been recognized by several national publications including Chambers, USA, Best Lawyers in America, and Litigation Magazine in the area of Corporate Litigation. While at West Virginia University, Mr. Hendrickson served as the student body president and was the second ever student voting member on the West Virginia Board of Regents. He is a past president of the West Virginia University Alumni Association and was named Outstanding Alumnus of the Year, 2004. Mr. Hendrickson served as the legal correspondent to the Charleston, ABC affiliate, WCHS-TV and conducted a news segment titled "The Legal Pad." He currently serves on the Boards of several charitable, civic and social organizations.

Dr. Bruce Berry, Vice Chairman

Bruce Berry, M.D., of Morgantown, currently serves as the medical director at Colombo & Stuhr P.L.L.C. where he oversees risk management and quality assurance. For nearly thirty years, Dr. Berry practiced medicine at a private practice in Charleston. Dr. Berry also served as a clinical instructor, clinical assistant professor, and clinical associate professor at West Virginia University's School of Medicine campus at Charleston Area Medical Center. In addition to his work with WVU, Dr. Berry served as a clinical associate professor with the West Virginia School of Osteopathic Medicine. Dr. Berry graduated with an A.B. in biology, M.S. in embryology, and a M.D. from West Virginia University.

Kathy G. Eddy, Secretary

Kathy G. Eddy, CPA is a shareholder in McDonough, Eddy, Parsons & Baylous, A.C., located in Parkersburg, West Virginia. Ms. Eddy joined the firm in 1974 and became a shareholder in 1981. She is a graduate of Marshall University with B.A. in accounting. She became a Certified Public Accountant in 1978. She has been active in her profession at the national level, serving as Chairman of the Board of Directors of the 340,000 member professional organization, the American Institute of Certified Public Accountants (AICPA). She was awarded the AICPA Gold Medal for Distinguished Service. In addition to her service to her profession at the national level she has served the accounting profession in West Virginia including the West Virginia Society of CPAs and the West Virginia Board of Accountancy by holding all offices, including President of both organizations. Until her recent appointment to the Higher Education Policy Commission she was a member of Marshall University's Lewis College of Business Board of Advisors and the Accounting Curriculum and Accreditation Committee.

She is the recipient of the Marshall Distinguished Alumni Award and a member of the Lewis College of Business Hall of Fame. She has been involved in many community organizations and continues to serve on the Board of Directors of Camden Clark Memorial Hospital.

Jenny Allen

Jenny Allen, of Shepherdstown, has served as vice chair of the nearly completed $20 million Create the Future campaign for Shepherd University, the institution's first comprehensive fundraising initiative. She is currently the vice president of the board of the Contemporary American Theater Festival at Shepherd, a significant driver of the Eastern Panhandle economy that brings thousands of visitors to West Virginia each summer. From 2005-2010 she was a member of the West Virginia Public Broadcasting Foundation board. She has been a trustee of North Country School and Camp Treetops in Lake Placid, NY, since 2006. Ms. Allen earned a B.A. from Hampshire College in Amherst, Mass., an M.A. from the University of Georgia, and recently completed the Executive Certificate program in Nonprofit Management at Georgetown University.

Bob Brown, Ex-Officio, Chair, West Virginia Council for Community and Technical College Education

Bob Brown is Executive Director of the West Virginia School Service Personnel Association, AFT/AFL-CIO. Brown resides in Charleston, West Virginia, is Chair of the West Virginia Public Employee Grievance Board; Chair of the West Virginia Community and Technical College Council; a member of the West Virginia Workforce Investment Council; a member of the Teachers Retirement System Committee of the West Virginia Investment Management Board; a Commissioner for the Malden Public Service District; a member of the West Virginia Attorney General's Citizen Advisory Committee; and is Senior Vice President of the West Virginia AFL-CIO. Brown is a Marine Corps veteran of the Vietnam War and was educated in Kanawha County public schools, West Virginia Institute of Technology, and West Virginia University.

John Estep

John Estep is a graduate of West Virginia State College (now University) and earned his Master of Science degree from West Virginia University. A resident of Richwood, Mr. Estep formerly taught and coached in Greenbrier, Wyoming and Nicholas County Schools. He currently is employed as a staff representative for the American Federation of Teachers (AFT) – West Virginia. He served as a member of the Governor's Higher Education Transition Team and is active in his community as a member of the board of directors of the Cherry Hills Country Club and the board of trustees of the First Baptist Church of Richwood.

Kay H. Goodwin, Ex-Officio, Secretary of Education and the Arts

Kay Huffman Goodwin, of Ripley, serves as West Virginia Secretary of Education and the Arts. She is responsible for six government agencies in her role as Secretary. Previously, she served as chair of the University System of West Virginia Board of Trustees. She is a former member of the state Educational Broadcasting Authority, and former instructor at West Virginia

University, West Virginia State College, and the Department of Defense Information School. Secretary Goodwin is a former member of the Board of Directors of West Virginia University Hospitals and the United Health System, and a member of the Board of Directors of the Clay Center for the Arts and Sciences. She earned a B.A. and an M.A. from West Virginia University.

Dr. John Leon

John Leon, MD was born in Steubenville, Ohio and grew up in Wellsburg, West Virginia. He attended the University of Notre Dame in South Bend, Indiana, where he played varsity football and received a BA in Psychology. After receiving his MD from West Virginia University School of Medicine in Morgantown, he completed an internship and residency. Dr. Leon is board certified in Diagnostic Radiology with Special Competence in Nuclear Medicine. He joined Radiological Physician Associates in July of 1988 and now serves as president of the corporation. He is also Chief of Radiology at Fairmont General Hospital and is past president of the Marion County Medical Society.

Dr. Jorea Marple, Ex-Officio, State Superintendent of Schools

Dr. Jorea M. Marple became West Virginia's 27th State Superintendent of Schools on March 1, 2011. As superintendent, Dr. Marple oversees West Virginia's public school system, which includes 55 individual school districts, serving about 282,000 students in preschool through 12th grade.

Dr. Marple, who has a doctorate in education administration from West Virginia University, has more than 35 years of experience as a classroom teacher, reading specialist, university instructor, principal, assistant county superintendent, county superintendent, assistant state superintendent and deputy state superintendent. She earned her bachelor's degree in elementary education at Fairmont State and a master of arts in reading from WVU. She also is a published author on effective school leadership. She has experience in West Virginia schools in Marion, Monongalia, Greenbrier and Kanawha counties.

As a principal at Tiskelwah Elementary School in Kanawha County, Dr. Marple helped students significantly improve their standardized test scores, which earned Tiskelwah a National Blue Ribbon School distinction. As an assistant state superintendent and deputy state superintendent, she has helped guide the state's journey to create a responsive and accountable 21st century school system.

Dr. Marple's responsibilities have included working to create the state's 21st century learning program, "Global 21: Students deserve it. The world demands it." The plan, which has garnered West Virginia national and international attention, includes increased rigor and relevance and incorporated real-world learning and performance skills, such as problem solving and creative thinking, into state standards. She also has been involved in the state Department of Education's work with pre-K programs, school technology implementation, school leadership development programs, reading initiatives and teacher quality efforts.

On the national front, Dr. Marple served as a leader within the National Urban and Suburban School Association. She was invited to participate in both the Columbia and Harvard

universities' superintendent academies. She has worked with the U.S. Department of Education, Partnership for 21st Century Skills, Council of Chief State School Officers, other state departments of education, the State Educational Technology Directors Association, the National Association of Test Directors, the National Association of Special Education Teachers and the National Staff Development Council. She also has been honored as a YWCA Woman of Achievement.

David Richard Tyson, Esq.

David Tyson, of Huntington, is the managing partner in the law firm Tyson & Tyson. He is a graduate of West Virginia University and California Western School of Law. He previously served on the West Virginia Board of Regents as a student representative in 1975. Other higher education experience includes serving as adjunct professor at Marshall University, President of the Huntington Chapter of the West Virginia University Alumni Association, and member of the West Virginia University Extension Service Board. Mr. Tyson was appointed to the President's Advisory Committee for the Arts by President George W. Bush in 2002, and formerly served as State Chairman of the Republican State Executive Committee of West Virginia. Mr. Tyson is very active in community affairs and serves on numerous boards, including the Y.M.C.A. Board of Directors, the Huntington Chamber of Commerce, and the Huntington Visitors and Convention Bureau.

Administration

In order to assist the Commission with carrying out its directives, duties and responsibilities, a system Chancellor is employed by the Commission. The Chancellor works with the Commission to evaluate policy options and develop policy. The Chancellor serves as the chief executive officer. The offices of the Chancellor and other Commission staff are located in Charleston, West Virginia. Below are the biographies of the administrative staff of the Commission:

Dr. Paul Hill, Chancellor of Higher Education for West Virginia

Dr. Paul L. Hill serves as Chancellor for the Commission. Prior to becoming Chancellor in May 2012, Dr. Hill served as Vice Chancellor for the Division of Science and Research at the Commission, a position he began in 2007, and as Interim Chancellor beginning in January 2012. As such, Dr. Hill oversaw the receipt and administration of more than $50 million in federal research funding and $76 million in state research investment. He served as executive director of the West Virginia Experimental Program to Stimulate Competitive Research (WVEPSCoR), a state infrastructure program of the National Science Foundation (NSF), and helped create and manage a number of competitive research programs with academic institutions throughout the state, including: the West Virginia Research Trust Fund, commonly known as "Bucks for Brains," the West Virginia Research Challenge Fund, and West Virginia Eminent Scholars initiative. He formerly held a position at West Virginia University in Research and Economic Development and served as adjunct faculty in biology at the University of Charleston. Before joining WVEPSCoR in 2001, he was chairman and CEO of the U.S. Chemical Safety Board, appointed by President Bill Clinton and confirmed by the U.S. Senate.

Dr. Hill has more than 25 years of experience in academic research, grant administration, public policy and management, and has held CEO positions in state, federal and private organizations. In addition, he is active in numerous state and federal committees, boards and commissions, including the West Virginia Science and Research Council; West Virginia Commission on International Education; EPSCoR Program Directors Council (past chairman); national EPSCoR/IDeA Foundation Board (chairman); EPSCoR 2030 Workshop (project chair); Mid-Atlantic Technology, Research, and Innovation Center (MATRIC) Board of Directors; Hawaii EPSCoR State Committee; Iowa EPSCoR State Committee; Hawaii EPSCoR Monitoring and Assessment Panel (past chairman); A Vision Shared-West Virginia Technology-Based Economic Development (TBED) Council; Marshall University Research Corporation; West Virginia Commission on Science, Technology, Engineering and Mathematics Graduate Education; and West Virginia University College of Engineering Visiting Committee (2004-2007).

Dr. Hill has been a U.S. delegate to the Organization for Economic and Community Development in Europe and served on both the New York City Environmental Protection Council and the U.S. EPA's Council on the Clean Air Act. He was an invited participant in the development of the NSF EPSCoR 2020 Report and has provided congressional testimony on science and technology policy on numerous occasions. He is a member of the American Association for the Advancement of Science (AAAS), the Association of University Technology Managers (AUTM) and the Coalition on the Public Understanding of Science (COPUS).

A native West Virginian, Dr. Hill holds degrees from Marshall University (B.S. and M.S.) and the University of Louisville (Ph.D.) in biology and chemistry. He studied at the University of Louisville's Systems Science Institute, where his research emphasis was environmental chemistry and ecological systems.

Rob Anderson, Executive Vice Chancellor for Administration

Rob Anderson currently serves as Executive Vice Chancellor for Administration for the Commission and the Community and Technical College System of West Virginia. Prior to becoming Interim Executive Vice Chancellor for Administration in September 2011, he served as Senior Director of Policy and Planning for more than four years. His career in West Virginia's higher education system has focused on the areas of administration, public policy, research, and strategic planning. His scholarly focus has been in the areas of student access and financial aid policy with a particular interest in merit aid programs and their impact on institutional and student outcomes.

Previously, Mr. Anderson served as Director of Research and Planning for the Tennessee Higher Education Commission in Nashville, Tennessee, and as an administrator and instructor at Montreat College in Montreat, North Carolina. Mr. Anderson received his B.A. in English from The Citadel and a M.Div. from The Southern Baptist Theological Seminary. He has completed coursework and comprehensive exams for his Ph.D. in Higher Education Administration within the Institute of Higher Education at the University of Georgia.

Richard B. Donovan, Senior Director of Facilities

Richard Donovan has been employed by West Virginia's higher education governing and policy boards since 1980 and has served in various positions in the Division of Finance and Facilities. He has served as the Assistant Director of Facilities since 1991, and from November 2006 as Co-Interim Director of Finance and Facilities along with the Assistant Director of Finance. In March 2009, he was appointed Chief Financial Officer of the Commission. As of January 2012, Mr. Donovan serves as Senior Director of Facilities. Mr. Donovan holds a bachelor's degree in business administration from Shepherd College.

Dr. Ed Magee, Vice Chancellor for Finance

Edward Magee is the Vice Chancellor for Finance of the Commission. He has leadership responsibilities for accounting, budgeting and financial reporting. His duties include the analysis and presentation of financial data for the Commission, Community and Technical College Council, and governmental officials, coordination of the annual audit, and the oversight of the Commission's financial operations. In addition, he has oversight responsibility for public higher education facilities planning and budgeting. Prior to joining the Commission, he served as the Vice President for Administration and Finance at Shepherd University. He is a CPA with a doctoral degree in educational leadership studies and masters degree in business administration from West Virginia University. In addition, he received a bachelor's degree in accounting from Wheeling Jesuit University.

Bruce Ray Walker, Esq., General Counsel

Bruce Ray Walker has served as general counsel for higher education since 1991. Prior to that time he spent eight years with the West Virginia Attorney General's office as an assistant and later deputy attorney general. He received a B.A. degree from Michigan State University and a J.D. from Washington and Lee University College of Law. As general counsel, Mr. Walker is responsible for legal advice to the higher education governing boards, the higher education office and to the public institutions of higher education.

History and Experience of Commission in the Issuance of Bonds

The Commission and its predecessor, the Board of Directors of the State College System and the University of West Virginia Board of Trustees, have 8 series of bonds, representing an aggregate principal amount of $385,980,868 outstanding. The Prior Bonds outstanding include those issues shown in the chart below:

Series Name	Original Principal	Amount of Bonds Outstanding as of April 1, 2012	Revenues from Which Debt Service is Paid
Series 1998 Bonds University System Bonds	$ 55,025,000	$ 40,475,000	Student Fees and Pledge of Excess Lottery Revenues
Series 2000A University System Bonds	36,590,868	36,590,868	Student Fees and Pledge of Excess Lottery Revenues
2004 Series B Higher Education Facilities Bonds	167,260,000	135,820,000	Student Fees and Pledge of Excess Lottery Revenues
2007 Series A Revenue Refunding Bonds	25,915,000	22,060,000	Student Fees and Pledge of Excess Lottery Revenues
2009 Series A Community and Technical College Improvement Revenue Bonds	78,295,000	75,510,000	Lottery Revenues
2010 Series A Revenue Bonds	16,520,000	16,520,000	Student Fees and Pledge of Excess Lottery Revenues
2010 Series B Revenue Bonds	50,265,000	50,265,000	Student Fees and Pledge of Excess Lottery Revenues
2010 Series C Revenue Bonds	10,080,000	8,740,000	Student Fees and Pledge of Excess Lottery Revenues

The CTC Lottery Bonds, as defined herein, were issued under a separate indenture and do not constitute a lien on the Revenues from which the 2012 Series Bonds are payable.

WEST VIRGINIA HIGHER EDUCATION

Capital Budgeting and Planning

West Virginia funds the capital needs of its colleges and universities almost entirely through regular student fees and excess lottery appropriations rather than general tax appropriations. Funding through this means has contributed to meeting facility needs that might not otherwise have been possible when relying solely on State general tax appropriations.

Among the duties of the Commission is the development of an appropriation request for the State system of higher education. The appropriation request includes the operating budgets for all State institutions of higher education. In addition to the institutional operating budget and incentive funding, the Commission is responsible for allocating the funds appropriated to it

among the institutions based on institutional progress toward meeting compact goals and other standards.

Under West Virginia Code, the Commission has the authority to transfer funds pledged for the repayment of Bonds from the accounts of Institutions if an Institution fails to transfer funds to the Commission in a timely manner.

State Appropriations for Higher Education

The State has a policy of utilizing its general fund revenues to meet a major portion of the educational and general operating expenses of its State institutions of higher education. For the combined West Virginia Public Higher Education System in the fiscal year that ended June 30, 2011, state appropriations and state fiscal stabilization funds of $503,136,000 represented almost 30% of total revenues of $1,683,451,000 with the balance coming from grants and contracts (27%), student fees (29%), auxiliary revenues (12%) and other income (2%).

Student Enrollment

Data reported in the Table under the caption "Student Enrollment Statistics" above, relates to recent enrollment at Commission and Council institutions. Enrollment data are generally collected and reported in two categories – head-count and full-time equivalent (FTE). Whereas head-count enrollment is an indicator of the total number of individual students attending at a given time, FTE enrollment converts each individual student's credit hour load into a standard measure of effort, depending upon the student's enrollment category. For example, an undergraduate student enrolling for fifteen credit hours or a graduate student enrolled for twelve credit hours in a given semester would be counted as one head-count and one FTE student. An undergraduate student taking three credit hours as a part-time student would be counted as one head-count student, but only as .20 FTE because he/she is taking only one-fifth of what might be considered as the normal undergraduate load. An undergraduate student taking eighteen credit hours would be considered a full-time student but be counted as 1.20 FTE since he/she is taking one-fifth more credit hours than what is considered to be a normal load. Although each of these indicators is useful in terms of describing enrollment, FTE enrollment would normally be the more relevant measure in analyzing historic and projected fee revenues since it more closely approximates the relationship between students and charges assessed to them.

As is the case in other states, student enrollment in West Virginia is influenced by a number of factors, not all of which are readily controllable or entirely possible to predict. Economic and demographic considerations such as birth rate, number of high school graduates, migration patterns, education attainment level of parents and/or other family members, and college-going rate for both traditional and non-traditional students residing in the State often influence college attendance. Other factors such as student retention rates, student fee levels, and the amount and configuration of student financial assistance appear to influence enrollment levels.

High school graduation rates in West Virginia are projected to decline for the next decade, which will decrease the number of traditional students generally attending higher education. This downturn is the result of demographic trends in the State. However, the

economic downturn, aggressive marketing, a GEAR-UP grant that targets underrepresented counties, and a new adult learner campaign entitled RBA Today should ensure moderate gains. In addition, the potential exists for further growth in the rate of college participation by West Virginians before the market is saturated. Also, substantial numbers of non-traditional students are returning to higher education for additional degrees or professional certifications. This trend is expected to continue. West Virginia institutions also continue to attract students from surrounding states, which are projecting increasing numbers of high school graduates in the coming years. Thus, enrollment projections are relatively stable.

Accredited institutions with a wide range of academic programs and support services, tuition and fee levels, and enhanced efforts in student recruitment and retention, are among the factors which place the institutions of the Higher Education Policy Commission and Council for Community and Technical College Education in a position of growing importance to the State and its residents. Enrollment data from recent years indicate that West Virginians view quality programs of higher education as the key to their personal future as well as that of the State.

Select Financial Information of West Virginia Higher Education Fund

The audited financial statements of the West Virginia Higher Education Fund for the Fiscal Years ended June 30, 2011, and June 30, 2010, are set forth in APPENDIX C – "FINANCIAL STATEMENTS OF THE COMMISSION."

The following table sets forth certain historical financial information relating to the West Virginia Higher Education Fund, which is comprised of ten four-year public colleges and universities, ten community and technical colleges, and two administrative units.

The following table sets forth selected combined financial data. The Commission derived its selected combined financial data as of and for the years ended June 30, 2011 and 2010 from its combined financial statements. The Commission derived its selected combined financial data as of and for the years ended June 30, 2011, 2010, 2009, 2008 and 2007 from its combined financial statements. The historical selected financial data may not be indicative of future performance and should be read in conjunction with "Management's Discussion and Analysis" and "Risk Factors" in the financial statements included in APPENDIX C - "FINANCIAL STATEMENTS OF THE COMMISSION."

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007, 2008, 2009 , 2010 AND 2011
(Dollars in thousands)

	2007	2008	2009	2010	2011
OPERATING REVENUES:					
Student tuition and fees — net of scholarship allowance	376,390	406,818	447,080	467,933	488,616
Federal and local land grants	8,825	9,439	9,853	9,760	11,335
Contracts and grants:					
Federal	195,722	203,772	135,781	149,728	178,099
State	62,736	64,729	64,583	58,500	45,924
Local	1,114	1,211	1,425	1,455	3,103
Private	58,885	59,656	70,172	66,316	66,297
Interest on student loans receivable	998	876	896	1,154	1,168
Sales and services of educational activities	18,803	18,760	20,183	23,471	25,519
Auxiliary enterprise revenue — net of scholarship allowance	165,104	184,238	190,468	195,447	204,587
Other operating revenues	20,723	22,866	23,447	22,983	26,273
Total operating revenues	909,300	972,365	963,888	996,747	1,050,921
OPERATING EXPENSES:					
Salaries and wages	611,065	645,769	698,667	733,485	761,623
Benefits	174,286	214,021	221,412	294,569	299,223
Supplies and other services	303,158	325,562	340,115	346,927	365,517
Utilities	44,283	44,646	47,865	49,335	55,955
Student financial aid — scholarships and fellowships	75,730	79,349	89,674	117,365	134,091
Depreciation	74,461	78,642	82,113	89,780	92,108
Other operating expenses	9,130	8,127	11,314	6,060	4,166
Total operating expenses	1,292,113	1,396,116	1,491,160	1,637,521	1,712,683
OPERATING LOSS	(382,813)	(423,751)	(527,272)	(640,774)	(661,762)
NONOPERATING REVENUES (EXPENSES):					
State appropriations	423,858	536,101	483,534	449,305	474,805
State fiscal stabilization funds (federal)				21,944	28,331
Federal Pell grants[1]			80,668	133,211	154,887
Payments on behalf of West Virginia Higher Education Fund		18,000	10,864	0	0
Gifts	15,902	19,548	21,092	21,548	21,961
Investment income (loss)	28,235	17,426	(961)	10,947	13,032
Interest on indebtedness	(34,921)	(36,181)	(36,504)	(40,328)	(45,882)
Payments to other institutions	(15,346)	(18,222)	(20,492)	(14,915)	(15,382)
Other nonoperating expenses — net	(2,804)	(1,838)	(215)	(1,625)	778
Net nonoperating revenues	414,924	534,834	537,986	580,087	632,530
LOSS (INCOME) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	32,111	111,083	10,714	(60,687)	(29,232)
CAPITAL GRANTS AND GIFTS	77,912	78,174	43,633	43,126	63,375
CAPITAL BOND PROCEEDS FROM THE STATE					25,784
STATE CAPITAL GRANTS (FEDERAL)				4,242	11,994
DECREASE (INCREASE) IN NET ASSETS BEFORE CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE[2]	110,023	189,257	54,347	(13,319)	71,921
NET ASSETS — Beginning of year	0	110,023	361,138	415,962	402,643
CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE[2][3]		61,858	477		
NET ASSETS -- Beginning of year as adjusted for cumulative effect		171,881	361,615		
NET ASSETS — End of year	$ 110,023	$ 361,138	$ 415,962	$ 402,643	$ 474,564

See notes to combined financial statements.

[1] Effective FY 2009, Federal Pell grants moved to Non-operating Revenue (Expenses)

[2] Adopted Accounting Principle in FY 2008 is GASB 45 as it relates to Other Post Employment Benefits (OPEB)

[3] Adopted Accounting Principle in FY 2009 is GASB 52 as it relates to land held as an investment.

INVESTMENT CONSIDERATIONS

The purchase of the 2012 Series Bonds involves certain investment risks that are discussed throughout this Official Statement. Certain of these risks are described below. Accordingly, each prospective bond purchaser should make an independent evaluation of all of the information presented in this Official Statement, including the risk factors described below, in order to make an informed investment decision.

Competition

The West Virginia Lottery (the "Lottery") faces potential competition from gaming within West Virginia and increasing competition from states surrounding West Virginia that may introduce new lottery games or gaming facilities or otherwise enhance existing lottery games or gaming facilities comparable to those in West Virginia. While there is no way of currently assessing the effect of the introduction of games and/or gaming facilities by such states upon the amount of Pledged Revenues received, the introduction of such games and/or gaming facilities by such states could have a material adverse effect upon the amount of Pledged Excess Lottery Revenues received. See "Competition from Surrounding States" herein.

Competition within West Virginia

During the 1999 Legislative Session, a new law was enacted to permit casino gaming at a historic resort hotel such as the Greenbrier Resort in White Sulphur Springs, West Virginia. This gaming was to be regulated by the Lottery. The law requires that the residents of the resort hotel's host county must approve casino gaming by referendum before the casino may open. An unsuccessful vote occurred in Greenbrier County on November 7, 2000. A subsequent successful vote occurred in Greenbrier County on November 4, 2008, at which time Greenbrier County voters approved casino gaming at the Greenbrier Resort. The State Legislature enacted Senate Bill 575 during the 2009 Regular Session of the Legislature that established more uniformity among casinos operated by the State's pari-mutuel racetracks and the casino authorized to be operated at the Greenbrier Resort. The Greenbrier Resort began limited casino gaming operations on October 1, 2009, and full casino gaming operations in a permanent casino on July 2, 2010.

Management of the Lottery believes that casino gaming at the Greenbrier Resort will not compete with other Lottery products because it is limited to hotel overnight guests, non-hotel guests registered for hotel conventions and events, and residents of surrounding properties on the hotel grounds and their guests.

On March 8, 2007, the West Virginia Legislature enacted the West Virginia Lottery Racetrack Table Games Act (the "Table Games Act"), which became effective as of June 6, 2007. The Table Games Act authorizes the West Virginia Lottery Commission to issue up to four racetrack table games licenses to racetracks located in West Virginia that hold racetrack video lottery licenses and licenses to conduct horse or dog racing after the citizens of the respective counties in which the racetracks are located approve racetrack table games by referendum. Referenda for approving racetrack table games were conducted in Jefferson, Hancock, Ohio and Kanawha Counties in West Virginia in 2007. In 2007, voters in Jefferson

County rejected the referendum, while voters in Hancock, Ohio and Kanawha Counties approved the referenda. In December 2009, however, voters in Jefferson County approved a second referendum authorizing racetrack table games in Jefferson County. Accordingly, racetrack table games are now authorized under the Table Games Act at Mountaineer Casino Racetrack & Resort in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack in Wheeling, West Virginia, Mardi Gras Casino & Resort in Nitro, West Virginia, and Hollywood Casino at Charles Town Races (formerly Charles Town Races & Slots) in Charles Town, West Virginia. The Lottery Commission has issued racetrack table games licenses to Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel-Casino-Racetrack, Mardi Gras Casino & Resort and Charles Town Races & Slots. Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack began operating table games in October 2007, Mardi Gras Casino & Resort (formerly Tri-State Casino & Resort) began operating table games in October 2008, and Hollywood Casino at Charles Town Races began operating table games on July 1, 2010. The tax rate for each racetrack participating in this new form of legal gaming is thirty five percent of adjusted gross receipts. Fifteen and 96/100% of a total rate of thirty-five percent is earmarked by statute for the reduction of state debt and unfunded liabilities.

NO REVENUES GENERATED FROM CASINO GAMING AT THE GREENBRIER RESORT OR FROM RACETRACK TABLE GAMES ARE DEPOSITED INTO THE STATE EXCESS LOTTERY REVENUE FUND OR THE STATE LOTTERY FUND. NO PORTION OF REVENUES GENERATED BY CASINO GAMING AT THE GREENBRIER RESORT OR BY RACETRACK TABLE GAMES WILL BE DEPOSITED INTO THE EXCESS LOTTERY SCHOOL BUILDING DEBT SERVICE FUND AND, THERFORE, ARE NOT PART OF THE PLEDGED REVENUES THAT SECURE THE 2012 SERIES BONDS.

There exists no constitutional or legislative mandate that future revenues generated from new lottery games of other gaming enterprises, e.g., riverboats, non-racetrack based casinos, etc., be included in the calculation of net profits or be otherwise available for deposit into the State Excess Lottery Revenue Fund or the State Lottery Fund.

West Virginia currently has no Native American reservations or treaty lands. In order for land to be converted to Indian lands upon which a tribal council could decide to construct a casino, land would need to be offered to the United States Secretary of the Interior, and the Secretary has the option to accept it for the purpose of conversion to a reservation. If the Secretary accepted the conveyance, the State's Governor would also have the option to accept. Management of the Lottery Commission believes that such an occurrence is improbable in West Virginia.

In 2010, the State Legislature enacted SB 577, which made it a felony for charitable raffle licensees and others to offer electronic versions of raffle games. Targeted versions of such games look and play like video lottery terminals, and have flourished in other states.

Competition from Surrounding States

Pennsylvania In early July 2004, Governor Ed Rendell signed the Pennsylvania Race Horse Development and Gaming Act (HB2330) providing for up to seven slot machine licenses

for existing and planned horseracing facilities (Category 1), up to five slot machine licenses for non-racing venues (Category 2) and up to two slot machine licenses for existing resort hotels with at least 275 rooms each (Category 3). When fully exercised, fourteen licensees could operate as many as 61,000 slot machines. As of April 30, 2012, the eleven licensees operated 26,760 machines.

At the end of calendar year 2007, the Pennsylvania Gaming Control Board ("PGCB") approved permanent licenses for six Category 1 racetrack slot machine applicants which may operate a maximum of 5,000 slot machines each at existing horse racing facilities:

- Chester Downs and Marina, LLC (*Harrah's Chester Downs*, Delaware County). The racino in Chester, Pa., opened in January 2007. As of April 30, 2012, it operated 2,835 slot machines with authority to operate 3,000 machines.
- Downs Racing, LP (*Mohegan Sun*, Luzerne County). The casino at Pocono Downs near Wilkes-Barre was the first to begin operations in Pennsylvania, opening on November 14, 2006, with 1,099 slot machines. As of April 30, 2012, it operated 2,331 machines.
- Greenwood Gaming and Entertainment Inc. (*Parx*, Bucks County). The racino opened December 19, 2006. As of April 30, 2012, it operated 3,535 machines.
- Mountainview Thoroughbred Racing Association (*Penn National*, Dauphin County). The racino near Harrisburg opened in February 2008. As of April 30, 2012, it operated 2,476 machines.
- Presque Isle Downs, Inc. (*Presque Isle*, Erie County). The racino located outside of Erie opened with 1,600 slot machines in operation in February 2007. As of April 30, 2012, it operated 2,068 machines.
- Washington Trotting Association, Inc. (*The Meadows*, Washington County). The racino opened in June 2007. As of April 30, 2012, it operated 3,317 slot machines.

The PGCB also approved five Category 2 licenses for stand-alone slots facilities, which may operate a maximum of 5,000 slot machines each:

- HSP Gaming, LP. HSP's *SugarHouse Casino* is located along the Delaware River near the Girard Avenue exit of Interstate 95 in Philadelphia. As of April 30, 2012, it operated 1,602 slot machines.
- Philadelphia Entertainment & Development Partners, LP. Philadelphia Entertainment's *Foxwoods Casino Philadelphia* may be located in South Philadelphia along the Delaware River or in Center City Philadelphia. It will be operated by Foxwoods Development and may include approximately 3,000 slot machines. Following numerous delays, construction of the *Foxwoods Casino Philadelphia* has not yet commenced. An opening date cannot be projected.
- PITG Gaming, LLC. *The Rivers Casino* is operated in Pittsburgh by owner Majestic Star. It is located on the North Shore west of Heinz Field and the Carnegie Science Center. As of April 30, 2012, it operated 2,896 slot machines.
- Mount Airy #1, LLC (*Mount Airy Casino,* Monroe County). Based at the Mount Airy resort in Paradise Township in the Poconos, the *Mount Airy Casino* opened in October 2007. As of April 30, 2012, it operated 2,075 slot machines.

- Sands Bethworks Gaming, LLC (*Sands Bethlehem*, Northampton/Lehigh Counties). The *Sands Bethlehem Casino* is located at the former Bethlehem Steel Co. plant in the City of Bethlehem. It opened in May 2009. As of April 30, 2012, it operated 3,024 slot machines.

The PGCB has approved one Category 3 license and is evaluating four applications that it received for the issuance of a second Category 3 license. The Category 3 license was placed at Valley Forge Casino Resort in King of Prussia, Pennsylvania, and began operations at midnight on March 31, 2012, with 600 slot machines as well as 50 table games. Pennsylvania's Category 3 license is similar to the license granted by the West Virginia Lottery to the Greenbrier Resort. To participate in gambling activities at Valley Forge, patrons must be guests of the property who are attending a convention, meeting or private function, spend at least $10 on the Convention Center's other amenities, including the restaurants or retail shops, or purchase a membership.

In January 2010, the Pennsylvania Legislature enacted legislation authorizing the operation of table games in Pennsylvania's 14 planned slot machine locations. The PGCB has issued table games certificates to the ten Category 1 and 2 licensees to operate up to 250 table games for the initial six months of operation, after which they may petition the PGCB to increase the number of table games. As of April 30, 2012, 1,031 tables were in operation across the ten facilities. On a smaller scale, the Pennsylvania legislation permits the Category 3 facilities to seek a table games certificate to operate up to 50 table games. The Pennsylvania legislation permits an increase in the number of slot machines operated at Category 3 facilities to 600 after a table games certificate is obtained and authorizes the addition of a third Category 3 license after July 20, 2017. The single Category 3 license that opened on March 31, 2012, was approved in February 2012 to offer table games. Expanded gaming operations in Pennsylvania will continue to impact the revenues of the West Virginia Lottery, including the State Excess Lottery Revenue Fund, and could potentially impact such revenues more significantly than projected by the Lottery. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION" and APPENDIX F – FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY."

Maryland In 2008, Maryland voters approved a statewide referendum authorizing up to 15,000 slot machines in the city of Baltimore and the counties of Allegany, Anne Arundel, Cecil and Worcester. There is no requirement that any of the slot venues be racetracks. Currently, there is one operating casino (slots only) at Perryville in Cecil County that opened in late September 2010. A second casino, Casino at Ocean Downs, opened in Worcester County on Maryland's Eastern Shore on January 4, 2011, and now operates 800 slot machines. In November 2010, voters in Anne Arundel County approved a zoning change for a casino at the Arundel Mills Mall. The facility is projected to open in June 2012 with a total of 4,750 slot machines in place by year end. On April 26, 2012, Maryland's Video Lottery Facility Location Commission awarded a license to develop a slot machine facility at Rocky Gap Lodge and Golf Resort located in Allegany County, which is in Maryland's western panhandle, that will house up to 1,000 slot machines by the second year of its operation. In addition, Maryland officials have continued discussions as to whether Maryland should consider legalizing table gaming and adding a sixth slot facility. Any expansion would require voter approval through statewide referendum.

Ohio On July 13, 2009, the Ohio Legislature passed a budget bill implicitly recognizing former Governor Ted Strickland's authority to expand Ohio's Lottery to include electronic slot machines at Ohio's seven horse-racing tracks. Governor Strickland had issued a directive to the Ohio Lottery Commission to begin the process of adding up to 2,500 electronic slot machines at each track. The election of Governor John Kasich, who defeated Governor Strickland, cast doubt on the future of electronic slot machines at Ohio's seven horse-racing tracks.

On November 3, 2009, Ohio voters considered and approved Issue 3 that authorized one casino facility to be operated at a designated location within each of the cities of Cincinnati, Cleveland, Columbus and Toledo, Ohio. The Horseshoe Casino Cleveland opened on May 14, 2012. Hollywood Casino in Toledo recently received its casino license and is expected to open on May 29, 2012. While construction continues, additional facilities in Columbus and Cincinnati are anticipated to open at a later date. Ohio's seven racetracks are also continuing a plan to add video slots at those facilities. Scioto Downs in the Columbus area anticipates a second quarter 2012 opening with over 2,000 video slot machines. The election of a new Governor, and its impact upon the composition and operation of the Ohio Casino Control Commission, has left the future of the new casinos in the hands of the new administration. Expanded gaming operations in Ohio will impact the revenues of the West Virginia Lottery, including the State Excess Lottery Revenue Fund, and could potentially impact such revenues more significantly than projected by the Lottery. Legislation recently passed by the Ohio Senate, and currently in conference committee, will create the ability for racinos to transfer their licenses to a new location for a fee. While no applications have been received because the legislation is not final, Penn National has stated publicly that it is interested in building a thoroughbred racetrack in the Youngstown area, which will impact the northern panhandle racetracks in West Virginia. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION – Pledged Excess Lottery Revenues" and "APPENDIX F."

Kentucky Legislation was introduced in Kentucky that would have authorized casino-style gaming at Kentucky racetracks, but the legislation was not enacted. Kentucky Governor Beshear recently announced his interest in exploring expanded gaming in Kentucky. The Kentucky Senate considered a constitutional amendment in February 2012 to open Kentucky to casinos, but the legislation was not successful. It is unknown whether similar legislation will be introduced in the future and, if so, whether such legislation will receive sufficient legislative support to be enacted.

New Local Option Elections

The Racetrack Video Lottery Act and Table Games Act provide that in the event voters of a county approve Racetrack Video Lottery and/or Table Games, another local option election on the issue may be held, provided that such new local option election occur no sooner than at least five years after the date upon which voters of a county approved Racetrack Video Lottery and/or Table Games, and, further provided, that at least five percent of the number of qualified voters residing within the county who were registered to vote in the next preceding general election file a written petition with the county commission of such county to hold such new local option election. To date, although all local option elections in the State for which voters approved Racetrack Video Lottery occurred more than five (5) years ago, there has been no

attempt within any county in which Racetrack Video Lottery has previously been approved to hold a new local option election. A successful recall election in any one or more of the counties in which there is Racetrack Video Lottery could have a material adverse effect on the availability of revenues available for debt service on the 2012 Series Bonds. If Racetrack Video Lottery gaming is ever successfully voted out in a county, supporters of Racetrack Video Lottery must wait 104 weeks to hold another election on whether Racetrack Video Lottery can be operated.

Effect of Changes in Allocation or Dissolution of West Virginia Lottery

The Lottery Act provides that the Lottery Commission allocate, as a second priority allocation, up to $15,000,000 from the State Excess Lottery Revenue Fund each fiscal year for deposit into the Higher Education Improvement Fund until all outstanding Bonds of the Commission secured by funds on deposit in the Higher Education Improvement Fund are paid. Although the annual allocation of moneys to the State Excess Lottery Revenue Fund could be increased, decreased or otherwise altered by future action of the West Virginia Legislature amending the Lottery Act, the Lottery Commission believes and legislative leaders have indicated that the importance and essentiality of the program makes an increase, decrease or change of priority in the allocation unlikely. Any such change would require statutory amendment.

Dissolution of the West Virginia Lottery would leave the State Excess Lottery Revenue Fund and the State Lottery Fund without a source of funding, unless the West Virginia Legislature acted to provide an alternative source of funding. The Lottery Commission, an agency within the West Virginia Department of Revenue, is subject to periodic legislative review under the West Virginia Performance Review Act. All state agencies except for constitutional officers are subject to review under the West Virginia Performance Review Act. The West Virginia Department of Revenue made presentations to the Joint Standing Committee on Government Organization and the Joint Committee on Government Organization (collectively the "Committees") during the 2010 legislative interim period. Following the 2010 review, the Committees made a recommendation to the Legislature that the Department of Revenue, including the Lottery Commission, should be continued. While there can be no assurance that the Legislature will continue the Lottery Commission, the Lottery Commission is not aware of any matters which would cause the Legislature to terminate the Lottery Commission. Legislation was introduced during the 2009 Regular Session of the State Legislature that proposed the combination of Charitable Gaming, Alcohol Beverage Control Administration and the Racing Commission with the Lottery Commission to form what would have been known as the Gaming Commission. However, such legislation was not enacted. There can be no assurance that similar legislation will not be introduced and enacted in the future.

Effect of Reduction in Number of Limited Video Lottery Permits

Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended (the "Limited Video Lottery Act"), authorized the Lottery Commission to issue permits ("LVL Permits") for the operation of up to 9,000 video lottery terminals in restricted access adult-only facilities throughout the State. As of June 30, 2011, there were 7,576 limited video lottery machines operating in 1,613 locations. Existing LVL Permits expired on June 30, 2011. Bids were solicited, and permits were awarded for the LVL ten year licensing period that became effective

on July 1, 2011, and will expire on June 30, 2021.

The Limited Video Lottery Act provides that, during the fiscal year ended June 30, 2011, the Lottery Commission shall seek bids for the issuance of LVL Permits for the ten-year period beginning July 1, 2011, and ending June 30, 2021. The Governor of the State appointed a select panel to receive public comments at regional meetings throughout the State regarding the issuance of LVL Permits for the ten-year period beginning July 1, 2011, and ending June 30, 2021. The panel has concluded its public hearings and issued its report to the Governor. Under the Lottery Act, the Lottery Commission sought bids for the issuance of fewer LVL Permits for the ten-year period beginning July 1, 2011, and ending June 30, 2021, than (i) the maximum number of LVL Permits authorized by the Lottery Act (9,000) and (ii) the number of LVL machines operating prior to the bid. The bid process, conducted in three separate bidding rounds during 2010 and 2011, resulted in approximately $61.7 million in bid fees that were deposited to the State Excess Lottery Fund. In spite of a reduction in the number of permits issued from the 2011 bids, the revenue stream from limited video lottery remains consistent.

In 2009, one of the largest owners of limited video lottery machines in the State, Southern Amusement Co., Inc. ("Southern Amusement"), was indicted on multiple counts in a federal indictment unsealed on June 8, 2009. Ownership of Southern Amusement has since been transferred, and Southern Amusement remains in good standing with the Lottery.

No Mortgage or Other Interest

No lien on or other security interest is being granted to the Owners of the 2012 Series Bonds. As a result, in the event the amounts deposited in the State Excess Lottery Revenue Fund or otherwise available from the State Lottery Fund are insufficient to pay debt service on the 2012 Series Bonds, neither the Trustee nor the Owners of such bonds will have any rights with respect to the real property, improvements thereon or appurtenances thereunto belonging.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical computations of the adequacy of maturing amounts of principal and interest on the 2004 Series B Bonds placed in the Escrow Fund to purchase State and Local Government Series securities in an amount sufficient to pay, when due, the principal of, premium, if any, and the interest on the 2004 Series B Bonds will be verified by Causey Demgen & Moore Inc., certified public accountants. Such verification of arithmetical accuracy will be based upon information supplied by the Commission and the Underwriters.

UNDERWRITING

Citigroup Global Markets Inc., Piper Jaffray & Co. and Crews & Associates, Inc. (the "Underwriters") have agreed to purchase the 2012 Series A Bonds at an aggregate purchase price of $___,___,___.__ (par, plus net original issue premium of $___,___.__, less Underwriters' discount of $___,___.__), and to purchase the 2012 Series B Bonds at an aggregate purchase price of $_,___,___.__ (par, plus net original issue premium of $___,___.__, less Underwriters' discount of $___,___.__), pursuant to a bond purchase agreement between the Commission and the Underwriters. The Underwriters may offer and sell the 2012 Series Bonds to certain dealers

(including dealers depositing such 2012 Series Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The public offering prices set forth on the inside cover page hereof may be changed after the initial offering by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the 2012 Series Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Series Bonds.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the 2012 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

RATINGS

Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned the 2012 Series Bonds the ratings of "A+" and "Aa3", respectively. No other ratings have been applied for. Any desired explanation of the significance of such ratings should be obtained from S&P or Moody's. There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by S&P or Moody's if, in their judgment, circumstances so warrant. The Commission undertakes no responsibility either to notify the Beneficial Owners of the 2012 Series Bonds of any revision or withdrawal of the ratings or to oppose any such revision or withdrawal, although the Commission will covenant in the Continuing Disclosure Agreement to provide notice of any rating changes to Electronic Municipal Market Access ("EMMA"). Any such downward revision or withdrawal may have an adverse effect on the market price of the 2012 Series Bonds.

TAX MATTERS

General

The following discussion of "Tax Matters" is a brief discussion of certain income tax matters with respect to the 2012 Series Bonds under existing applicable law. It does not purport to deal with all aspects of taxation that may be relevant to the owner of a bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the tax consequences of owning and disposing of the 2012 Series Bonds.

Federal Income Tax Exemption of the 2012 Series Bonds

In the opinion of Spilman Thomas & Battle, PLLC ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2012 Series Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is taken into account in determining the adjusted current earnings of certain corporations for purpose of calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX H – "PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

Assumed Compliance with Certain Covenants and Federal Tax Requirements

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2012 Series Bonds. The Commission has covenanted to comply with certain restrictions designed to insure that interest on the 2012 Series Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2012 Series Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2012 Series Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2012 Series Bonds may adversely affect the value of, or the tax status of interest on, the 2012 Series Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the 2012 Series Bonds. Prospective purchasers of 2012 Series Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the General Resolution, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2012 Series Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2012 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Spilman Thomas & Battle, PLLC.

[Original Issue Discount and Original Issue Premium

To the extent the issue price of any maturity of the 2012 Series Bonds is less than the amount to be paid at maturity of such 2012 Series Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Series Bonds) (the "Discount Bonds"), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2012 Series Bonds which

is excluded from gross income for federal income tax purposes and State of West Virginia personal income taxes. For this purpose, the issue price of a particular maturity of the 2012 Series Bonds is the first price at which a substantial amount of such maturity of the 2012 Series Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2012 Series Bonds accrues daily over the term to maturity of such 2012 Series Bonds on the basis of a constant interest rate compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The accruing original issue discount is added to the adjusted basis of such 2012 Series Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2012 Series Bonds. A purchaser of a Discount Bond in the initial public offering at a price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Beneficial owners of the 2012 Series Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2012 Series Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series Bonds is sold to the public.

2012 Series Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocated to such beneficial owner. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond. Beneficial owners of the 2012 Series Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series Bonds with bond premium, including the treatment of beneficial owners who do not purchase such 2012 Series Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series Bonds is sold to the public.]

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2012 Series Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer

Identification Number Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2012 Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2012 Series A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to the backup withholding should be allowed as a refund or a credit against any owner's federal income tax once the required information is furnished to the Internal Revenue Service.

State Income Tax Exemption

In the opinion of Bond Counsel, under the Act, as presently written and applied, the 2012 Series Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof.

Individual Circumstances

Although Bond Counsel is of the opinion that interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Series Bonds may otherwise affect an owner's federal liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future Tax Changes

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2012 Series Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2012 Series Bonds. Prospective purchasers of the 2012 Series Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2012 Series Bonds for federal income tax purposes. It is not binding on

the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the application regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

Internal Revenue Service Audits

The IRS (defined above) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the 2012 Series Bonds. If an audit is commenced, under current procedures the IRS may treat the Commission as a taxpayer, and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2012 Series Bonds until the audit is concluded, regardless of the ultimate outcome.

Bond Counsel Obligations

Bond Counsel's engagement with respect to the 2012 Series Bonds ends with the issuance of the 2012 Series Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Commission or the beneficial owners regarding the tax-exempt status of the 2012 Series Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Commission and their appointed counsel including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt 2012 Series Bonds is difficult, obtaining an independent review of IRS positions with which the Commission legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2012 Series Bonds for audit, or the course or result of such audit, or an audit of 2012 Series Bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2012 Series Bonds, and may cause the Commission or the beneficial owners to incur significant expense.

Bond Counsel's opinions represent its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but are not a guarantee of result or binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinions or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

LITIGATION

There is no litigation of any nature pending or threatened against the Commission concerning the validity of the 2012 Series Bonds, and the Commission will furnish to the Underwriters a no-litigation certificate certifying to the foregoing at the time of the delivery of the 2012 Series Bonds.

LEGALITY

The validity of the 2012 Series Bonds and the tax exemption of interest on the 2012 Series Bonds are subject to the approval of Spilman Thomas & Battle, PLLC, Charleston, West Virginia, Bond Counsel, whose approving opinion will be available at the time of delivery of the 2012 Series Bonds. Certain matters will be passed upon for the Commission by Bruce R. Walker, Esq., Charleston, West Virginia, its counsel and for the Underwriters by their counsel, Goodwin & Goodwin, LLP, Charleston, West Virginia.

INDEPENDENT AUDITORS

The financial statements of the Commission included in APPENDIX C - "FINANCIAL STATEMENTS OF THE COMMISSION" to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, to the extent and for the periods indicated in their report. The financial statements of the West Virginia Lottery included in APPENDIX F - "FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY" to this Official Statement have been audited by Gibbons & Kawash, independent auditors, to the extent and for the periods indicated in their report.

FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of 2012 Series Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities. The Financial Advisor has not and is not obligated to undertake to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

The Commission is the obligated party with respect to the 2012 Series Bonds and will provide the continuing disclosure described below. The Commission, on behalf of the Lottery, has covenanted to provide, in accordance with the Continuing Disclosure Agreement, which shall be delivered in substantially the form attached hereto as APPENDIX I – "FORM OF CONTINUING DISCLOSURE AGREEMENT", certain financial information and operating data regarding the West Virginia Lottery (the "Annual Information") not later than two hundred seventy (270) days following the end of the Lottery's fiscal year, commencing with the report for the fiscal year ending June 30, 2012 (which is due no later than March 31, 2013), and to provide notice of the occurrence of the enumerated events listed therein, if material. The Annual Information and each notice of material events will be filed electronically by the Commission, on behalf of the West Virginia Lottery, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken by the Commission, on behalf of the Lottery, to assist the Underwriters in complying with Rule 15c2-12 promulgated by the SEC. The Commission, on behalf of the Lottery, has agreed to give notice in a timely manner to

EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the 2012 Series Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. See APPENDIX I – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Commission has complied with all continuing disclosure obligations applicable to the Commission. However, the West Virginia Department of Administration (the "Department of Administration"), on behalf of the Commission, previously failed to comply fully with its continuing disclosure obligations pertaining to the Annual Information, as required by the continuing disclosure agreement applicable only to the CTC Bonds, to which the Department of Administration is a party. The information concerning the West Virginia Lottery, such as interim financial information, which inadvertently was not disclosed fully in the past in connection with the CTC Bonds, was submitted in full to EMMA by the Department of Administration on December 20, 2011, and is now being provided by the Department of Administration in accordance with the terms of the continuing disclosure obligations applicable to the Department of Administration, on behalf of the Commission.

MISCELLANEOUS

The foregoing descriptions or statements of provisions of the West Virginia Code of 1931, as amended and supplemented, the 2012 Series Bonds, the 2012 Series Bonds Resolution, and other documents of the Commission and the State Institutions of Higher Education are made subject, respectively, to all provisions thereof, to which reference is hereby made for complete information, and do not purport to be complete statements of such provisions. So far as any statements made in the Official Statement involve matters of opinion or projections or estimates whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the projections or estimates will be realized. Neither this Official Statement nor any statement, which may have been made orally or in writing, is to be construed as a contract with the Holders or purchasers of any of the 2012 Series Bonds. Copies of the documents mentioned in this paragraph are on file at the offices of the Commission. The Commission has duly authorized delivery and distribution of this Official Statement.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

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APPENDIX A

STATE INSTITUTIONS OF HIGHER EDUCATION

West Virginia Higher Education Policy Commission, as the governing board of State Institutions of Higher Education

Baccalaureate and Graduate Institutions

Bluefield State College
Concord University
Fairmont State University
Glenville State College
Marshall University
Shepherd University
West Liberty University
West Virginia School of Osteopathic Medicine
West Virginia State University
West Virginia University
    Potomac State College, a division of West Virginia University
    West Virginia University Institute of Technology, a division of West Virginia University

Community and Technical College Institutions

Blue Ridge Community and Technical College
Bridgemont Community and Technical College
Eastern West Virginia Community and Technical College
Kanawha Valley Community and Technical College
Mountwest Community and Technical College
New River Community and Technical College
Pierpont Community and Technical College
Southern West Virginia Community and Technical College
West Virginia Northern Community and Technical College
West Virginia University at Parkersburg

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APPENDIX B

PROJECT LIST*

*Preliminary, subject to change and availability of funds

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Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 30, 2012

Institution	Project	Total Requested	Institution Match	HEPC Match
Capital Projects				
HEPC	Beckley Center Equipment	93,850	-	93,850
WVU	Infrastructure Downtown Campus, Jackson's Mill Fire Training Academy, Brooks Hall Renovation, Allen Percival Hall Abatement	151,340	-	151,340
HEPC	Allied Health Building Equipment	150,000	-	150,000
WVU	Fire Marshall Repairs - Old Main (WVUIT)	57,000	-	57,000
WVU	Parking Lot Paving - Main Campus (WVUIT)	225,000	-	225,000
Total - Capital Projects		**$ 677,190**	**$ -**	**$ 677,190**
E&G PROJECTS				
Code Compliance (Life Safety & ADA)				
SU	Fire Alarm System Upgrade (West Woods, McMurran Hall and Ikenberry Hall)	110,000	55,000	55,000
GSC	Campus-wide Communication and Emergency Notification System	175,000	87,500	87,500
WVU	ADA Sidewalk & Curbing (WVUIT)	350,000	175,000	175,000
WVU	Science Hall Elevator Replacement (PSC)	300,000	150,000	150,000
WLU	Library Elevator (ADA & Renovation)	125,000	62,500	62,500
WVU	Upgrade Sprinkler /Fire Alarm Ag Science Annex	400,000	200,000	200,000
CU	Sidewalks, steps, curbing and paving upgrades for ADA	1,000,000	500,000	500,000
WVU	Engineering Lab - Replace Elevator - ADA Upgrades (WVUIT)	300,000	150,000	150,000
WVU	Health Sciences North Freight & Library Elevator (HSC)	750,000	375,000	375,000
WVU	Campus Lighting (PSC)	300,000	150,000	150,000
MU	Jenkins Hall ADA Renovations	400,000	200,000	200,000
WVU	Campus Lighting (WVUIT)	175,000	87,500	87,500
MU	Welcome/Recruitment Center Elevator	700,000	350,000	350,000
MU	Fire Alarm Upgrades for Science Bldg., Henderson Ctr., Shewey Maintenance Bldg. & Stadium	225,000	112,500	112,500
WVU	Admission & Records Fire Alarm & Sprinkler system	450,000	225,000	225,000
Subtotal - Code Compliance Projects		$ 5,760,000	$ 2,880,000	$ 2,880,000
Deferred Maintenance Projects				
HEPC	HVAC for Building 704	300,000	-	300,000

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 30, 2012

Institution	Project	Total Requested	Institution Match	HEPC Match
FSU	Jaynes Hall Roof Replacement	350,000	175,000	175,000
WVSU	Roof Replacement E&G Buildings	200,000	100,000	100,000
FSU	Hunt Haught Hall Greenhouse Renovations	400,000	200,000	200,000
WVU	Fire Alarm Integration Upgrade (HSC)	100,000	50,000	50,000
FSU	Hunt Haught Hall - Window Replacement Project	400,000	200,000	200,000
FSU	Caperton Center Roof Replacement & Exterior Waterproofing	600,000	300,000	300,000
GSC	Roof Projects (Clark Hall, President's Home & Louis Bennett Hall)	600,000	300,000	300,000
WLU	Main Hall HVAC Chiller Replacement	500,000	250,000	250,000
WVSOM	Main Building B - exterior restoration	656,000	328,000	328,000
BSC	Dickason Hall Roof Replacement	500,000	250,000	250,000
WVSU	Cole Complex HVAC Upgrade	400,000	200,000	200,000
WLU	HVAC Building Controls	150,000	75,000	75,000
CU	Carter Center - E&G HVAC/Electrical/Plumbing	1,000,000	500,000	500,000
GSC	Window Replacement PE Building	250,000	125,000	125,000
WVSU	Hamblin Hall Lab Hood Ventilation	500,000	250,000	250,000
BSC	Campus Window Replacement Phase I & Phase II	800,000	400,000	400,000
WLU	Arnett Hall Roof	300,000	150,000	150,000
MU	Jenkins Hall - Roof System	500,000	250,000	250,000
WVU	Engineering Research Roof Replacement	525,000	262,500	262,500
SU	HVAC Replacement Stutzman-Slonaker Hall	500,000	250,000	250,000
WVU	Phase Two Downtown Chiller Loop Connections	700,000	350,000	350,000
WVU	Life Sciences Steam Line Vaults	800,000	208,000	192,000
Subtotal - Deferred Maintenance Projects		$ 11,031,000	$ 5,173,500	$ 5,457,500
Total Code Compliance & Deferred Maint. Projects		**$ 16,791,000**	**$ 8,053,500**	**$ 8,337,500**

Table 2

West Virginia Council for Community and Technical College Education (CCTCE)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 30, 2012

Institution	Project	Total Requested	Institution Match	HEPC (CCTCE) Match
Capital Projects				
EWVCTC	Classroom/Laboratory/General Support Facility	1,000,000	-	1,000,000
NRCTC	Summersville Center	96,000	-	96,000
SWVCTC	Technology Center - Logan Campus	73,000	-	73,000
WVUP	Main Building improvements	180,000	-	180,000
Total - Capital Projects		**$ 1,349,000**	**$ -**	**$ 1,349,000**
E&G PROJECTS				
Code Compliance (Life Safety & ADA) & Deferred Maintenance				
SWVCTC	Parking Lot & Landscape Improvements - Logan Campus	450,000	180,000	270,000
SWVCTC	Sidewalk & Landscape Improvements - All Campuses	175,000	70,000	105,000
WVNCC	Installation of Security Cameras	500,000	200,000	300,000
WVNCC	ADA Accessible Sidewalks for Straub Properties	250,000	100,000	150,000
WVUP	Elevators & Other Improvements (Main Building)	400,000	160,000	240,000
BCTC	Life Safety Upgrades/Davis Hall Transformer Replacement	150,000	60,000	90,000
MCTC	Headquarter Building - Deferred Maintenance, Painting, Waterproofing, Repairing	428,000	171,200	256,800
NRCTC	Greenbrier Hall Flooring & Improvements	365,000	146,000	219,000
BCTC	Westmoreland - Improvements	310,450	124,180	186,270
WVUP	Code Compliance & Life Safety Infrastructure (Main Campus)	348,000	139,200	208,800
Total - Code Compliance & Deferred Maint. Projects		**$ 3,376,450**	**$ 1,350,580**	**$ 2,025,870**

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APPENDIX C

FINANCIAL STATEMENTS OF THE COMMISSION

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West Virginia Higher Education Fund

(A Component Unit of the State of West Virginia)

Combined Financial Statements as of and for the Years Ended June 30, 2011 and 2010, Additional Information as of and for the Year Ended June 30, 2011, and Independent Auditors' Reports

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

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INDEPENDENT AUDITORS' REPORT

To the West Virginia Higher Education
Policy Commission:

We have audited the accompanying combined statements of net assets of the West Virginia Higher Education Fund (the "Fund") as of June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the years then ended. These combined financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of Bluefield State College, Concord University, Glenville State College, New River Community and Technical College, Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and West Virginia School of Osteopathic Medicine (collectively, "Other Institutions") for the years ended June 30, 2011 and 2010, which statements reflect total assets, total net assets, and total revenues constituting approximately 11%, 16%, and 12%, respectively, of the Fund in both 2011 and 2010. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of the Other Institutions included in the Fund for the years ended June 30, 2011 and 2010, is based solely on the reports of such other auditors. We also did not audit the discretely presented component units' financial statements. The component units' statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the discretely presented component units' financial statements, is based solely on the reports of such other auditors.

We, and the auditors for the Other Institutions and Marshall University Foundation, Inc., conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that these audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 to 16 is not a required part of the combined financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Fund's management. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and express no opinion on it.

Our audits, and the audits of the other auditors, were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in our audits of these basic financial statements and, in our opinion, based on our audits and the reports of the other auditors, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

November 28, 2011

West Virginia Higher Education Fund

Management's Discussion and Analysis
Fiscal Year 2011 (Unaudited)

Overview of the Combined Financial Statements and Financial Analysis

The West Virginia Higher Education Fund (the "Fund") is comprised of twenty public colleges and universities and two administrative units. The Fund is a discretely presented component unit of the State of West Virginia. The supervision and management of the affairs of each institution is the responsibility of individual Governing Boards, while the West Virginia Higher Education Policy Commission (the "Commission") and the West Virginia Council for Community and Technical College Education (the "Council") are responsible for the development and implementation of a higher education policy agenda.

GASB standards require the audited financial statements of certain institutions' component units to be separately presented as a discrete component unit in the Fund's financial statements for the fiscal years ended June 30, 2011 and 2010. These component units are private nonprofit organizations that report under FASB standards. A supplemental information schedule is provided presenting these statements on a consolidated GASB basis to meet the State of West Virginia reporting requirements.

The following discussion and analysis of the Fund's Combined Financial Statements provides an overview of its financial activities for Fiscal Years 2011 and 2010 and is required supplemental information. The emphasis of discussions about these statements will focus on current year data in comparison to prior year. There are three financial statements presented: the Combined Statement of Net Assets; the Combined Statement of Revenues, Expenses, and Changes in Net Assets; and the Combined Statement of Cash Flows.

Combined Statement of Net Assets

The Combined Statement of Net Assets presents the assets, liabilities, and net assets of the Fund and is a point of time financial statement, designed to present to the readers of the financial statements a fiscal snapshot of the Fund. The Combined Statement of Net Assets presents end-of-year financial information on Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (assets minus liabilities).

From the data presented, readers of the Combined Statement of Net Assets are able to determine the assets available to continue the operations of the Fund. They are also able to determine how much the Fund owes vendors, employees, investors and lending institutions. Finally, the Combined Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the Fund.

Net assets are divided into three major categories as follows:

(1) Invested in Capital Assets, Net of Related Debt, which provides the Fund's equity in property, plant and equipment owned by the Fund.

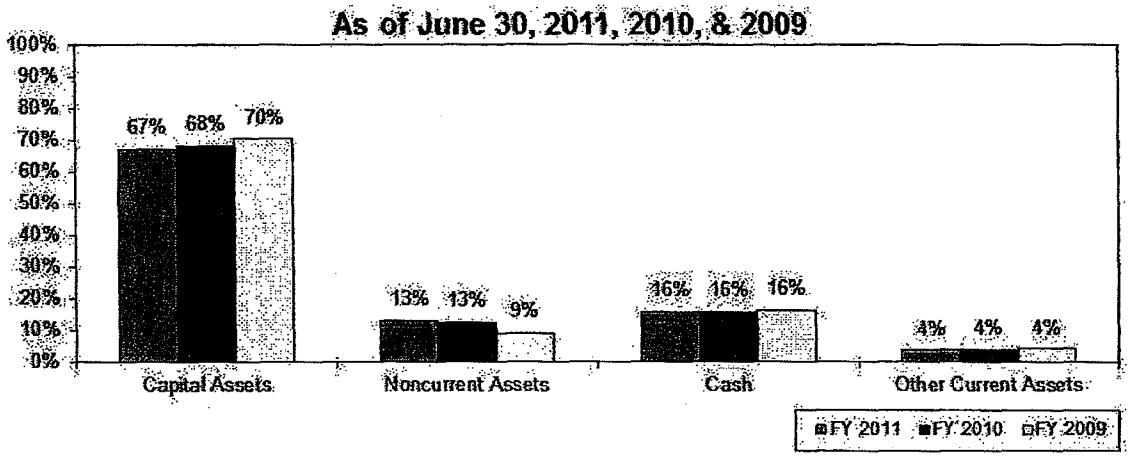
(2) Restricted Net Assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net assets are not available for expenditure by the Fund. These funds are invested and generate earnings that are available for certain types of expenditures. Expendable restricted net assets are available for expenditure by the Fund but have a specific purpose.

(3) Unrestricted net assets are available for expenditure and can be used for any lawful purpose of the Fund.

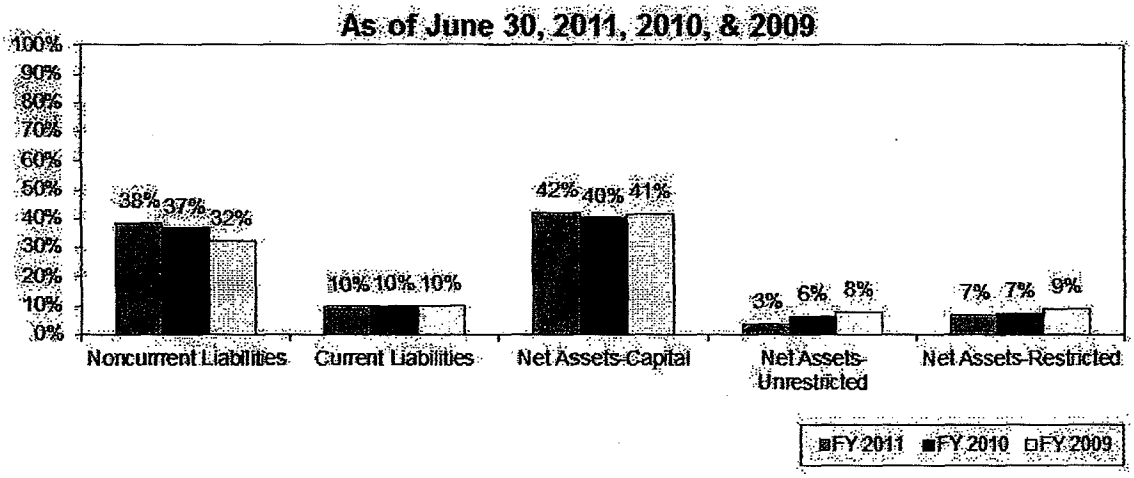
Condensed Statements of Net Assets
(In thousands of dollars)

	June 30 2011	June 30 2010	June 30 2009	Change From 2010 to 2011
Assets				
Current Assets	$ 604,663	$ 568,479	$ 542,442	$ 36,184
Capital Assets, net	2,061,272	1,941,703	1,862,554	119,569
Other Noncurrent Assets	393,253	327,283	240,584	65,970
Total Assets	$ 3,059,188	$ 2,837,465	$ 2,645,580	$ 221,723
Liabilities				
Current Liabilities	$ 290,860	$ 280,034	$ 259,359	$ 10,826
Noncurrent Liabilities	1,174,986	1,036,010	851,481	138,976
Total Liabilities	1,465,846	1,316,044	1,110,840	149,802
Net Assets				
Invested in Capital Assets, net	1,284,521	1,141,427	1,095,650	143,094
Restricted-expendable	188,402	196,161	230,330	(7,759)
Restricted-nonexpendable	15,427	5,946	5,354	9,481
Unrestricted	104,992	177,887	203,406	(72,895)
Total Net Assets	1,593,342	1,521,421	1,534,740	71,921
Total Liabilities and Net Assets	$ 3,059,188	$ 2,837,465	$ 2,645,580	$ 221,723

Asset Composition



Liabilities & Net Assets



Major items of note in the Combined Statement of Net Assets include:

- Total current assets of $604.7 million exceeded total current liabilities of $290.9 million as of June 30, 2011 for net working capital of $313.8 million as compared to net working capital of $288.5 million as of June 30, 2010. Current assets increased by $36.2 million over the prior year, while current liabilities increased by $10.9 million.

    - The major components of currents assets include cash and cash equivalents of $491.3 million and $454.5 million and net accounts receivable of $80.9 million and $82.2 million as of June 30, 2011 and 2010, respectively. The majority of the cash and cash equivalents represent interest earning assets invested through the office of the West Virginia State Treasurer which invested with Board of Treasury Investments at both June 30, 2011 and 2010.

    - The major components of current liabilities include $84.1 million and $85.5 million of deferred revenue, $61.4 million and $56.2 million in accounts payable, $49.2 million and $44.0 million of accrued liabilities, $39.4 million and $39.7 million in accrued compensated absences, and $28.1 million and $26.9 million in current portion of bonds payable, as of June 30, 2011 and 2010, respectively.

    - The changes from last year in the level of current assets and liabilities reflect normal fluctuations in business operations, anticipation of upcoming projects including current construction projects, increases in grant activities, and the general growth of the higher education institutions.

- Noncurrent assets total $2,454.5 million and $2,269.0 million and noncurrent liabilities total $1,175.0 million and $1,036.0 million as of June 30, 2011 and 2010, respectively. Noncurrent assets increased by $185.5 million over the prior year while noncurrent liabilities increased by $139.0 million.

    - The primary noncurrent asset is $2,061.3 million and $1,941.7 million of net capital assets as of June 30, 2011 and 2010, respectively. Also included as noncurrent assets are cash and cash equivalents primarily for capital purposes of $181.3 million and $103.7 million and investments for capital purposes totaling $133.8 million and $151.2 million as of June 30, 2011 and 2010, respectively. Net loans to students total $50.6 million and $51.2 million as of June 30, 2011 and 2010, respectively.

    - Major components of noncurrent liabilities include long-term bonds payable totaling $778.0 million and $722.0 million, capital leases of $55.9 million and $67.2 million, advances from federal sponsors of $41.4 million and $41.4 million, notes payable of $30.3 million and $30.3 million, and accruals for other post employment benefit liability of $198.6 million and $113.5 million as of June 30, 2011 and 2010, respectively.

    - The increase in post employment benefit liability of $85.1 million is primarily attributed to continued lack of payments on behalf of West Virginia Higher Education Fund for the second year and lower investment returns and discount rates by the State's Multiple-Employer Trust Fund, resulting in increased Annual Required Contributions (ARC) for the last two years.

    - Other changes from the prior year in noncurrent assets primarily reflect new capital projects financed by prior year revenue bonds at Glenville State College, and system bond issues by the Commission in FY 2010 and FY 2011 as discussed in more detail in a later section.

- The net assets of the Fund total $1,593.3 million and $1,521.4 million as of June 30, 2011 and 2010, respectively, an increase of $71.9 million and a decrease of $13.3 million from each previous year end.

    - Net assets invested in capital assets total $1,284.5 million and $1,141.4 million as of June 30, 2011 and 2010 respectively.

    - Restricted expendable net assets total $188.4 million and $196.2 million and include $70.7 million and $78.6 million for sponsored projects, $66.8 million and $66.9 million for capital projects, and $25.5 million and $25.7 million for loan programs as of June 30, 2011 and 2010, respectively.

    - Unrestricted net assets total $105.0 million and $177.9 million as of June 30, 2011 and 2010, respectively, and represent net assets available to the Fund for any lawful purpose of the Fund.

    - The increase in Net Assets is more fully explained in the following section.

Combined Statement of Revenues, Expenses, and Changes in Net Assets

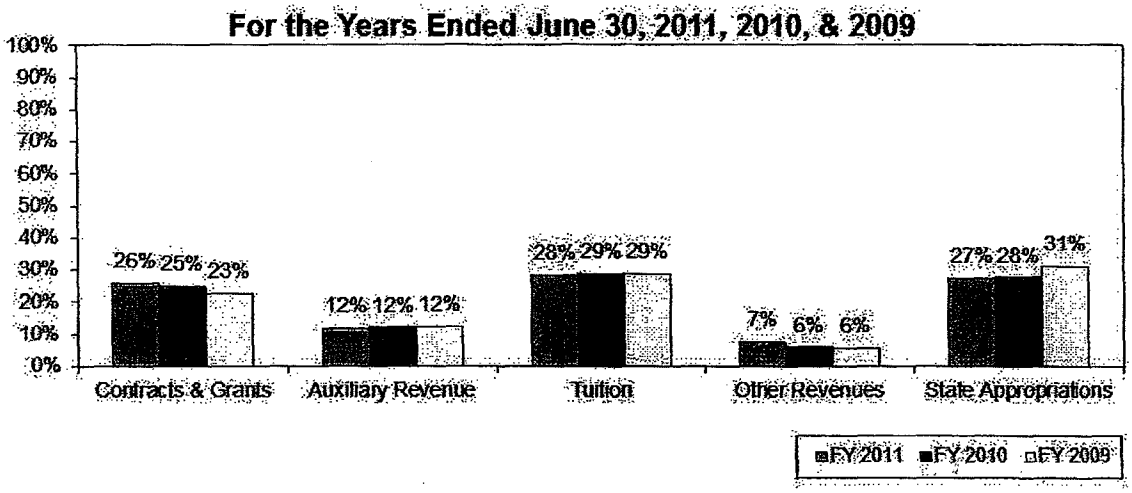
Changes in total net assets as presented on the Combined Statement of Net Assets are based on the activity presented in the Combined Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues of the Fund, both operating and nonoperating, and the expenses of the Fund, operating and nonoperating, and any other revenues, expenses, gains or losses of the Fund.

Operating revenues represent the receipts earned from providing goods and service to the various customers and constituencies served by the Fund, including fees from students and revenue in the form of Federal and State grants used to support operations and various initiatives. Operating expenses are those expenses incurred in the form of staff salaries, benefits and various goods and services to carry out the mission of the Fund. Revenues for which goods and services are not provided are reported as nonoperating revenues. For example, State appropriations are nonoperating because they are provided by the West Virginia State Legislature to the Fund without the Legislature directly receiving commensurate goods and services for those revenues.

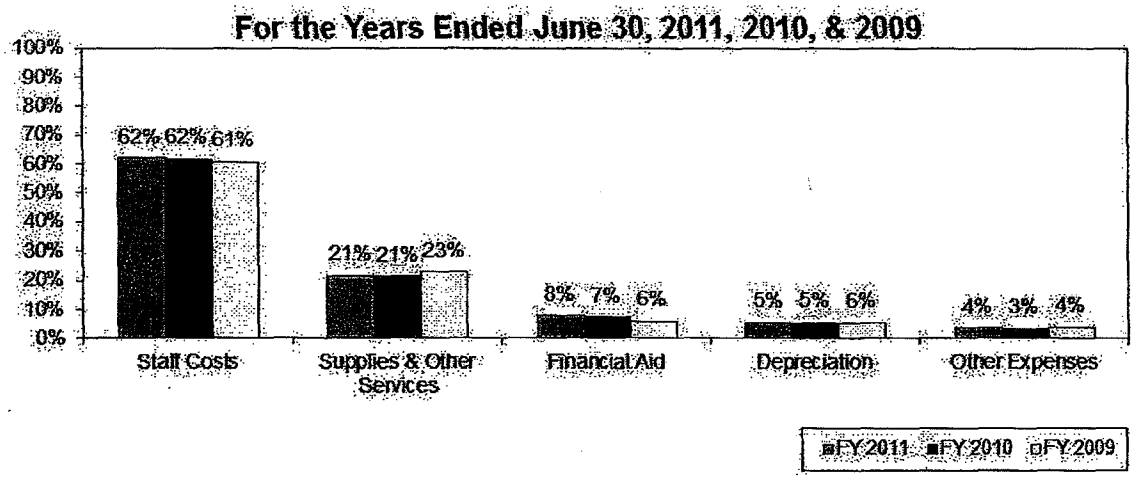
Condensed Statements of Revenues, Expenses, and Changes in Net Assets
(In thousands of dollars)

	FY 2011	FY 2010	FY 2009	Change From 2010 to 20110
Operating Revenues	$ 1,050,921	$ 996,747	$ 963,888	$ 54,174
Operating Expenses	1,712,683	1,637,521	1,491,160	75,162
Operating Loss	(661,762)	(640,774)	(527,272)	(20,988)
Net Nonoperating Revenues	632,530	580,087	537,986	52,443
(Loss) Income Before Other Revenues, Expenses, Gains or Losses	(29,232)	(60,687)	10,714	31,455
Capital Grants and Gifts	63,375	43,126	43,633	20,249
Capital Bond Proceeds From the State	25,784			25,784
State Capital Grants (Federal)	11,994	4,242	-	7,752
Increase (Decrease) in Net Assets Before Cumulative Effect	71,921	(13,319)	54,347	85,240
Net Assets-Beginning of Year	1,521,421	1,534,740	1,479,916	(13,319)
Cumulative Effect Of Adoption Of Accounting Principle	-	-	477	-
Net Assets-End of Year	$ 1,593,342	$ 1,521,421	$ 1,534,740	$ 71,921

Total Revenues



Total Expenses



Major items of note in the Combined Statement of Revenue, Expenses and Changes in Net Assets include:

- Operating Revenues of the Fund totaled $1,050.9. million and $996.7 million, for the years ended June 30, 2011 and 2010, respectively, an increase of $54.2 million compared to the prior year increase of $32.8 million.

- Student tuition and fees revenues totaled $488.6 million in FY 2011, an increase of $20.7 million or 4.4% in FY 2011 compared to a 4.7% increase in FY 2010. Tuition is reported net of scholarship allowances totaling $146.4 million and $134.8 million for the years ended June 30, 2011 and 2010, respectively. This increase is a combination of increases in tuition and number of students.

- Federal grant and contracts totaled $178.1 million and $149.7 million for the years ended June 30, 2011 and 2010, respectively. The increase of $28.4 million represents normal fluctuations in grant activities. Federal grants include funding for sponsored research, and other miscellaneous federal programs.

- Auxiliary enterprises generated revenues of $204.6 million and $195.4 million, net of $20.9 million and $18.7 million of scholarship allowances for the years ended June 30, 2011 and 2010, respectively. FY 2011 net auxiliary revenues increased by $9.2 million or 4.7% compared to a 2.6% increase in FY 2010, reflecting primarily increases in rates as there were no new significant additions to level of service in 2011.

- State grants and contracts totaled $45.9 million and $58.5 million for the years ended June 30, 2011 and 2010, respectively, a decrease of $12.6 million from FY 2010 compared to a decrease of $6.1 million from FY 2009. Private grants and contracts totaled $66.3 million and $66.3 million for the years ended June 30, 2011 and 2010 respectively, unchanged from FY 2010, compared to a decrease of $3.9 million from FY 2009. These changes represent normal fluctuations in grant activities.

- Operating expenses totaled $1,712.7 million and $1,637.5 million for the years ended June 30, 2011 and 2010, respectively, an increase of $75.2 million and $146.4 million from each previous year.

  - Staff salary costs totaled $761.6 million and $733.5 million, an increase of $28.1 million and $34.8 million for the years ended June 30, 2011 and 2010, respectively, or 3.8% from FY 2010. This increase is attributed to salary increases and an additional year of service of annual increment. Benefit costs increased by $4.6 million in FY 2011, or 1.6% from FY 2010 and is due to the increase of staff salary costs.

  - Supplies and other services totaled $365.5 million and $346.9 million for the years ended June 30, 2011 and 2010, respectively, an increase of $18.6 million from FY 2010, compared to an increase $6.8 million from FY 2009. The largest increases in the functional areas are related to general institutional support of $6.9 million, administration on leasing activities of $6.6 million, and instruction of $3.9 million, respectively.

  - Scholarships and fellowships totaled $134.1 million and $117.4 million for the years ended June 30, 2011 and 2010, respectively, an increase of $16.7 million or 14.2% from FY 2010 compared to an increase of $27.7 million or 30.9% from FY 2009.

  - Depreciation on capital assets totaled $92.1 million and $89.8 million for the years ended June 30, 2011 and 2010, respectively, an increase of $2.3 million from FY 2010 compared to a $7.7 million increase from FY 2009.

- The result from operations was a net operating loss of $661.8 million and $640.8 million for the years ended June 30, 2011 and 2010, respectively, which excludes State appropriations of $474.8 million and $483.5 million, respectively, (which does not include another $28.3 million and $21.9

million, respectively, of State fiscal stabilization funds), and Federal Pell grants of $154.9 million and $133.2 million for the years ended June 30, 2011 and 2010, respectively, which are recorded as non-operating revenue. The net operating loss increased by $21.0 million in FY 2011, from the increase in operating expenses of $75.2 million, in excess of increases in revenue of $54.2 million. The increase in net operating loss of $21.0 million is less than the FY 2010 increase of $113.5 million as discussed above.

- Net non-operating revenue totaled $632.5 million and $580.1 million for the years ended June 30, 2011 and 2010, respectively, an increase of $52.4 million.

    - State general revenue and lottery appropriations totaled $474.8 million and $449.3 million for the years ended June 30, 2011 and 2010, respectively, an increase of $25.5 million in FY 2011, compared to a decrease in State appropriations of $34.2 million in FY 2010. The FY2011 increase is due primarily to an increase in lottery appropriations. State budget reductions mandated by the Governor were imposed for FY 2010. This decrease from FY 2009 was backfilled with State fiscal stabilization funds of $28.3 million and $21.9 million, respectively, in FY 2011 and FY 2010.

    - Interest incurred on indebtedness totaled $45.9 million and $40.3 million, an increase of $5.6 million from FY 2010, compared to $3.9 million increase from FY 2009.

    - Interest income on investments totaled $13.0 million and $10.9 million for the years ended June 30, 2011 and 2010, respectively, a positive change of $2.1 million from the prior year. This positive change is due to improving investment returns by the Board of Treasury Investments (BTI), increased invested amounts due to additional bond proceeds, and gains in market value of investments by West Virginia University and Marshall University.

    - Student financial aid payments to other institutions totaled $15.4 million and $14.9 million for the years ended June 30, 2011 and 2010, respectively, an increase of $0.5 million from FY 2010, compared to a decrease of $5.6 million from FY 2009.

- Other revenues consist of capital grants and gifts totaling $63.4 million and $43.1 million for the years ended June 30, 2011 and 2010, respectively, an increase of $20.3 million from FY 2010, compared to a decrease of $0.5 million from FY 2009. The increase from FY 2010 is primarily attributed to a one-time $21.0 million net capital gift of equipment and buildings from the Union Carbide Corporation (UCC), a wholly-owned subsidiary of The Dow Chemical Company to the Higher Education Policy Commission. Additionally other revenues consist of capital bond proceeds from the State totaling $25.8 million from the sale of bonds by the West Virginia Economic Development Authority known as the EAST (Economic, Arts, Science, and Tourism) Bonds for the year ended June 30, 2011. This will be further explained in a later section.

- The activity for FY 2011 resulted in an increase of net assets totaling $71.9 million, as compared to the $13.3 million decrease in net assets during FY 2010.

- As reported below on a functional expenditure basis, expenditures for Educational and General Expenses were $1,297.5 million and $1,252.7 million for the years ended June 30, 2011 and 2010, respectively, an increase of $44.8 million or 3.6% from FY 2010. Cost of instruction constitutes 39.7% of total educational and general expenses. Academic Support grew by 6.1%, Student Services increased by 5.6% and Institutional Support increased by 5.6% over FY 2010.

Functional Expenditure Comparisons
(in thousands of dollars)

	FY11 Total	% of E&G Total	FY10 Total	% of E&G Total	FY09 Total	% of E&G Total
Instruction	$ 514,631	39.7%	$ 498,765	39.8%	$ 450,986	39.2%
Research	169,439	13.1%	161,548	12.9%	152,535	13.3%
Public Service	96,174	7.4%	96,345	7.7%	87,671	7.6%
Academic Support	92,927	7.2%	87,605	7.0%	78,557	6.8%
Student Services	86,053	6.6%	81,483	6.5%	72,302	6.3%
Plant Operations	134,070	10.3%	133,450	10.7%	125,891	10.9%
Institutional Support	204,199	15.7%	193,454	15.4%	181,804	15.8%
Total E & G Expenses	1,297,493	100.0%	1,252,650	100.0%	1,149,746	100.0%
Financial Aid	132,010		115,175		88,232	
Auxiliary Enterprises	178,704		175,874		168,821	
Depreciation	92,108		89,780		82,113	
Other	12,368		4,042		2,248	
Total Operating Expenses	$ 1,712,683		$1,637,521		$ 1,491,160	

Combined Statement of Cash Flows

The final statement presented is the Combined Statement of Cash Flows. The Combined Statement of Cash Flows presents detailed information about the cash activity of the Fund during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used by the operating activities of the Fund. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth part reconciles the net cash used to the operating loss reflected on the Combined Statement of Revenues, Expenses, and Changes in Net Assets.

Condensed Statements of Cash Flows
(In thousands of dollars)

	FY 2011	FY 2010	FY 2009	Change From 2010 to 2011
Cash Provided (Used) By:				
Operating Activities	$ (471,976)	$ (456,304)	$ (400,958)	$ (15,672)
Noncapital Financing Activities	657,398	616,726	565,023	40,672
Capital and Related Financing Activities	(179,955)	(83,460)	(158,366)	(96,495)
Investing Activities	31,359	(54,397)	32,056	85,756
Increase in Cash and Cash Equivalents	36,826	22,565	37,755	14,261
Cash and Cash Equivalents, beginning of year	454,455	431,890	394,135	22,565
Cash and Cash Equivalents, end of year	$ 491,281	$ 454,455	$ 431,890	$ 36,826

Major items of note in the Combined Statement of Cash Flows include:

- Cash provided from operating revenues was exceeded by cash expended for operating activities by $472.0 million and $456.3 million for the years ended June 30, 2011 and 2010, respectively, primarily due to the reporting of State appropriations and Federal Pell grants as noncapital financing activities. Primary sources of cash from Operating Activities during FY 2011 and 2010, respectively, were Student tuition and fees of $494.9 million and $487.4 million; Contracts and grants of $300.6 million and $270.8 million; and Auxiliary enterprise charges of $206.2 million and $185.1 million. Primary uses of cash for FY 2011 and 2010, respectively, included payments to and on behalf of employees of $967.7 million and $936.7 million and payments to suppliers of $375.0 million and $347.3 million.

- Net cash provided from noncapital financing activities for FY 2011 and 2010, respectively, totaled $657.4 million and $616.7 million, of which $472.7 million and $456.2 million was from State General Revenue and Lottery appropriations, $154.8 million and $133.2 million was from Federal Pell Grants and, $26.8 million and $20.8 million in State fiscal stabilization funds from the Federal Government American Recovery and Reinvestment Act (ARRA), in FY 2011 and FY 2010, respectively.

- Net cash used in capital and related financing activities for FY 2011 totaled $180.0 million primarily for purchases of capital assets of $168.8 million, offset by net proceeds from bond issuances and borrowings totaling $131.9 million as compared to net cash used of $83.5 million in FY 2010 primarily for purchases of capital assets of $160.2 million offset by proceeds from bond issuances and borrowings of $96.0 million.

- Net cash provided by investing activities for FY 2011 totaled $31.4 million compared to net cash used in investing activities of $54.4 million for FY 2010 The FY 2011 change represents the net sale of investments for funding capital projects primarily from the investment of the 2009 Series A bond proceeds whereas, the FY 2010 change was the net purchase of investments from the 2009 Series A Bond proceeds.

- Net cash for FY 2011 increased by $36.8 million compared to increase in net cash for FY 2010 of $22.6 million. This increase is the net result of all the previous activity discussed.

Capital Asset and Long-Term Debt Activity

The Fund continued to expand its capital facilities to further its mission of providing quality programs to students and to provide expanded research capabilities. Expenditures for capital assets totaled $168.8 million in FY 2011, as compared to $160.2 million in FY 2010. Institutional projects at all the institutions are under way due to institutional bond issues in FY 2003, 2004, 2005, 2006, 2008, and 2010, system bond issues in FY 2005, 2010, and 2011, and a State bond issue in FY 2011. For FY 2011, expenditures at West Virginia University, Glenville State College, and Marshall University accounted for $133.1 million of the $168.8 million total. Major projects at West Virginia University included in these expenditures include a new student recreation center, an addition to the Wise Library, a new Life Sciences Building, continuation of an asbestos abatement program, and various projects focused on infrastructure improvements. Major projects at Glenville State College include a new housing complex. Major projects at Marshall University include a new housing complex, a new parking garage, and planning for a new biotechnology science center. The remaining expenditures reflect on-going capital projects at the other State colleges, universities and community and technical colleges.

Funding for capital projects comes from a variety of sources, including student tuition and other operating revenues, fund raising, bond proceeds, capital lease financing, and other external financing arrangements. The Institutions have participated in a number of System Bonds issued in previous years, with a balance outstanding of $110.9 million as of June 30, 2011. This includes the State College and University System Bonds prior to the Facilities 2004 System Bonds and the 2007 Refunding Bonds, which are funded from tuition collections at the institutions. The Facilities 2004 System Bonds of $140.0 million, the Council 2009 Revenue Bonds of $76.9 million, and the Facilities 2010 System bonds of $76.9 million are funded from excess lottery revenue. There have been no significant changes in credit ratings or debt limitations that may affect future financing for the Fund. Further details concerning the long-term liabilities of the Fund are included in Notes 7 through 12 of the Notes to the Combined Financial Statements.

On December 17, 2010, the Commission issued $16,520,000 of Series A Bonds, $50,265,000 of Series B Bonds, and $10,080,000 of Series C Bonds. The proceeds of the 2010 Bonds are being used to finance certain higher education facilities projects in West Virginia. The interest rate on the 2010 Bonds ranges from 2.14% to 7.65% and the due dates commenced April 1, 2011 and end April 1, 2040. State Lottery proceeds of a maximum of $5,000,000 per year will be used to repay the debt, which has a maximum annual debt service of $4,999,686. In addition to the Lottery revenues, registration and tuition fees and educational and general capital fees collected at the institutions (Universities and Colleges) from students are pledged as collateral for the Commission's bond indebtedness.

On August 17, 2010, the West Virginia Economic Development Authority issued $155,620,000 of 2010 Series A Bonds known as the EAST (Economic, Arts, Science, and Tourism) Bonds at a premium $7.4 million, less discounts and cost of issuances of $0.9 million for total proceeds of $162.1 million. As provided by West Virginia State Code, the West Virginia Higher Education Policy Commission is to receive 60% of the proceeds which total $97.2 million to finance certain higher education facilities projects in West Virginia. State Lottery proceeds will be used to repay the debt in which the Fund is not responsible for any of the debt.

Lastly, the Commission entered into an agreement on February 25, 2010 with the Union Carbide Corporation (UCC) a wholly-owned subsidiary of The Dow Chemical Company (Dow) for the donation of property known as Union Carbide Corporation's Technology Park in the City of South Charleston, County of Kanawha, and State of West Virginia. This property consists of 258 acres, several major buildings and infrastructure. On December 15, 2010, the deed for the property transferred to the Commission. The Commission has opened the Tech Park to other business to enhance economic development opportunities. Kanawha Valley Community and Technical College will relocate their

campus to the site with the renovation of one of the existing buildings and there will be the construction of an Advanced Technology Center for community college technical training and education. The net value of the capital gifts of equipment, buildings and land is $21.0 million.

Other Factors Impacting the Financial Position and Results of Operations of the Fund

The mission of the Commission is to align the West Virginia Higher Education System to a new master plan for 2007-2012. The master plan has two sections. The first section, The Public Agenda – Meeting West Virginia's Needs: A Vision for Higher Education in West Virginia, is a vision statement and an executive summary of the master plan. It will set forth the overarching goals for West Virginia public higher education and provides the conceptual framework for the 2007-2012 master plan of the Higher Education Policy Commission. The plan will focus on five areas that are central to meeting current challenges in West Virginia higher education:

1. Economic Growth
2. Access
3. Cost and Affordability
4. Learning and Accountability
5. Innovation

The second section, Achieving the Goals – What We Need to Do, will provide findings, outlines goals, and suggests strategies for West Virginia's public colleges and universities to address in each of the five areas of the public agenda. The findings, goals, and strategies constitute the plan for addressing needs in higher education in West Virginia from 2007 to 2012 and are the basis for developing new elements in the establishment of new institutional compacts for the state's four-year public colleges and universities.

The achievement of the goals for the higher education system as described in the Master Plan are dependent upon many factors, one of which is adequate resources to implement the strategies necessary to achieve the goals. At the present time the Fund maintains a strong financial condition. The net asset position of the Fund is $1,593.3 million, including $105.0 million in unrestricted net assets. The continued success of the Fund is closely tied to the economic strength of the State of West Virginia. Over 26% of operating and nonoperating revenues of the Fund in FY 2011 are from State general revenue and lottery revenues. This funding is critical to the success of the higher education system in meeting the Compact goals.

State appropriations increased approximately 1% in FY 2011 from FY 2010, relatively unchanged attributed to State budget reductions mandated by the Governor in FY 2010. Unlike the majority of the nation, West Virginia was not impacted as severely by the downturn in the economy and budget reductions did not occur until fiscal year 2010. For fiscal year 2011, in anticipation of the West Virginia economy worsening, State appropriations for operations were reduced by approximately 5%. Due to the American Recover and Reinvestment Act (ARRA), State higher education institutions had their FY 2011 and FY 2010 budget reductions backfilled by the State Fiscal Stabilization Fund Program in the amount of $28.3 million and $21.9 million, respectively. For fiscal year 2012, State appropriations have been restored back to the 2009 level, basically by the amount of the FY 2011 subsidy. For fiscal year 2013 the Governor's Office instructed that budget requests are to be at the current FY 2012 level.

The GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after December 15, 2006. The adoption of GASB Statement No. 45 by the Fund resulted in a cumulative effect adjustment of approximately $61.9 million which increased net assets as the existing liability of the Fund was transferred to the State's Multiple-Employer Trust Fund. The Trust Fund for OPEB invoiced the Fund $89.6 million in fiscal year

2010 in excess of current amounts paid and for fiscal year 2011 the Trust Fund invoiced the Fund $85.1 million in excess of current amounts paid. The liability as of June 30, 2011 is $198.6 million. In the two years prior to 2010, the State made certain payments on behalf of the Fund. However, no such payments were made in fiscal year 2011 or 2010, and there is no commitment of any payments made on behalf of the Fund from the State for years after fiscal year 2011, at this time. Accordingly, as of June 30, 2011, the GASB Statement No. 45 liability exceeded the amount that was recognized as a positive cumulative effect in FY 2008 by over $136.7 million.

The demographics of the State of West Virginia also have an impact on the future operations of the Fund. The number of high school graduates has declined in recent years and is projected to decline further over the next ten years. Significant efforts are underway to expand the participation rate in higher education by both high school graduating seniors as well as adults to improve the economic environment of the State. Increased attendance by non-resident students is another factor in the future financial stability of the Fund. Net student tuition and fees provide approximately 28% of the total revenues of the Fund.

One of the key goals of the higher education system is to improve the economic environment of the State of West Virginia. The full impact of the current economic environment and the resulting impact on the future economic environment by various factors including the performance of the higher education system cannot be predicted with any certainty. The current financial condition of the Fund will be beneficial in meeting the challenges that lie ahead.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010
(Dollars in thousands)

ASSETS	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	$ 491,281	$ 454,455
Appropriations due from Primary Government	15,930	15,867
Accounts receivable — net	80,915	82,241
Loans receivable — current portion	7,340	6,670
Other current assets	4,465	3,254
Inventories	4,732	5,992
Total current assets	604,663	568,479
NONCURRENT ASSETS:		
Cash and cash equivalents	181,314	103,701
Investments	133,761	151,222
Appropriations due from Primary Government	7,759	2,959
Loans receivable — net of allowance of $11,241 and $10,454 in 2011 and 2010, respectively	50,588	51,245
Other assets	19,831	18,156
Capital assets — net	2,061,272	1,941,703
Total noncurrent assets	2,454,525	2,268,986
TOTAL	$3,059,188	$2,837,465

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 61,381	$ 56,223
Due to State of West Virginia	216	112
Accrued liabilities	49,218	43,980
Deferred revenue	84,120	85,530
Deposits	6,293	5,687
Other liabilities — current portion	607	162
Compensated absences — current portion	39,411	39,707
Notes payable — current portion	1,552	2,815
Capital lease obligations — current portion	12,417	13,925
Interest payable	7,560	4,997
Bonds payable — current portion	28,085	26,896
Total current liabilities	290,860	280,034
NONCURRENT LIABILITIES:		
Advances from federal sponsors	41,396	41,355
Compensated absences	3,480	3,142
Notes payable	30,311	30,302
Capital lease obligations	55,875	67,152
Deferred interest payable	34,012	29,917
Bonds payable	777,977	721,991
Other post employment benefit liability	198,611	113,543
Other noncurrent liabilities	33,324	28,608
Total noncurrent liabilities	1,174,986	1,036,010
Total liabilities	1,465,846	1,316,044
NET ASSETS:		
Invested in capital assets — net of related debt	1,284,521	1,141,427
Restricted for:		
Expendable:		
Scholarships	12,266	12,775
Sponsored projects	70,691	78,599
Loans	25,501	25,720
Capital projects	66,832	66,869
Debt service	9,087	8,317
Other	4,025	3,881
Total restricted expendable	188,402	196,161
Nonexpendable	15,427	5,946
Unrestricted	104,992	177,887
Total net assets	1,593,342	1,521,421
TOTAL	$3,059,188	$2,837,465

See notes to combined financial statements. (Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
CASH AND CASH EQUIVALENTS	$1,013,629	$ 67,856	$ 627,817	$ 57,519	$ 84,855	$ 250,991	$ 8,992,272	$ 5,888,886	$ 2,271,795	$ 671,262	$ 610,330	$ 14,379	$ 668,344	$1,565,578	$ 208,618
INVESTMENTS	8,080,020		25,056,852	13,771,172	12,692,547	11,800	90,406,465		23,535,026	1,914,869	10,715,247	2,370,178	23,424	4,331,936	7,272,404
PLEDGES AND CONTRIBUTIONS RECEIVABLE	317,358		424,541	869,137	651,823	99,240	10,744,182		586,475	435,037	1,100,119	12,500	64,099		
OTHER ASSETS	26,552	179,678	37,949	53,119		21,388	4,193,624	1,235,011	62,561	27,336	68,033	33,308	21,466	73,775	25,996
BENEFICIAL INTERESTS				2,478,122		869,564	8,889,783				2,130,452		318,093	34,860	
PROPERTY, PLANT, AND EQUIPMENT — Net		4,512,140	2,344	9,936	19,475		12,876,755	81,023,716	4,071	301			1,535,385	895,020	
TOTAL	$9,437,559	$4,759,674	$26,149,503	$17,239,005	$13,448,700	$1,252,983	$136,103,081	$88,147,613	$26,459,928	$3,048,805	$14,624,181	$2,430,365	$2,630,811	$6,901,169	$7,507,018

* December 31 year-end

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

LIABILITIES AND NET ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
LIABILITIES:															
Accounts payable	$ -	$ 149,656	$ 394	$ 6,321	$ 26,135	$ 8,148	$ 38,501	$ 221,323	$ 163	$ 29,861	$ 28,094	$ 4,635	$ 28,005	$ 15,492	$ 4,762
Other accrued liabilities		5,820	818,671	19,517		55,320	409,719	1,321,834	4,238	105,493			9,000		
Amounts held on behalf of others	20,483	115,087							3,536,212				248,222		
Annuity obligations			302,430	57,472			628,641		186,749		62,034				
Bonds and notes payable		3,614,093			9,331		12,322,179	89,127,255							
Swap liability							140,726	11,168,396							
Total liabilities	20,483	3,884,656	1,121,495	83,310	35,466	63,468	13,539,766	101,838,808	3,527,362	135,354	90,128	4,635	285,225	15,492	4,762
NET ASSETS (DEFICIT):															
Unrestricted	7,469,482	875,018	595,273	2,774,967	798,780	(105,950)	16,976,026	(13,691,195)	(1,566,363)	77,681	1,401,183	380,974	1,812,852	575,579	212,524
Temporarily restricted	667,193		6,044,777	2,901,536	919,864	201,718	25,384,186		3,920,489	2,820,770	3,857,816	1,498,276	127,050	2,562,195	5,389,778
Permanently restricted	1,280,381		18,387,958	11,479,192	11,694,590	1,093,747	80,203,103		20,578,440	15,000	9,275,054	546,480	405,684	3,747,903	1,899,954
Total net assets (deficit)	9,417,056	875,018	25,028,008	17,155,695	13,413,234	1,189,515	122,563,315	(13,691,195)	22,932,566	2,913,451	14,534,053	2,425,730	2,345,586	6,885,677	7,502,256
TOTAL	$9,437,539	$4,759,674	$26,149,503	$17,239,005	$13,448,700	$1,252,983	$136,103,081	$ 88,147,613	$26,459,928	$3,048,805	$14,624,181	$2,430,365	$2,630,811	$6,901,169	$7,507,018

* December 31 year-end.

See notes to combined financial statements.

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
CASH AND CASH EQUIVALENTS	$1,106,536	$ 41,814	$ 649,205	$ 34,868	$ 139,926	$ 323,841	$ 7,308,174	$ 1,102,676	$ 2,150,994	$ 576,680	$ 481,145	$ 70,403	$ 514,269	$ 879,686	$ 262,035
INVESTMENTS	6,503,811		21,374,062	11,540,030	11,275,599		76,060,291	6,743,702	21,490,881	1,775,050	8,886,776	1,834,516	23,311	3,649,657	6,212,671
PLEDGES AND CONTRIBUTIONS RECEIVABLE	3,581		450,555	1,020,585	692,731	2,000	5,598,598		1,069,093	437,414	184,744	62,598			
OTHER ASSETS	17,685	176,765	41,094	14,028	9,006	2,300	4,579,093	2,579,583	68,698	33,742	57,933	61,912	24,259	11,843	24,650
BENEFICIAL INTERESTS				2,191,650		720,318	6,415,960								
PROPERTY, PLANT, AND EQUIPMENT — Net		4,698,965	1,534		32,578		13,298,035	79,540,771	4,398	645	1,888,100		231,423	115,685	
													1,593,821	929,768	
TOTAL	$7,631,613	$4,917,544	$22,516,450	$14,801,161	$12,149,840	$1,048,459	$113,260,151	$89,966,732	$24,784,064	$2,823,531	$11,498,698	$2,029,429	$2,387,083	$5,586,639	$6,499,356

* December 31 year-end.

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

LIABILITIES AND NET ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
LIABILITIES:															
Accounts payable	$ -	$ 103,912	$ -	$ -	$ 30,232	$ -	$ 439,532	$ 767,186	$ 1,115	$ 25,425	$ -	$ 3,020	$ 8,339	$ 7,434	$ 2,116
Other accrued liabilities		580		5,000		60,180	398,328	1,754,356	3,005	125,324			9,000		
Amounts held on behalf of others	2,184	85,950	780,894						3,338,541				123,156		
Annuity obligations			320,335	75,529			690,241		195,026						
Bonds and notes payable		3,672,157			17,345		12,342,210	90,065,000			63,884				
Swap liability								13,277,767							
Total liabilities	2,184	3,862,599	1,101,229	80,529	47,577	60,180	13,870,311	105,864,309	3,537,687	150,749	63,884	3,020	140,495	7,434	2,116
NET ASSETS (DEFICIT):															
Unrestricted	1,272,841	1,054,945	433,148	957,675	546,894	(142,853)	10,357,717	(15,897,577)	(3,226,912)	144,572	1,310,072	379,056	1,833,059	399,693	192,556
Temporarily restricted	5,286,058		3,934,813	2,933,065	25,698	115,422	20,696,013		4,399,595	2,513,210	1,248,873	1,150,533	69,185	1,364,132	4,653,943
Permanently restricted	1,070,530		17,027,260	10,829,892	11,529,721	1,015,710	68,336,110		20,073,694	15,000	8,874,969	496,820	344,344	3,815,380	1,650,741
Total net assets (deficit)	7,629,429	1,054,945	21,415,221	14,720,632	12,102,313	988,279	99,389,840	(15,897,577)	21,246,377	2,672,782	11,434,814	2,026,409	2,246,588	5,579,205	6,497,240
TOTAL	$ 7,631,613	$ 4,917,544	$ 22,516,450	$ 14,801,161	$ 12,149,890	$ 1,048,459	$ 113,260,151	$ 89,966,732	$ 24,784,064	$ 2,823,531	$ 11,498,698	$ 2,029,429	$ 2,387,083	$ 5,586,639	$ 6,499,356

* December 31 year-end.

See notes to combined financial statements.

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $146,391 in 2011 and $134,763 in 2010	$ 488,616	$ 467,933
Federal and local land grants	11,335	9,760
Contracts and grants:		
Federal	178,099	149,728
State	45,924	58,500
Local	3,103	1,455
Private	66,297	66,316
Interest on student loans receivable	1,168	1,154
Sales and services of educational activities	25,519	23,471
Auxiliary enterprise revenue — net of scholarship allowance of $20,915 in 2011 and $18,657 in 2010	204,587	195,447
Other operating revenues	26,273	22,983
Total operating revenues	1,050,921	996,747
OPERATING EXPENSES:		
Salaries and wages	761,623	733,485
Benefits	299,223	294,569
Supplies and other services	365,517	346,927
Utilities	55,955	49,335
Student financial aid — scholarships and fellowships	134,091	117,365
Depreciation	92,108	89,780
Other operating expenses	4,166	6,060
Total operating expenses	1,712,683	1,637,521
OPERATING LOSS	(661,762)	(640,774)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	474,805	449,305
State fiscal stabilization funds (federal)	28,331	21,944
Federal Pell grants	154,887	133,211
Gifts	21,961	21,548
Investment income (including unrealized gain of $6,625 in 2011 and $6,759 in 2010)	13,032	10,947
Interest on indebtedness	(45,882)	(40,328)
Payments to other institutions	(15,382)	(14,915)
Other nonoperating income (expenses) — net	778	(1,625)
Net nonoperating revenues	632,530	580,087
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(29,232)	(60,687)
CAPITAL GRANTS AND GIFTS	63,375	43,126
CAPITAL BOND PROCEEDS FROM THE STATE	25,784	
STATE CAPITAL GRANTS (FEDERAL)	11,994	4,242
INCREASE (DECREASE) IN NET ASSETS	71,921	(13,319)
NET ASSETS — Beginning of year	1,521,421	1,534,740
NET ASSETS — End of year	$1,593,342	$1,521,421

See notes to combined financial statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, LLC **	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
REVENUES, GAINS, AND OTHER SUPPORT:															
Unrestricted:															
Gifts, contributions, and other	$ 30,141	$ 846,882	$ 95,551	$ 378,398	$ 311,642	$ 229,640	$ 933,481	$ 8,380,488	$ 110,977	$ 4,400	$ 128,226	$ 30,629	$ 498,299	$ 411,754	$ -
Investment income (loss)	1,173,727		82,896	2,032,490	374,584	7,674	14,279,803	(11,167,758)	2,251,758	3,997	304,488	61,049	3,363	42,615	30,500
Reclassifications			(15,511)		(50,000)		(5,220,551)		(90,938)				5,298	3,162	
Temporarily restricted:															
Gifts, contributions, and other	674,129	586,766	114,096	1,063,064	505,955	177,725	5,333,901		1,278,581	516,979	2,648,520	377,469	70,347	725,154	178,391
Investment income	213,300		2,631,006	404,706	1,129,671	70,036	30,669		574,807	201,924	1,342,895	160,943	31,026	701,903	851,635
Reclassifications			(41,909)		3,500		5,371,126		98,359				(3,418)	49,142	
Permanently restricted:															
Gifts, contributions, and other	193,423		45,062	261,367	184,858	78,037	10,839,382		493,810		111,915	49,660	62,562	65,652	
Investment income			1,532,668	387,933	2,026		1,178,186		18,357		347,360		658	(80,825)	282,332
Reclassifications			57,420		46,500		(150,575)		(7,421)				(1,880)	(52,304)	
Total revenues, gains, and other support	2,284,720	1,433,648	4,501,279	4,527,958	2,508,736	563,112	32,595,422	(2,787,270)	4,728,290	727,300	4,883,404	679,750	666,255	1,866,253	1,342,858
EXPENSES:															
Scholarships, awards, and grants	46,691	1,207,622	347,126	1,020,400	175,801	50,665	1,774,096		2,238,113	247,931	625,030	41,635		1,000	108,897
College support	414,592		350,097	828,053	494,013		4,853,944		200,176	110,477	1,023,700	212,078		243,949	108,445
Management and general	35,810	405,953	191,269	244,442	528,001	311,211	2,793,907	10,903,925	603,812	128,223	135,435	26,716	567,257	314,832	120,500
Total expenses	497,093	1,613,575	888,492	2,092,895	1,197,815	361,876	9,421,947	10,903,925	3,042,101	486,631	1,784,165	280,429	567,257	559,781	337,842
CHANGE IN NET ASSETS	1,787,627	(179,927)	3,612,787	2,435,063	1,310,921	201,236	23,173,475	(13,691,195)	1,686,189	240,669	3,099,239	399,321	98,998	1,306,472	1,005,016
NET ASSETS — Beginning of year	7,629,429	1,054,945	21,415,221	14,720,632	12,102,313	988,279	99,389,840		21,246,377	2,672,782	11,434,814	2,026,409	2,246,588	5,579,205	6,497,240
NET ASSETS (DEFICIT) — End of year	$9,417,056	$ 875,018	$25,028,008	$17,155,695	$13,413,234	$1,189,515	$122,563,315	$(13,691,195)	$22,932,566	$2,913,451	$14,534,053	$2,425,730	$2,345,586	$6,885,677	$7,502,256

* December 31 year-end.
** Period August 1, 2010 to June 30, 2011

See notes to combined financial statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
REVENUES, GAINS, AND OTHER SUPPORT:															
Unrestricted:															
Gifts, contributions, and other	$ 16,599	$ 813,234	$ 162,117	$ 101,000	$ 218,477	$251,149	$ 799,564	$ 7,493,498	$ 28,196	$ 12,140	$ 127,044	$ 35,371	$ 713,442	$ 331,084	$ 5,245
Investment income (loss)	69,750		389,982	767,464	253,074	13,219	5,185,598	(3,591,498)	571,085	5,137	286,020	37,466	1,865	405,846	27,741
Reclassifications					(243,959)	5,000	(7,797,263)							(388,725)	
Temporarily restricted:															
Gifts, contributions, and other	93,381	348,872	207,146	1,039,005	490,647	29,604	5,551,578		853,131	238,298	833,903	300,579	72,796	156,203	249,202
Investment income	525,506		859,661	341,861	990,915	87,551	1,020,226		551,619	163,512	739,663	59,214	23,578	197	471,591
Reclassifications				(1,659,430)	227,331	(3,000)	8,895,006							391,225	
Permanently restricted:															
Gifts, contributions, and other	50,149		1,113,487	1,117,725	793,550	72,700	1,184,928		1,642,449		29,704	37,994	55,315	75,941	
Investment income			565,073	214,724	1,449		696,650		18,400		223,562		445	6,167	176,400
Reclassifications				1,659,430	16,628	(2,000)	(1,097,743)							(2,500)	
Total revenues, gains, and other support	755,385	1,162,106	3,297,466	3,581,779	2,748,112	454,223	14,438,553	3,902,000	3,664,880	419,087	2,239,896	470,624	867,441	975,438	930,179
EXPENSES:															
Scholarships, awards, and grants	186,121	1,175,225	334,918	878,943	354,086	51,000	1,740,952		968,023	246,030	549,740	18,836		220	85,595
College support	45,568		674,748	632,068	525,661		5,164,396		166,283	128,957	638,178	203,124		168,007	145,525
Management and general	35,669	197,489	289,772	235,479	526,945	258,315	2,636,568	12,142,998	565,683	80,411	41,993	46,081	687,702	312,476	124,444
Total expenses	267,358	1,372,714	1,299,438	1,746,490	1,406,692	309,315	9,541,916	12,142,998	1,699,989	455,398	1,229,911	268,041	687,702	480,703	355,564
CHANGE IN NET ASSETS	488,027	(210,608)	1,998,028	1,835,289	1,341,420	144,908	4,896,637	(8,240,998)	1,964,891	(36,311)	1,009,985	202,583	179,739	494,735	574,615
NET ASSETS — Beginning of year	7,141,402	1,265,553	19,417,193	12,885,343	10,760,893	843,371	94,493,203	(7,656,579)	19,281,486	2,709,093	10,424,829	1,823,826	2,066,849	5,084,470	5,922,625
NET ASSETS (DEFICIT) — End of year	$ 7,629,429	$ 1,054,945	$ 21,415,221	$ 14,720,632	$ 12,102,313	$988,279	$ 99,389,840	$ (15,897,577)	$ 21,246,377	$ 2,672,782	$ 11,434,814	$ 2,026,409	$ 2,246,588	$ 5,579,205	$ 6,497,240

* December 31 year-end.

See notes to combined financial statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 494,933	$ 487,377
Federal and local land grants	9,728	9,760
Contracts and grants	300,584	270,797
Payments to and on behalf of employees	(967,650)	(936,690)
Payments to suppliers	(375,029)	(347,285)
Payments to utilities	(55,944)	(48,202)
Payments for scholarships and fellowships	(139,496)	(125,850)
Loans issued to students	(3,460)	(3,175)
Collection of loans to students	2,176	2,428
Sales and service of educational activities	22,966	21,088
Interest earned on loans to students	775	720
Auxiliary enterprise charges	206,154	185,067
Other receipts — net	32,287	27,661
Net cash used in operating activities	(471,976)	(456,304)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	472,969	456,195
State fiscal stabilization funds (federal)	26,815	20,841
Federal Pell grants	154,849	133,211
Payments to other institutions	(20,140)	(14,634)
Gift receipts	21,961	21,306
Direct and Stafford lending receipts	436,698	411,735
Direct and Stafford lending payments	(438,336)	(411,736)
Other nonoperating receipts (disbursements) — net	2,582	(192)
Net cash provided by noncapital financing activities	657,398	616,726
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from bond issuances and borrowings	131,941	95,965
Proceeds from capital asset disposals and sale of natural resources	4,275	739
Capital bond proceeds from State	17,469	
Payment of bond issuance costs	(1,037)	(178)
Withdrawals from noncurrent cash and cash equivalents	32,893	50,133
Deposits to noncurrent cash and cash equivalents	(110,521)	(38,175)
Capital grants and gifts received	31,818	27,119
State capital grants (federal) received	10,252	3,506
Purchases of capital assets	(168,788)	(160,217)
Principal paid on notes, bonds, and leases	(47,653)	(28,100)
Payoff of refinanced bonds	(41,697)	
Interest paid on notes, bonds, and leases	(38,899)	(34,119)
Disbursements to outside entities	(8)	(133)
Net cash used in capital financing activities	(179,955)	(83,460)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts from sales of investments	46,356	11,914
Purchase of investments	(22,858)	(71,536)
Investment income	7,861	5,225
Net cash provided by (used in) investing activities	31,359	(54,397)
INCREASE IN CASH AND CASH EQUIVALENTS	36,826	22,565
CASH AND CASH EQUIVALENTS — Beginning of year	454,455	431,890
CASH AND CASH EQUIVALENTS — End of year	$ 491,281	$ 454,455

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$(661,762)	$(640,774)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	94,718	92,219
Expenses paid on behalf of the Fund	344	145
Changes in assets and liabilities:		
Receivables — net	6,325	(9,999)
Loans receivable — net	(275)	2,146
Prepaid expenses	(434)	(1,055)
Inventories	795	(157)
Accounts payable	1,519	1,808
Accrued liabilities	1,847	6,299
Compensated absences	(355)	(505)
Deferred revenue	170	3,573
Deposits	29	368
Other post employment benefit liability	85,068	89,148
Advances from federal sponsors	43	(179)
Other	(8)	659
NET CASH USED IN OPERATING ACTIVITIES	$(471,976)	$(456,304)
SIGNIFICANT NONCASH TRANSACTIONS:		
Construction in progress and capital asset additions included in accounts payable and accrued liabilities	$ 11,213	$ 9,317
Donated capital assets	$ 36,987	$ 12,813

See notes to combined financial statements.

(Concluded)

1. ORGANIZATION

The West Virginia Higher Education Fund (the "Fund") is comprised of the following:

- Bluefield State College
- Blue Ridge Community and Technical College
- Bridgemont Community and Technical College
- Concord University
- Eastern West Virginia Community and Technical College
- Fairmont State University
- Glenville State College
- Kanawha Valley Community and Technical College
- Marshall University (including Marshall University Graduate College)
- Mountwest Community and Technical College
- New River Community and Technical College
- Pierpont Community and Technical College
- Shepherd University
- Southern West Virginia Community and Technical College
- West Liberty University
- West Virginia Council for Community and Technical College Education
- West Virginia Higher Education Policy Commission (including West Virginia Network for Educational Telecomputing)
- West Virginia Northern Community College
- West Virginia State University
- West Virginia School of Osteopathic Medicine
- West Virginia University (including Potomac State College and West Virginia University Institute of Technology)
- West Virginia University at Parkersburg Community and Technical College

The Fund is a discretely presented component unit of the State of West Virginia (the "State").

Each college and university (the "Institutions") in the Fund is governed by its own Governing Board, which is responsible for the general determination, control, supervision, and management of the financial business and educational policies and affairs of its institution. The West Virginia Higher Education Policy Commission (the "Policy Commission"), in accordance with Senate Bill No. 653, is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. The Policy Commission is comprised of 10 persons appointed by the Governor with the advice and consent of the Senate. Senate Bill No. 448 gives the West Virginia Council for Community and Technical College Education (the "Council") the responsibility of developing, overseeing, and advancing the State's public policy agenda as it relates to community and technical college education. The Council is comprised of 12 persons appointed by the Governor with the advice and consent of the Senate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") as prescribed by Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Fund's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective previously required.

The Fund follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, and has elected not to apply the FASB Statements and Interpretations issued after November 30, 1989, to its combined financial statements.

Reporting Entity — The accompanying combined financial statements present all entities under the authority of the Fund under GASB, including:

- Concord University Research and Development Corporation
- Glenville State College Research Corporation
- Glenville State College Housing Corporation
- Marshall University Research Corporation (MURC)
- Shepherd University Research and Development Corporation
- West Liberty University Research Corporation
- West Virginia State University Research and Development Corporation
- West Virginia University Research and Development Corporation

These entities are included in the combined financial statements as blended component units of the Fund.

The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the Fund's ability to significantly influence operations and accountability for fiscal matters of related entities. Related foundations and other affiliates of the Fund are not part of the Fund's reporting entity and are not included in the accompanying combined financial statements as the Fund has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the foundations and other affiliates under GASB blended component unit requirements.

The Fund applies GASB discretely presented component unit requirements and, as a result, certain component units' financial statements are discretely presented here with the Fund's financial statements. The component units are the separate private nonprofit organizations of each applicable institution that are required to be reported under GASB. These discretely presented component unit organizations report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The component units consist of foundations and other entities which meet the criteria for inclusion under GASB discretely presented component unit requirements.

Financial Statement Presentation — GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the Fund as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of Fund obligations. The Fund's net assets are classified as follows:

Invested in Capital Assets — Net of Related Debt — This represents the Fund's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets — net of related debt.

Restricted Net Assets — Expendable — This includes resources in which the Fund is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia State Code. House Bill No. 101 passed in March 2004 simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the Fund. These restrictions are subject to change by future actions of the West Virginia Legislature.

Restricted Net Assets — Nonexpendable — This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Assets — Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the Fund, and may be used at the discretion of the respective governing boards to meet current expenses for any purpose.

Basis of Accounting — For financial reporting purposes, the Fund is considered a special-purpose government engaged only in business-type activities. Accordingly, the Fund's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents — For purposes of the statements of net assets, the Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, and by the provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying combined financial statements.

The BTI maintains the Consolidated Fund investment fund which consists of eight investment pools and participant-directed accounts, three of which the state and local governmental agencies may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

Investments — GASB requires the Fund to record certain investment balances at fair value. The Fund's investments maintained by the BTI and the Municipal Bond Commission are determined by the pool's share price, which approximates fair value. Other investments, other than alternative investments, are presented at fair value, based upon quoted market prices.

The alternative investments are also carried at fair value as of June 30, 2011 and 2010. These valuations include assumptions and methods that were reviewed by Fund management and are primarily based on quoted market values or other readily determinable market values for underlying investments. The majority of the underlying investments in the alternative investments have a readily determinable market value. The Fund believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2011 and 2010. Because a portion of alternative investments is not readily marketable, and the estimated value is subject to uncertainty, the reported value may differ from the value that would have been used had a ready market existed.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligation); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements, asset-backed securities; certificates of deposits; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

The Fund's investments held with the foundations and other agents are governed by investment policies that determine the permissible investments by category. The holdings include appropriately rated U.S. debt and equity securities, foreign debt and equity securities, as well as alternative investments. The respective investment policies outline the acceptable exposure to each category of investment and generally outline a liquidity goal.

Allowance for Doubtful Accounts — It is the Fund's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectibility experienced by the Fund on such balances, and such other factors which, in the Fund's judgment, require consideration in estimating doubtful accounts.

Inventories — Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments — Cash and investments that are (1) externally restricted to make debt service payments, long-term loans to students, or to maintain sinking or reserve funds, (2) to purchase capital or other noncurrent assets or settle long-term liabilities, or (3) held for permanently restricted net assets, are classified as noncurrent assets in the combined statements of net assets.

Capital Assets — Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction and was approximately $1.4 million and $0.7 million for the years ended June 30, 2011 and 2010, respectively. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 to 20 years for library assets, and 3 to 10 years for furniture and equipment. The combined financial statements reflect all adjustments required by GASB.

Deferred Revenue — Cash received for programs or activities to be conducted primarily in the next fiscal year is classified as deferred revenue, including items such as football ticket sales, orientation fees, room, and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Post Employment Benefits — The Fund accounts for compensated absences in accordance with the provisions of GASB.

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2007, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the Fund was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

The Fund's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired on July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is then provided for under the multiple employer cost-sharing plan sponsored by the State.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3-1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. The same hire date mentioned above applies to coverage for faculty employees also. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the Fund. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense and expense incurred for vacation leave or OPEB benefits are recorded as a component of benefits expense in the combined statements of revenues, expenses, and changes in net assets.

Risk Management — The State's Board of Risk and Insurance Management (BRIM) provides general liability, medical malpractice liability, property, and auto insurance coverage to the Fund and its employees. Such coverage is provided to the Fund through a self-insurance program maintained by BRIM for general liability, medical malpractice liability, and auto insurance coverage. BRIM maintains a self-insurance program to pay the first $1 million of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed $1 million. The BRIM self-insurance programs may involve experience and exposure-related premiums.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Fund or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the Fund is currently charged by BRIM and the ultimate cost of that insurance based on the Fund's actual loss experience. In the event such differences arise between estimated premiums charged by BRIM to the Fund and the Fund's ultimate actual loss experience, the difference will be recorded as the change in estimate became known.

The West Virginia University's (WVU) and Marshall University's ("Marshall") Schools of Medicine (SOMs) have established a $250,000 deductible program under BRIM's professional liability coverage for the SOMs effective July 1, 2005. Prior to this date, the SOMs were totally covered by BRIM at a limit of $1 million per occurrence. Starting July 1, 2005, the SOMs assumed the risk and responsibility for any and all indemnity amounts up to $250,000 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance.

Under the program, the SOMs entered into an agreement with BRIM whereby the SOMs have on deposit $5.1 million and $4.5 million as of June 30, 2011 and 2010, respectively, in escrow accounts created in the State Treasurer from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the SOMs. Additionally, the WVU Health Sciences Center also has on deposit $19.1 million and $16.7 million as of June 30, 2011 and 2010, respectively, in an investment earnings account with the West Virginia University Foundation to cover the liabilities under this program. Marshall has a receivable from the University Physicians & Surgeons, Inc. for the funding it has agreed to provide for the self-insurance liability of $5.3 million and $6.0 million as of June 30, 2011 and 2010, respectively. Based on actuarial valuations of this self-insurance program, the Fund has recorded a liability of $25.9 million and $26.2 million to reflect projected claim payments at June 30, 2011 and 2010, respectively, for both WVU's and Marshall's SOMs.

In addition, through its participation in the PEIA and third-party insurers, the Fund has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurers, the Fund has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues — The Fund has classified its revenues according to the following criteria:

Operating Revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, (4) federal appropriations for land grant institutions, (5) sales and services of educational activities, and (6) revenue from leasing.

Nonoperating Revenues — Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, federal Pell grants, investment income, and sale of capital assets (including natural resources).

Other Revenues — Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Assets — The Fund has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, the Fund attempts to utilize restricted net assets first when practicable. Certain Institutions have adopted a policy to utilize restricted net assets first.

Federal Financial Assistance Programs — The Fund makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the institutions within the Fund. The Fund also makes loans to students under the Stafford Loan Program through financial institutions. Direct and Stafford student loan receivables are not included in the Fund's combined statements of net assets. In 2011 and 2010, the Fund received and disbursed, or awarded, approximately $462 million and $435 million, respectively, under both Student Loan Programs, which is not included as revenue and expense in the combined statements of revenues, expenses, and changes in net assets.

The Fund also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying combined financial statements. In 2011 and 2010, the Fund received and disbursed approximately $156 million and $136 million, respectively, under these federal student aid programs.

Scholarship Allowances — Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the combined statements of revenues, expenses, and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the Fund, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid to students is reported in the combined financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on an institution basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Government Grants and Contracts — Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The Fund recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes — The Fund is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service (IRS).

Cash Flows — Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have not been included as cash and cash equivalents for the purpose of the combined statements of cash flows.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ materially from those estimates.

Risk and Uncertainties — Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board —During 2011, the Fund adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes new categories for reporting fund balance and revised the definitions for governmental fund types. The adoption of this statement did not have a material impact on the financial statements.

The Fund also adopted Statement No. 59, *Financial Instruments Omnibus*. This statement improves financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards related to certain financial instruments and external investment pools. The adoption of this statement did not have a material impact on the financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board —The Governmental Accounting Standards Board has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for fiscal years beginning after December 15, 2011. This statement addresses how to account for and report service concession arrangements (SCAs) by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators. The Fund has not yet determined the effect that the adoption of GASB Statement No. 60 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*, effective for fiscal years beginning after June 15, 2012. This statement improves financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the entity. The Fund has not yet determined the effect that the adoption of GASB Statement No. 61 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for fiscal years beginning after December 15, 2011. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in the FASB and ACIPA pronouncements issued on or before November 30, 1989. This statement will improve financial reporting by contribution to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The Fund has not yet determined the effect that the adoption of GASB Statement No. 62 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for fiscal years beginning after December 15, 2011. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The Fund has not yet determined the effect that the adoption of GASB Statement No. 63 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, effective for fiscal years beginning after June 15, 2011. The objective of this statement is to improve financial reporting by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Fund has not yet determined the effect that the adoption of GASB Statement No. 64 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2011 and 2010, was held as follows (dollars in thousands):

	2011		
	Current	Noncurrent	Total
State Treasurer	$434,889	$ 47,072	$481,961
Municipal Bond Commission	2,809	2,152	4,961
Trustee	12	125,646	125,658
Bank	29,797	793	30,590
Cash equivalents	23,539		23,539
Escrowed cash		5,651	5,651
On hand	235		235
	$491,281	$181,314	$672,595

	2010		
	Current	Noncurrent	Total
State Treasurer	$403,861	$ 50,816	$454,677
Municipal Bond Commission	1,270		1,270
Trustee	83	47,039	47,122
Bank	35,931	705	36,636
Cash equivalents	13,139		13,139
Escrowed cash		5,141	5,141
On hand	171		171
	$454,455	$103,701	$558,156

Amounts held by the Municipal Bond Commission or trustee represent various project revenue, debt service, and other repair and replacement reserve funds required to be escrowed by various bond trust indentures. Other amounts held by the State Treasurer include $19.4 million and $17.1 million of restricted cash at June 30, 2011 and 2010, respectively. Cash equivalents are primarily related to amounts held in money markets, repurchase agreements, and savings accounts.

The combined carrying amounts of cash in the bank at June 30, 2011 and 2010, were $30.6 million and $36.6 million, as compared with the combined bank balance of $33.8 million and $33.5 million, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were secured by financial instruments held as collateral by the State's agent. Regarding federal depository insurance, interest bearing accounts are insured by the Federal Deposit Insurance Company (FDIC) up to $250,000. Non-interest bearing accounts are 100% insured through December 31, 2012.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2011 and 2010, are comprised of the following investment pools:

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income; preserve capital; and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of BTI's Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the BTI's Consolidated Fund. Of the BTI's Consolidated Fund pools and accounts in which the Commission invests, all are subject to credit risk.

WV Money Market Pool — Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the years ended June 30, 2011 and 2010, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2011 and 2010, the WV Money Market Pool investments had a total carrying value of $3,018,560,000 and $2,876,711,000, respectively, of which the Fund's ownership represents 12.93% and 13.27%, respectively.

WV Government Money Market Pool — Credit Risk — For the years ended June 30, 2011 and 2010, the WV Government Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by

U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2011 and 2010, the WV Government Money Market Pool investments had a total carrying value of $262,692,000 and $221,183,000, respectively, of which the Fund's ownership represents 0.83% and 0.98%, respectively.

WV Short Term Bond Pool:

Credit Risk — The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standards & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standards & Poor's and P-1 by Moody's. As this pool has not been rated, the following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

	Credit Rating*		2011		2010	
Security Type	Moody's	S&P	Carrying Value	Percent of Pool Assets	Carrying Value	Percent of Pool Assets
Corporate asset backed securities	Aaa	AAA	$ 87,197	18.40 %	$ 24,330	5.37 %
	Aaa	NR *	19,891	4.20	10,353	2.28
	Aa3	AAA			1,000	0.22
	Aa3	AA+ **	454	0.10		
	Ba1	CC **			45	0.01
	Ba2	BB **			219	0.05
	B1	BBB **			605	0.13
	B1	CCC **	885	0.19	857	0.19
	B2	CCC **			366	0.08
	B3	B **	366	0.08	442	0.10
	B3	BBB **	631	0.13	247	0.05
	B3	CCC **			554	0.12
	Ca	CCC **	664	0.14		
	Caa1	CCC **			230	0.05
	Caa2	CCC **	473	0.10	779	0.17
	Caa3	CCC **	393	0.08		
	Caa3	D **	27	0.01		
	NR *	AAA			3,538	0.78
	NR *	NR *	4,000	0.84		
			114,981	24.27	43,565	9.60
Corporate bonds and notes	Aaa	AAA			72,549	16.00
	Aaa	AA	2,043	0.43	2,060	0.46
	Aa1	AA			5,430	1.20
	Aa1	A	4,143	0.87		
	Aa2	AAA				
	Aa2	AA	11,866	2.50	6,650	1.47
	Aa3	AA	7,064	1.49	6,722	1.48
	Aa3	A	13,040	2.75	13,850	3.05
	A1	AA	8,107	1.71	15,485	3.41
	A1	A	22,731	4.80	21,098	4.65
	A2	AA	2,555	0.54		
	A2	A	23,976	5.06	41,093	9.06
	A3	A	8,770	1.85	4,158	0.92
			104,295	22.00	189,095	41.70
Commercial paper	P-1	A-1	15,995	3.38		
U.S. agency bonds	Aaa	AAA	20,017	4.22	40,180	8.86
U.S. Treasury notes***	Aaa	AAA	25,034	5.28	158,423	34.93
U.S. agency mortgage backed securities****	Aaa	AAA	97,296	20.53	4,540	1.00
Money market funds	Aaa	AAAm	96,287	20.32		
Money market funds	Aaa	AAA			17,715	3.91
			$473,905	100 %	$453,518	100 %

* NR = Not Rated

** The securities were not in compliance with BTI Investment Policy at June 30, 2011 and/or 2010. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisors have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

*** U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

**** U.S. agency mortgage backed securities are explicitly guaranteed by the United States government and are not subject to credit risk.

At June 30, 2011 and 2010, the Fund's ownership represents 11.20% and 8.70%, respectively, of these amounts held by the BTI.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the BTI's Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 731 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

	2011		2010	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 84,357	1	$ 174,980	1
U.S. Treasury notes	298,345	137	65,153	140
U.S. Treasury bills	231,051	34	476,670	35
Commercial paper	1,069,576	35	855,844	18
Certificates of deposit	140,000	58	281,000	45
U.S. agency discount notes	697,164	45	606,048	52
Corporate bonds and notes	127,000	20	20,000	19
U.S. agency bonds/notes	170,788	66	246,990	55
Money market funds	200,279	1	150,026	1
	$3,018,560	46	$2,876,711	33

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 731 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

	2011		2010	
Security Type	Carrying Value (In thousands)	WAM (Days)	Carrying Value (In thousands)	WAM (Days)
Repurchase agreements	$ 98,400	1	$ 66,600	1
U.S. Treasury notes	45,811	131	8,526	114
U.S. Treasury bills			29,982	72
U.S. agency discount notes	60,852	74	36,465	115
U.S. agency bonds/notes	57,498	22	79,532	30
Money market funds	131	1	78	1
	$262,692	45	$221,183	44

The overall effective duration of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

	2011		2010	
Security Type	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
U. S. Treasury bonds/notes	$ 25,034	227	$158,423	583
Commercial paper	15,995	55		
Corporate notes	104,295	234	189,095	560
Corporate asset backed securities	114,981	268	43,565	679
U.S. agency bonds/notes	20,017	85	40,180	288
U.S. agency mortgage backed securities	97,296	18	4,540	360
Money market funds	96,287	1	17,715	1
	$473,905	138	$453,518	530

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the BTI's Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. Securities lending collateral that is

reported on the BTI's statement of fiduciary net assets is invested in a pool managed by the securities lending agent. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the BTI's Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits — Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

Amounts with Trustee as of June 30, 2011 and 2010, are comprised of the following (dollars in thousands):

Investment Type	Moody's Rating	Standard and Poor's Rating	2011 Carrying Value	2010 Carrying Value
U.S. Treasury money market fund	Aaa	AAAm	$125,646	$43,847
Money market fund (Credit Enhancers/ Collateral 1.000 Financial Guaranty Insurance Co. Municipal Bond Insurance Policy)	Aaa	N/A		83
Money market fund	AAA	N/A	12	
Guaranteed Investment Contract (GIC)	N/A	N/A		3,192
			$125,658	$47,122

N/A = Not available

These investments have no significant custodial risk or interest rate risk and they are not exposed to a concentration of credit risk nor any foreign currency risk.

At June 30, 2010, the GIC investments of approximately $3,192,000, have a fixed rate of interest of 5.18%.

The remaining amounts on deposit with Trustee are primarily invested in funds, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities.

4. INVESTMENTS

Investments at June 30, 2011, were as follows (dollars in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. government investments:				
Federal Home Loan Mortgage Corporation bonds	$15,980	$ -	$ -	$ 15,980
Federal National Mortgage Association bonds	9,086	13,464		22,550
Mutual Bond Funds:				
Brandywine Global Fixed Income	4,522	80		4,602
BTI Short-Term Bond Pool	13,408			13,408
Dodge & Cox Income Fund	163	6,513		6,676
Fidelity Floating Rate High Income	692	3,045	1	3,738
Harbor Bond Fund	6	2,745	21	2,772
PIMCO Unconstrained Bond Fund	2,135	1,368	241	3,744
Common Fund Multi-Strategy Bond Fund		1,774		1,774
Common Fund Multi-Strategy Bond Investors Fund		1,680		1,680
Common Fund High Quality Bond Fund		8,117	175	8,292
Other	4	5		9
State and Local Government Securities —				
Auction Rate Certificates		3,325		3,325
Fixed Income Fund —				
Income Research and Management	18	4,516		4,534
Mutual Stock Funds:				
MFS	3,266			3,266
Dodge & Cox International Stock Fund	44	1,775		1,819
Dodge & Cox Stock Fund	74	2,966		3,040
Common Fund Multi Strategy Equity Fund		8,160		8,160
Common Fund Core Equity Fund		4,361		4,361
Common Fund Intermediate Multi-Strategy Equity Fund		2,684		2,684
Common Fund Equity Index Fund		2,066		2,066
Other	825			825
Stock Fund —				
Vangaurd Total Stock Mutual ETF	2,205	1		2,206
Commodity —				
SPDR Gold Shares	3,426			3,426
Other investments	791	964	477	2,232
Other alternative investments:				
Robeco-Sage Capital International	25	1,821	1,389	3,235
Common Fund Intermediate Fund		2,138	8	2,146
Other			1,211	1,211
	$56,670	$73,568	$3,523	$133,761

Investments at June 30, 2010, were as follows (dollars in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. government investments:				
Federal Home Loan Mortgage Corporation bonds	$50,821	$ -	$ -	$ 50,821
Federal National Mortgage Association bonds	9,304	3,043		12,347
Mutual Bond Funds:				
BTI Short-Term Bond Pool	13,065			13,065
Dodge & Cox Income Fund	398	8,385		8,783
Harbor Bond Fund	9	2,475	8	2,492
Vanguard Bond Index Fund	79	1,797		1,876
Common Fund Multi-Strategy Bond Fund	3	5,524	66	5,593
Common Fund Multi-Strategy Bond Investors Fund	2	4,514		4,516
Other	1,105	180		1,285
State and Local Government Securities —				
Auction Rate Certificates		7,475		7,475
Fixed Income Fund —				
Income Research and Management		5,765		5,765
Mutual Money Market Funds —				
State Street Cash — SSGA Money Market		2,400		2,400
Mutual Stock Funds:				
MFS	2,580			2,580
Dodge & Cox Stock Fund	2,289	32		2,321
Common Fund Multi Strategy Equity Fund	127	7,117		7,244
Common Fund Core Equity Fund	3,527	1,419		4,946
Common Fund Intermediate Multi-Strategy Equity Fund	76	4,241		4,317
Other	1,063	1,000		2,063
Commodities —				
SPDR Gold Shares	3,160			3,160
Other investments	749		477	1,226
Other alternative investments:				
Robeco-Sage Capital International		1,973	1,649	3,622
Common Fund Intermediate Fund		2,057	10	2,067
Other			1,258	1,258
	$88,357	$59,397	$3,468	$151,222

Investments have been reported at fair value and categorized as Level 1, 2, or 3. Level 1 represents investments that have a quoted price in the active markets. Level 2 represents investments with direct or indirect observable market inputs. Level 3 represents investments with no observable market.

Historically, the Fund was unable to invest excess operating funds outside of the State Treasurer. In 2005, the West Virginia State Legislature passed Senate Bill No. 603 (S.B. 603). S.B. 203 granted WVU and Marshall the ability to invest a limited amount of funds with their foundations. The amounts invested with the two foundations at June 30, 2011 and 2010, were approximately $60,600,000 and $61,000,000, respectively.

As of June 30, 2011, the U.S. Government investments have the following rates and maturity dates:

	Rates	Maturity Dates
Federal Home Loan Mortgage Corporation bonds	1.75%–5.125%	March 23, 2012–January 15, 2013
Federal National Mortgage Association bonds	1.75–4.875	May 18, 2012–April 9, 2013
Federal National Mortgage Association securities	3.5–5.0	October 16, 2038–June 1, 2041

WVU, through its board, issued Auction Rate Certificate (ARC) debt in 2004. These 2004 ARCs are variable rate debt that reset at auction every 28 days. Based on guidance from bond counsel, the WVU Research and Development Corporation began to submit bids to purchase the ARCs in the April 23, 2008 auction. At June 30, 2011 and 2010, the carrying value of these investments was approximately $3.3 million and $7.5 million, respectively. Future redemptions are scheduled in October 2011 for $2.425 million and October 2012 for $.975 million. These investments have been rated A+ by Standard & Poor's for both years.

At June 30, 2011 and 2010, certain other investments had the following Standard & Poor's (S&P) ratings:

	Standard & Poor's Rating	
Investment Type	**2011**	**2010**
Common Fund Intermediate Fund	AA	AA
Common Fund High Quality Bond Fund	AA	N/A
Common Fund Multi-Strategy Bond Fund	AA	AA
Common Fund Multi-Strategy Bond Investors Fund	AA	AA
Income Research & Management (IRM)	AA	AA+
Dodge and Cox Stock Fund	AA-	Aa3
State Street Cash — SSGA Money Market	AAAm	Am
Harbor Bond Fund	A	A
Brandywine Global Fixed Income	BBB+	N/A

Remaining investments have not been rated.

Other than listed above, these investments have no significant custodial credit risk or interest rate risk and they are not exposed to a concentration of credit risk or any foreign currency risk.

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 and 2010, were as follows (dollars in thousands):

	2011	**2010**
Students — net of allowance of $14,674 and $12,472 in 2011 and 2010, respectively	$11,436	$12,304
Grants and contracts — net of allowance of $1,345 and $1,960 in 2011 and 2010, respectively	50,992	52,522
Auxiliary services — net of allowance of $1,198 and $795 in 2011 and 2010, respectively	1,792	2,430
Due from State and State agencies	7,987	4,176
Other — net of allowance of $2 and $15 in 2011 and 2010, respectively	8,708	10,809
	$80,915	$82,241

6. CAPITAL ASSETS

The following, for the years ended June 30, 2011 and 2010, is a summary of capital assets transactions for the Fund (dollars in thousands):

	2011			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 76,278	$ 23,868	$ 3,716	$ 96,430
Construction in progress	112,231	123,704	113,365	122,570
Other	132			132
Total capital assets not being depreciated	$ 188,641	$ 147,572	$ 117,081	$ 219,132
Other capital assets:				
Land improvements	$ 58,927	$ 6,899	$ 1	$ 65,825
Infrastructure	317,409	5,051	46	322,414
Buildings	2,046,946	121,316	1,936	2,166,326
Equipment	297,600	39,697	17,094	320,203
Software	50,577	2,608	286	52,899
Library books	151,877	9,091	401	160,567
Intangibles	29,470	516		29,986
Total other capital assets	2,952,806	185,178	19,764	3,118,220
Less accumulated depreciation for:				
Land improvements	21,041	3,954		24,995
Infrastructure	236,970	7,405	34	244,341
Buildings	555,382	43,329	3	598,708
Equipment	198,256	24,250	16,058	206,448
Software	45,295	1,818	128	46,985
Library books	121,839	7,872	549	129,162
Intangibles	20,961	3,480		24,441
Total accumulated depreciation	1,199,744	92,108	16,772	1,275,080
Other capital assets — net	$ 1,753,062	$ 93,070	$ 2,992	$ 1,843,140
Capital asset summary:				
Capital assets not being depreciated	$ 188,641	$ 146,572	$ 117,081	$ 218,132
Other capital assets	2,952,806	185,178	19,764	3,118,220
Total cost of capital assets	3,141,447	331,750	136,845	3,336,352
Less accumulated depreciation	1,199,744	92,108	16,772	1,275,080
Capital assets — net	$ 1,941,703	$ 239,642	$ 120,073	$ 2,061,272

	2010			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 73,721	$ 3,268	$ 711	$ 76,278
Construction in progress	134,983	117,672	140,424	112,231
Other	132			132
Total capital assets not being depreciated	$ 208,836	$ 120,940	$ 141,135	$ 188,641
Other capital assets:				
Land improvements	$ 51,743	$ 7,186	$ 2	$ 58,927
Infrastructure	312,939	4,517	47	317,409
Buildings	1,913,329	136,132	2,515	2,046,946
Equipment	293,754	39,911	36,065	297,600
Software	46,992	4,672	1,087	50,577
Library books	143,456	8,994	573	151,877
Intangibles	20,542	8,928		29,470
Total other capital assets	2,782,755	210,340	40,289	2,952,806
Less accumulated depreciation for:				
Land improvements	17,632	3,410	1	21,041
Infrastructure	228,865	8,042	(63)	236,970
Buildings	516,636	39,932	1,186	555,382
Equipment	191,200	23,964	16,908	198,256
Software	44,177	1,619	501	45,295
Library books	115,250	7,128	539	121,839
Intangibles	15,277	5,685	1	20,961
Total accumulated depreciation	1,129,037	89,780	19,073	1,199,744
Other capital assets — net	$ 1,653,718	$ 120,560	$ 21,216	$ 1,753,062
Capital asset summary:				
Capital assets not being depreciated	$ 208,836	$ 120,940	$ 141,135	$ 188,641
Other capital assets	2,782,755	210,340	40,289	2,952,806
Total cost of capital assets	2,991,591	331,280	181,424	3,141,447
Less accumulated depreciation	1,129,037	89,780	19,073	1,199,744
Capital assets — net	$ 1,862,554	$ 241,500	$ 162,351	$ 1,941,703

The Fund maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

During August 2010, the West Virginia Development Office issued approximately $162 million of Education, Arts, Science, and Tourism bonds. The Commission, as provided in the State Code, will receive 60%, or $97.2 million, of the proceeds to help fund various building and campus renewal projects. As of June 30, 2011, the Fund has recognized $19.0 million of the total to be received. The West Virginia Development Office is responsible for repayment of the debt.

The Fund has construction commitments at June 30, 2011, of approximately the following (dollars in thousands):

Bluefield State College	$ 2,821
Concord University	500
Fairmont State University	2,725
Marshall University	11,900
Pierpont Community and Technical College	1,389
West Liberty State College	3,300
West Virginia Higher Education Policy Commission	32,000
West Virginia Northern Community College	2,700
West Virginia School of Osteopathic Medicine	503
West Virginia University	22,800
West Virginia University at Parkersburg Community and Technical College	304
	$ 80,942

7. LONG-TERM LIABILITIES

The following, for the years ended June 30, 2011 and 2010, is a summary of long-term obligation transactions for the Fund (dollars in thousands):

	2011				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Notes payable	$ 33,117	$ -	$ (1,254)	$ 31,863	$ 1,552
Capital leases payable	81,077	1,516	(14,301)	68,292	12,417
Revenue bonds payable	748,887	128,749	(71,574)	806,062	28,085
Total bonds, capital leases, and notes payable	863,081	130,265	(87,129)	906,217	
Advances from federal sponsors	41,355	60	(19)	41,396	
Accrued compensated absences	42,849		(42)	42,807	39,411
Deferred interest payable	29,917	4,095		34,012	
OPEB liability	113,543	85,068		198,611	
Other noncurrent liabilities	28,770	12,310	(7,149)	33,931	607
Total long-term liabilities	$1,119,515	$231,798	$(94,339)	$1,256,974	

	2010				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Notes payable	$ 32,093	$ 1,907	$ (883)	$ 33,117	$ 2,815
Capital leases payable	46,762	37,564	(3,249)	81,077	13,925
Revenue bonds payable	679,424	94,647	(25,184)	748,887	26,896
Total bonds, capital leases, and notes payable	758,279	134,118	(29,316)	863,081	
Advances from federal sponsors	41,542	84	(271)	41,355	
Accrued compensated absences	43,354		(505)	42,849	39,707
Deferred interest payable	26,060	3,857		29,917	
OPEB liability	23,990	89,553		113,543	
Other noncurrent liabilities	26,502	7,245	(4,977)	28,770	162
Total long-term liabilities	$919,727	$234,857	$(35,069)	$1,119,515	

8. OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2011 and 2010, the noncurrent liability related to OPEB costs was $198.6 million and $113.5 million, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees were $105.4 million and $19.9 million, respectively, during 2011, and $108.1 million and $17.9 million, respectively, during 2010. As of June 30, 2011 and 2010, there were approximately 1,300 and 1,200 retirees receiving these benefits, respectively.

9. LEASE OBLIGATIONS

Capital — The Fund leases certain property, plant, and equipment through capital leases. The following is a schedule by year of future annual minimum payments required under the lease obligations existing at June 30, 2011 (dollars in thousands):

Years Ending June 30	
2012	$15,228
2013	6,077
2014	6,118
2015	6,089
2016	5,583
2017–2021	28,109
2022-2026	17,915
2027-2030	5,599
Future minimum lease payments	90,718
Less interest	22,426
Total	$68,292

During fiscal year 2010, WVU entered into three lease purchase agreements to finance capital projects, including construction of the Intermodal Transportation Center and the Childcare Center and capital improvements to the Engineering Sciences Building, for total lease payments of $47.9 million. As of June 30, 2010, there was $10.9 million held by the lease trustee for expenditures for completion of the leased projects.

The lease purchase for construction of the Intermodal Transportation Center, totaling $10.9 million, was subject to federal approval and, as such, the proceeds were placed in escrow. Subsequent to the end of fiscal year 2010, West Virginia University was informed that the federal government would not approve the funding. As such, West Virginia University repaid the $10.9 million in full from the funds in escrow during fiscal year 2011.

The following is a related-party capital lease:

Marshall has a capital lease agreement with the Marshall University Graduate College Foundation, Inc. (the "MUGC Foundation") for the Marshall University Graduate College's administration facility (the "Facility"). The fair value of the Facility was estimated by independent appraisal during the year ended June 30, 1995, at $5 million (building $4.3 million and land $700,000), and the 21-year lease term commenced with the Marshall University Graduate College's occupancy of the Facility in June 1995. Ownership of the Facility transfers to Marshall at the end of the lease term. During the year ended June 30, 2008, all assets and liabilities of the MUGC Foundation became part of the Marshall University Foundation, Inc. (the "MU Foundation"). This agreement is now with the MU Foundation.

Operating — The Fund had entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2011, are as follows (dollars in thousands):

Years Ending June 30	
2012	$ 9,484
2013	7,080
2014	6,041
2015	5,068
2016	4,150
2017–2021	11,347
2022–2026	9,880
2027–2031	9,880
Total	$62,930

Total rent expense for these operating leases for the years ended June 30, 2011 and 2010, was approximately $10.9 million and $10.5 million, respectively.

The following is a related-party operating lease:

West Virginia University leases an office building from the West Virginia University Foundation, Incorporated. Rental expense under the operating lease is $1,975,000 per year through 2031. West Virginia University retains the right to cancel the lease upon giving 30 days' written notice.

10. NOTES PAYABLE

During fiscal year 1997, West Virginia State University signed an agreement with the Educational Direct Loan Mortgage Corporation (Eddie Mac) to have available a line of credit of $3.5 million to be used to renovate dormitories. As of June 30, 2011 and 2010, West Virginia State University had $2,526,184 and $2,612,963 outstanding, respectively. At an interest rate of approximately 6.3%, current monthly principal and interest payments of approximately $21,068 are payable through 2026. Eddie Mac has a security interest for this loan on the net revenues from West Virginia State University's dormitories and receives a monthly service fee. West Virginia State University is also subject to certain operating covenants and restrictions on incurrence of additional debt per the loan document.

During fiscal year 2008, West Virginia University Research Corporation drew their final approximately $2.1 million on their $6 million construction and term loan with West Virginia Housing Development Fund (WVHDF). The proceeds of the WVHDF loan were disbursed on a draw basis as construction progressed. The principal balance of the WVHDF loan bears interest at a fixed rate of 5.11% per annum. The note is due 240 months from the closing date of October 24, 2005. A note modification agreement dated April 26, 2007, allowed the West Virginia University Research Corporation to accrue quarterly interest for the period beginning April 1, 2007 through January 31, 2009, and to add it to the principal amount of the loan. On February 1, 2009, such accrued interest is amortized and paid over the remaining term of the loan. Total remaining to be paid at June 30, 2011 and 2010, was approximately $5.9 million and $6.1 million, respectively.

During fiscal year 2008, West Virginia University Research Corporation drew the entire amount of their $9 million construction and term loan with West Virginia Economic Development Authority (WVEDA). The proceeds of the WVEDA loan were disbursed on a draw basis as construction progressed. The principal balance of the WVEDA loan bears interest at a fixed rate of 5.51% per annum. The note is due 240 months from the closing date of October 24, 2005. Interest on the loan accrued but payment was deferred for the first 36 months of the loan. On October 1, 2009, such accrued interest is amortized and paid over the remaining term of the loan. Total remaining to be paid at June 30, 2011 and 2010, was approximately $9.3 million and $9.7 million, respectively.

During fiscal year 2009, West Virginia University Research Corporation drew the entire amount of their $9.4 million loan with West Virginia Infrastructure and Jobs Development Council (WVIJDC). The proceeds of the WVIJDC were disbursed on a draw basis as construction progressed. The principal balance of the WVIJDC loan bears interest at a fixed rate of 3% per annum. The note is due 240 months from the closing date of October 24, 2005. Interest on the loan accrued but payment was deferred for five years from the date of closing. On October 24, 2010, such accrued interest is amortized and paid over the remaining term of the loan. Total remaining to be paid at June 30, 2011 and 2010, was approximately $9.5 million and $9.8 million, respectively. The interest rate applicable to $3 million in principal for the balance of the term of the loan will be based on the satisfaction of certain employment criteria.

During fiscal year 2008, MURC borrowed the proceeds of a bond issuance by the Cabell County Commission for the construction of an addition to the Marshall University Forensic Science Center. MURC's repayment terms are the same as the bond repayment term. MURC is obligated to make interest payments commencing on October 10, 2008, for the interest due on the loan semiannually and to make annual principal payments starting on April 1, 2009, based on a hypothetical amortization of the then-remaining principal balance at the then-applicable interest rate for the then-remaining years of the original 20-year amortization period ending April 10, 2028. However, any unspent mortgage proceeds would go to pay the first amounts due for interest and principal. Any remaining principal balance shall be payable in full on April 10, 2028. The interest rate on the bonds is 3.2% at April 10, 2008, and continuing to and including year five, and will change for each subsequent five-year period to the rate

per annum equal to 67% of the five-year Treasury Constant Maturity in effect on that date, plus 1.67% per annum. The principal balance at June 30, 2011 and 2010, is $2,659,649 and $2,776,173, respectively.

During fiscal year 2010, Glenville State College entered into a $1.5 million note collateralized by the Glenville State College Foundation, Inc. securities, for construction purposes. Interest was 4.0% and principal was due in fiscal year 2011. In July 2011, this note was refinanced with interest of 4% and monthly principal payments of $17,542. The note matures June 2031.

During fiscal 2009, Glenville State College entered into a $635,000 promissory note collateralized by a first lien on various parcels of real estate and a motel building. Interest is 6.56% with monthly principal payments of $4,793. The note matures in May 2030.

Annual minimum payments for the years ending after June 30, 2011, are as follows (dollars in thousands):

Years Ending June 30	Principal	Interest	Total
2012	$ 1,552	$ 1,452	$ 3,004
2013	1,622	1,379	3,001
2014	1,697	1,306	3,003
2015	1,774	1,228	3,002
2016	1,852	1,150	3,002
2017–2021	10,646	4,322	14,968
2021–2026	11,848	1,631	13,479
2027–2031	872	107	979
Total	$31,863	$12,575	$44,438

11. INSTITUTION BONDS PAYABLE

The Institutions within the Fund, at June 30, 2011 and 2010, have the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Annual Installments	Principal Outstanding 2011	Principal Outstanding 2010
Fairmont State University — College Facilities Revenue Bonds 2002, Series A, due through 2032	5.38 %	$390–$1,145	$ 15,180	$ 15,595
Fairmont State University — Infrastructure Revenue Bonds 2002, Series B, due through 2032	5.00	205–565	7,645	7,860
Fairmont State University — College Facilities Revenue Bonds 2003, Series A, due through 2032	5.25	300–860	11,530	11,850
Fairmont State University — Student Activity Revenue Bonds 2003, Series B, due through 2032	5.25	520–1,475	19,835	20,385
Fairmont State University — Facilities Improvement Revenue Bonds, 2006 Series, due through 2026	4.18 (10-year reset)	303–611	6,978	7,306
Glenville State University — Student Housing Bonds, Series 2011A, due 2030	5.25	20-325	4,131	
Glenville State University — Student Housing Bonds, Series 2011B, due 2012	4.50	60	60	
Glenville State University — Student Housing Bonds, Series 2000A, due 2030 (refunded by the 2011 Student Housing Bonds)	6.20	90–1,280		4,310
Glenville State University — Campus Community Center Bonds, Series 2006, due 2026	4.30 (10-year reset)	50–456	1,264	1,320
Glenville State University — Science Building Bonds, Series 2007, due in 2037	4.68 (10-year reset)	127	3,844	3,917
Glenville State University — Goodwin Hall Bonds, Series 2009, due in 2040	Variable	0–131	25,500	16,603
Marshall University — University Refunding Revenue Bonds 2010, due through 2030	5.00	915–2,885	37,140	
Marshall University — University Facilities Revenue Bonds 2001, due through 2031 (refunded by the 2010 Refunding Revenue Bonds)	5.30	1,135–3,035		40,690
Shepherd University — Student Fee Revenue Bonds, due through 2033	5.13	105–370	5,195	5,320
Shepherd University — Infrastructure Revenue Bonds, Series 2004B, due through 2024	4.50	125–240	2,445	2,590
Shepherd University — Residence Facilities Revenue Bonds, due through 2035	5.00	435–1,450	21,100	21,580
Shepherd University — Wellness Center Facilities Revenue Bonds, Series 2007, due through 2037	4.77	435–1,170	18,330	18,700
West Liberty State University — Dormitory Revenue Bonds 2003, Series A, due through 2028	6.13	225–650	7,170	7,415
West Liberty State University — University Union Revenue Bonds 2003, Series B, due through 2018	5.63	75–120	705	785
West Liberty State University — Capital Improvement Revenue Bonds 2003, Series C, due through 2028	6.00	100–285	3,130	3,240
West Virginia State University — Student Union Revenue Bonds 2002, Series A, due through 2022	6.20	215–420	3,635	3,880
West Virginia University — Auction Rate Certificates Federally Taxable Revenue Refunding and Improvement Bonds 2004, Series A, due through 202	Variable	975–4,200	3,400	7,600
West Virginia University — Revenue Refunding Bonds 2004, Series B, due through 2021	5.00 %	0–6,685	55,430	55,430
West Virginia University — Revenue Improvement Bonds 2004, Series C, due through 2035	5.00	0–12,780	138,710	138,710
			392,357	395,086
Less unamortized bond discount			(410)	(472)
Loss on bond defeasance			(1,717)	(2,476)
Add unamortized bond premium			6,377	5,008
			$396,607	$397,146

Prior to fiscal 2003, each of the above bond issues was specific to an individual institution within the Fund, although the bonds were also issued in the names of the Fund's former governing boards, previously responsible for the governance of the State's higher education system. The bonds issued after fiscal 2002 were issued by the Institution's Governing Board only.

A summary of the annual aggregate principal payments for years subsequent to June 30, 2011, is as follows (dollars in thousands):

Years Ending June 30	Principal	Interest	Total
2012	$ 9,338	$ 37,764	$ 47,102
2013	10,537	40,137	50,674
2014	10,840	39,528	50,368
2015	11,327	38,834	50,161
2016	11,806	38,057	49,863
2017–2021	67,584	172,992	240,576
2022–2026	83,829	142,066	225,895
2027–2031	95,786	102,496	198,282
2032–2036	83,435	32,055	115,490
2037–2041	7,874	6,343	14,217
Total	$392,356	$650,272	$1,042,628

12. SYSTEM BONDS PAYABLE

The Fund receives State appropriations to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect various aspects of the Fund's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Fund with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges, including certain facilities within the Fund. Financing for these facilities was provided through revenue bonds issued by various former governing boards which are now administered by the Policy Commission.

The Policy Commission has the authority to assess each institution of the Fund for payment of debt service on these system bonds. The tuition and registration fees of the Institutions are generally pledged as collateral for the Fund's bond indebtedness. Student fees collected by an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain a capital obligation of the Fund.

On December 17, 2010, $16,520,000 of Series A Bonds, $50,265,000 of Series B Bonds, and $10,080,000 of Series C Bonds were sold. The Bonds were issued to provide funds to (i) fund certain higher education facilities projects, (ii) fund an interest subsidy reserve fund for the benefit of the Series B Bonds, and (iii) pay the costs associated with the issuance of the Bonds. The Series A, Series B, and Series C Bonds outstanding at June 30, 2011, consist of $3,770,000, $0, and $10,080,000 serial bonds, respectively, with varying interests rates from 2.14% to 5.28% and mature serially from April 1, 2012 through April 1, 2020. Additionally, term bonds from the Series A Bonds of $12,750,000 with an interest rate of 5.00% mature April 1, 2026. Term bonds from the Series B Bonds of $10,800,000 with an interest rate of 7.45% mature April 1, 2030, and of $39,465,000 with an interest rate of 7.65% mature April 1, 2040.

The Commission, at June 30, 2011 and 2010, has the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Original Range of Annual Installments	Principal Outstanding 2011	Principal Outstanding 2010
Series 2010A — Revenue Bonds, due through 2026	5.00 %	$235–$12,750	$ 16,520	$ -
Series 2010B — Revenue Bonds, due through 2040	7.65	10,800–39,465	50,265	
Series 2010C — Revenue Bonds, due through 2018	5.28	1,340–1,580	10,080	
Series 2009A — Community and Technical College Improvement Revenue Bonds, due through 2039	5.25	1,425–4,760	76,870	78,295
Series 2007A — Revenue Refunding Bonds, due through 2027	5.00	185–1,880	23,180	24,265
Series 2004B — Higher Education Facilities Bonds, due through 2034	6.00	2,680–9,520	140,010	144,025
Series 2003A — College Facilities Bonds, due through 2012	5.00	2,325–2,690	1,235	3,925
Series 2003A — University Facilities Bonds, due through 2012	5.00	5,740–7,875	7,875	15,380
Series 2000A — University System Bonds, due through 2031	6.26	0–3,264	36,591	36,591
Series 1998 — University System Bonds, due through 2028	5.25	1,065–3,625	42,040	43,525
			404,666	346,006
Add bond premium and deferred gain			5,235	5,994
Less bond discount			(446)	(259)
			$409,455	$351,741

A summary of the annual aggregate principal payments for years subsequent to June 30, 2011, is as follows (dollars in thousands):

Years Ending June 30	Principal	Interest	Total
2012	$ 18,685	$ 19,315	$ 38,000
2013	13,244	21,998	35,242
2014	13,472	21,768	35,240
2015	13,745	21,500	35,245
2016	14,057	21,180	35,237
2017–2021	70,283	99,990	170,273
2022–2026	82,420	87,182	169,602
2027–2031	79,535	69,498	149,033
2032–2036	62,670	21,279	83,949
2037–2040	36,555	6,106	42,661
Total	$404,666	$389,816	$794,482

The higher education institutions' tuition, registration, and other specified fees generally are pledged as collateral for the Commission's bond indebtedness, as well as any monies held by the trustees.

13. UNRESTRICTED NET ASSETS

The Fund's unrestricted net assets at June 30, 2011 and 2010, include certain designated net assets as follows:

	2011	2010
Designated for auxiliaries	$ 8,701	$ 9,136
Designated for repair, replacement, and new property	19,086	8,297
Other	1,089	
Undesignated	274,727	273,997
Total unrestricted net assets before OPEB liability	303,603	291,430
Less OPEB liability	198,611	113,543
Total unrestricted net assets	$104,992	$177,887

14. RETIREMENT PLANS

Substantially all full-time employees of the Fund participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the New Educators Money 401(a) basic retirement plan ("Educators Money"). New hires have the choice of either plan.

Total contributions to Educators Money for the years ended June 30, 2011, 2010, and 2009, were $1,092,400, $1,657,300, and $730,900, respectively, which consisted of approximately $546,200, $525,500, and $362,300, from the Fund in 2011, 2010, and 2009, respectively, and approximately $546,200, $531,800, and $368,600, from the covered employees in 2011, 2010, and 2009, respectively.

The STRS is a cost-sharing, defined benefit public retirement system. Employer and employee contribution rates are established annually by the State Legislature. The contractual maximum contribution rate is 15%. The Fund accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for both years ended June 30, 2011 and 2010. Required employee contributions are at the rate of 6% of total annual salary for both years ended June 30, 2011 and 2010. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest five years salary out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the years ended June 30, 2011, 2010, and 2009, were approximately $6,296,500, $6,794,200, and $6,993,700, respectively, which consisted of approximately $4,424,600, $4,701,500, and $4,884,200, from the Fund in 2011, 2010, and 2009, respectively, and approximately $1,851,900, $2,092,700, and $2,149,500, from the covered employees in 2011, 2010, and 2009, respectively.

The contribution rate is set by the State Legislature on an overall basis, and the STRS does not perform a calculation of the contribution requirement for individual employers, such as the institutions within the Fund. Historical trend and net pension obligation information is available from the annual financial report of the Consolidated Public Retirement Board. A copy of the report may be obtained by writing to the Consolidated Public Retirement Board, Building 5, Room 1000, Charleston, WV 25305.

The TIAA-CREF is a defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The Fund matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA–CREF which are not matched by the Fund.

Total contributions to the TIAA-CREF for the years ended June 30, 2011, 2010, and 2009, were approximately $77.0 million, $73.4 million, and $69.8 million, respectively, which consisted of approximately $38.4 million, $36.6 million, and $34.9 million, from the Fund in 2011, 2010, and 2009, respectively, and approximately $38.5 million, $36.6 million, and $34.9 million, from the covered employees in 2011, 2010, and 2009, respectively.

The Fund's total payroll for the years ended June 30, 2011 and 2010, was approximately $758.4 million and $727.6 million, respectively, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were approximately $36.2 million, $641.9 million, and $12.9 million, for the year ended June 30, 2010, and $36.4 million, $600.4 million, and $8.6 million, for the year ended June 30, 2009.

15. FOUNDATIONS

Various foundations have been established as separate nonprofit organizations incorporated in the State of West Virginia having as their purpose "... to aid, strengthen, and further in every proper and useful way, the work and services of the (individual institutions within the Fund), and their affiliated nonprofit organizations ..." Oversight of each of the foundations is the responsibility of separate and independently elected Boards of Directors, not otherwise affiliated with the Fund. In carrying out its responsibilities, the Boards of Directors of the foundations employ management, form policy and maintain fiscal accountability over funds administered by the foundations. Although the individual institutions within the Fund do not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, that the foundations hold and invest are restricted to the activities of the individual institutions within the Fund by donors. Because these restricted resources held by the foundations as detailed in the combined financial statements can only be used by, or for the benefit of, the individual institutions within the Fund, the foundations are considered component units of the Fund and are therefore discretely presented with the Fund's combined financial statements in accordance with GASB discretely presented component unit requirements.

The West Virginia University Foundation, Inc. is appropriately not included as a discretely presented component unit as the economic resources held do not entirely or almost entirely benefit the West Virginia University, and its net assets (including unrealized gains) totaled $581.8 million and $491.6 million at June 30, 2011 and 2010, respectively. The Bridgemont Community and Technical College Foundation, Inc., The Eastern West Virginia Community and Technical College

Foundation, Inc., and Mountwest Foundation, Inc. are not included for the years ended June 30, 2011 and 2010, because they were not significant to their Institutions. The Higher Education Foundation is not included for the years ended June 30, 2011 and 2010, because it does not entirely or almost entirely benefit any one Institution and because it was not significant to the Fund. Blue Ridge Community and Technical College and Kanawha Valley Community and Technical College do not have related foundations. Tech Foundation, Inc. was not included for the years ended June 30, 2011 and 2010, because it was not significant to the Fund.

Complete financial statements for any discretely presented component unit foundation can be obtained by contacting the Business Office of the West Virginia Higher Education Policy Commission, 1018 Kanawha Boulevard, E, Suite 700, Charleston, WV 25301. See also Note 19.

16. OTHER DISCRETE COMPONENT UNITS

In addition to the Foundations included as discretely presented component units, the Fund has two other component units which are material and entirely or almost entirely for the benefit of the Fund's individual institutions as of each year end. Oversight of the other discrete component units is the responsibility of separate and independently elected Boards of Directors, not otherwise affiliated with the Fund.

17. AFFILIATED ORGANIZATIONS

The Fund has various separately incorporated affiliated organizations, including alumni and other associations. Oversight responsibility for these organizations rests with independent boards and management not otherwise affiliated with the Fund. Accordingly, the financial statements of these organizations are not included in the Fund's accompanying combined financial statements under the blended component unit requirements. They are not included in the Fund's accompanying financial statements as discretely presented component unit requirements as they are (1) not significant or (2) have dual purpose (i.e., not entirely or almost entirely for the benefit of the Fund).

18. CONTINGENCIES AND COMMITMENTS

Contingencies — The nature of the educational industry is such that, from time to time, claims will be presented against colleges and universities on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the Fund would not impact seriously on the financial status of the Fund.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, would not have a significant financial impact on the Fund's financial position.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the combined financial statements at June 30, 2011 or 2010.

The Fund and Institutions within the Fund own various buildings that are known to contain asbestos. The Fund is not required by federal, state, or local law to remove the asbestos from the buildings. The Fund is required by federal environmental, health, and safety regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The Fund also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

Commitments — West Virginia University has signed an agreement providing for the purchase of steam through the year 2030 from a nearby facility that commenced operations in late 1992. Under the agreement, West Virginia University has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted quarterly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. West Virginia University's total payments for steam purchased under the agreement were approximately $7.7 million and $7.8 million in 2011 and 2010, respectively. West Virginia University anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payments in future years will be dependent on actual operating costs and other cost indices in those years.

19. COMPONENT UNITS' DISCLOSURES

The following is an aggregation of the significant notes for the financial statements of the discretely presented component units:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations — The foundations are nonprofit organizations incorporated in the State of West Virginia. The primary purpose of the foundations is to provide assistance and support for the students, facilities, and programs of their respective institution. The other two component units are also nonprofit organizations — both incorporated in the State of West Virginia. Their primary purpose is also to support their respective institutions.

Basis of Presentation — Financial statement presentation follows the requirements of the FASB. In accordance with such requirements, the component units are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting — The financial statements of the component units are presented on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the component units and changes therein are classified and reported as follows:

Unrestricted Net Assets — Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets — Net assets subject to donor-imposed stipulations that will be met either by actions of the component units and/or the passage of time.

Permanently Restricted Net Assets — Net assets subject to donor-imposed stipulations that they be maintained permanently by the component units. Generally, the donors of these assets permit the

component units to use all or part of the income earned from related investments for general or specific purposes. Included in the permanently restricted net assets is a general scholarship account that has been funded by the board of directors designating investment gains to the account. The account is generally used for general scholarships and funding of operating expense shortfalls.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Custodial accounts representing funds held by the component units on behalf of an Institution and/or departments of the Institution are reported as custodial liabilities. The component units are responsible for the management and administration of these funds.

Investments — The component units account for their investments in accordance with generally accepted accounting principles. Under generally accepted accounting principles, investments are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. See separately issued component units financial statements for fair value disclosures. At June 30, 2011 and 2010, there were no material items classified as Level 3 in the fair value hierarchy.

Property and Equipment — Purchased assets are recorded at cost. Donated assets are recorded at their fair value at the date they are donated. Expenditures for replaced items are capitalized and the replaced items are retired. Maintenance and repairs are expensed as incurred. Depreciation is calculated primarily by the straight-line method over the estimated useful lives of the assets.

Gift Annuities — The assets received are recognized at fair value when received, and the gift annuity liabilities are recorded using the present value of future cash flows expected to be paid to the donors and are being amortized over the expected lives of the donors.

Contributions — Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable.

Endowments — See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2011 and 2010, there were no material reclasses among net asset classes nor were there material changes in the endowments.

PLEDGES RECEIVABLE

Pledges receivable represent amounts due to the foundations at their present value less allowance for uncollectible amounts.

INVESTMENTS

The component units' investment securities at June 30, 2011 and 2010, are composed of the following:

	2011												
	Bluefield State College Foundation, Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Liberty State College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
Cash and temporary investments	$ 410,000	$ 822,798	$ 24,439	$ -	$ -	$	$ 1,166,816	$ -	$ -	$ 596,055	$ -	$ -	$ 227,981
U.S. government securities	1,031,393	2,521,740					9,268,501	205,658	524,148	477,064		78,719	
Corporate and municipal bonds and notes	451,556	1,032,348				17,498,749	1,070,897		733,234	54,095		759,620	786,175
Mutual funds	280,644	12,499,600	4,933,493	11,731,720					8,295,936	124,151		3,369,265	5,510,367
Equity investments	5,492,222	6,474,933	8,813,240	255,913	11,800	64,893,770	11,799,023	1,661,465	814,929	1,050,039		124,332	747,881
Other	394,205	1,705,433		704,914		8,013,946	229,789	47,746	347,000	68,774	23,424		
	$8,060,020	$25,056,852	$13,771,172	$12,692,547	$ 11,800	$90,406,465	$23,535,026	$1,914,869	$10,715,247	$2,370,178	$23,424	$4,331,936	$7,272,404

	2010												
	Bluefield State College Foundation, Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Liberty State College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
Cash and temporary investments	$ 95,000	$ 1,388,660	$ 343,977	$ -	$ -	$ 346,589	$ 1,187,174	$ -	$ -	$ 400,044	$ -	$ 470,753	$ 243,568
U.S. government securities	1,114,163	2,742,647				6,397,113	9,363,193	622,188	341,881	529,970		454,391	
Corporate and municipal bonds and notes	230,986	722,406	1,418,431		22,803,440		1,061,208		716,167	52,458		369,923	535,194
Mutual funds	269,490	9,316,341	3,034,688	10,356,416					6,813,142	123,225		2,044,171	4,828,809
Equity investments	4,403,887	5,752,610	6,742,934	214,269	46,419,884		9,738,512	1,005,629	659,308	670,072		310,419	605,100
Other	390,285	1,451,398		704,914	6,836,967		140,794	147,233	356,278	58,747	23,311		
	$6,503,811	$21,374,062	$11,540,030	$11,275,599	$76,060,291	$ 6,743,702	$21,490,881	$1,775,050	$ 8,886,776	$1,834,516	$23,311	$3,649,657	$6,212,671

The component units' property, plant, and equipment at June 30, 2011 and 2010, consists of the following:

	2011									
	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.
Land and land improvements	$ 499,365	$ -	$ -	$ -	$ 1,642,000	$ -	$ -	$ -	$ -	$ 166,000
Buildings	4,710,547				10,771,635	77,340,285			2,285,211	1,276,425
Equipment	152,292	66,986	10,491	99,338	1,153,645	7,001,329	20,029	50,350	32,322	46,448
Accumulated depreciation	(850,064)	(64,642)	(555)	(79,863)	(690,525)	(3,317,898)	(15,958)	(50,049)	(782,148)	(593,853)
Net book value	$4,512,140	$ 2,344	$9,936	$19,475	$12,876,755	$81,023,716	$ 4,071	$ 301	$1,535,385	$ 895,020

	2010								
	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.
Land and land improvements	$ 499,365	$ -	$ -	$ 1,642,000	$ 1,734,683	$ -	$ -	$ -	$ 166,000
Buildings	4,714,694			10,820,563	76,700,360			2,285,211	1,276,425
Equipment	152,292	64,579	99,338	1,138,977	6,565,622	18,028	50,350	32,322	46,448
Accumulated depreciation	(667,386)	(63,045)	(66,760)	(303,505)	(5,459,894)	(13,630)	(49,705)	(723,712)	(559,105)
Net book value	$4,698,965	$ 1,534	$ 32,578	$13,298,035	$79,540,771	$ 4,398	$ 645	$1,593,821	$ 929,768

20. SUBSEQUENT EVENTS

On August 1, 2011, West Virginia University issued improvement revenue bonds ("2011A Bonds") in the amount of $12.7 million to finance the purchase of real and personal property, consisting of a multi-story apartment complex, known as "The Augusta on the Square" and the related costs of issuance. The 2011A Bonds are payable from the same pledged revenues as the West Virginia University 2004 revenue bonds.

The West Virginia University Board and the Commission approved separate resolutions at their June 3, 2011 and August 5, 2011 meetings, respectively, to issue improvement revenue bonds (the "WVU 2011 Bonds"), in the aggregate principal amount of $250.0 million. The proceeds from the WVU 2011 Bonds are intended to finance a portion of the costs of certain improvements at West Virginia University including reimbursement to West Virginia University for certain capital expenditures made prior to the issuance of the WVU 2011 Bonds and refinance certain tax-exempt lease purchase agreements entered into West Virginia University. The WVU 2011 Bonds will be equally secured by the same pledged revenues as the West Virginia University 2004 Revenue Bonds.

In November 2011, the Board of Governors of Marshall University issued $51,910,000 of University Revenue Bonds Series 2011 (the "MU 2011 Bonds") for the purpose of financing various capital improvement projects, paying capitalized interest on the MU 2011 Bonds, and paying related costs of issuance.

21. SEGMENT INFORMATION

Under the auspices of the State of West Virginia and former governing boards, the Fund issued revenue bonds to finance certain of its auxiliary enterprise activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment.

Descriptive information for each of the Fund's segments is shown below:

West Virginia University Board of Governors Auction Rate Certificates, Federally Taxable University Revenue Refunding, and Improvement Bonds 2004 Series A; University Revenue Refunding Bonds 2004 Series B; and the University Revenue Improvement Bonds 2004 Series C (Collectively, the "2004 Bonds") — On November 1, 2004, the West Virginia University Board of Governors (the "Board") issued $25,900,000 of the 2004 Series A Bonds. The 2004 Series A Bonds are being used (1) to advance refund the $13,710,000 State of West Virginia, University of West Virginia Board of Trustees, Dormitory Refunding Revenue Bond 1997 Series A, and the $3,250,500 State of West Virginia, University of West Virginia Board of Trustees, Refunding Revenue Bonds 1997 Athletic Facilities Series A; (2) to finance a portion of the costs of certain capital projects at West Virginia University, including reimbursement to West Virginia for certain capital expenditures made prior to the issuance of the 2004 Series A Bonds; and (3) to pay all or a portion of the costs relating to the issuance of the 2004 Series A Bonds.

On November 1, 2004, the Board also issued 2004 Series B and C Bonds in the amounts of $55,430,000. The 2004 Series B Bonds are being used (1) to advance refund the $4,250,000 State of West Virginia, University of West Virginia Board of Trustees, Revenue Bonds 1997 Athletic Facilities Series B; the $10,735,000 State of West Virginia, University of West Virginia Board of Trustees, Dormitory Revenue Bonds 1997 Series B; the $3,000,000 State of West Virginia, University of West Virginia Board of Trustees, Refunding Revenue Bonds 1997 Student Union Series A; and the $38,000,000 State of West Virginia, University of West Virginia Board of Trustees, Revenue Bonds 1997 Student Union Series B, and (2) to pay the costs of issuance of the 2004 Series B Bonds.

The 2004 Series C Bonds are being used to finance a portion of the costs of certain improvements at West Virginia University, including capitalized interest and reimbursement to West Virginia University for certain capital expenditures made prior to the issuance of the 2004 Series C Bonds, and to pay the cost of issuance.

The 2004 Bonds are limited obligations of the Board, payable from and secured by a pledge of Fees and Gross Operating Revenues received by the Board, any interest earnings thereon and on the funds and accounts held by the Bond Trustee, and the funds representing capitalized interest. Fees include Institutional Capital Fees, Auxiliary Fees, and Auxiliary Capital Fees. Gross Operating Revenues include all rent fees, charges, and other income received by or accrued to West Virginia University from the operation and use of the Auxiliary Facilities. The 2004 Bonds are also payable from (but not secured by) other moneys legally available to be used for such purposes.

Board of Governors of Marshall University, University Refunding Revenue Bonds, Series 2010 — In November 2010, the Board sold $37,140,000 of Marshall University Refunding Revenue Bonds, Series 2010 (the "2010 Bonds"). The 2010 Bonds were issued under the authority contained in Article 10, Chapter 18B of the Code of West Virginia, 1931, as amended, and the 2010 Bonds will be secured pursuant to an indenture dated as of November 1, 2010, by and between the Trustee. The 2010 Bonds are secured by and payable from auxiliary fees as defined in the Indenture. The proceeds of the 2010 Bonds are being used to (1) advance refund $40,690,000 of State of West Virginia, Higher Education Interim Governing Board, University Facilities Revenue Bonds, Series 2001A and (2) pay the costs of issuance of the 2010 Bonds. The issuance of the 2010 Bonds resulted in a savings of $1.7 million that will be realized on the first two years of the bond amortization schedule via reduced payments.

State of West Virginia, Higher Education Interim Governing Board, Marshall University Facilities Revenue Bonds, 2001 Series A — In June 2001, the Board sold $46,610,000 of revenue bonds, Marshall University Facilities 2001 Series A (the "2001 Bonds"). The 2001 Bonds are secured by and payable from the revenues of the dormitories and parking facilities, and certain funds held under the Indenture. The proceeds of the 2001 Bonds are being used (1) to finance a portion of the costs of acquisition, construction and equipping of a new student housing complex and parking facilities at the University and renovations and improvements to existing dormitories at the University; (2) to fund capitalized interest on the 2001 Bonds; (3) to fund debt service reserves for the 2001 Bonds; and (4) to pay a portion of the costs of issuance of the 2001 Bonds. These bonds were paid off with the issuance of the 2010 Bonds.

The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds, Glenville State College Housing Corporation Project (the "Corporation"), Series 2000A — In September 2001, the Corporation sold $4,990,000 of revenue bonds, 2000 Housing Facilities Series A Bonds. The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to pay all or part of the cost of constructing two ten-story apartment buildings, each containing four units to be used as student housing and (2) to pay a portion of the cost of issuing the bonds.

In June 2011, the Corporation took advantage of an opportunity to refinance the 2000 Housing Facilities Series A Bonds at a more favorable interest rate. The 2011 Housing Facilities Series A Bonds were issued without extending the original maturity date of the 2000 Series Bonds.

Board of Governors of Glenville State College, Facilities Improvement Revenue Bonds, Series 2006 — In November 2006, Glenville State College sold $1,500,000 of revenue bonds, 2006 Facilities Improvement Revenue Bonds, Series 2006. The bonds are secured by and payable from the revenues of Glenville State College's auxiliary and auxiliary capital fee and certain funds held under the Indenture. The proceeds of the 2006 Bonds are being used (1) to finance all or part of the cost of renovating the student center (Mollohan Campus Community Center), (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

Board of Governors of Glenville State College, Student Fee Revenue Bonds, Glenville State College Science Building Project, Series 2007 — In December 2007, Glenville State College sold $4,125,000 of revenue bonds, 2007 Student Fee Revenue Bonds, Series 2007. The bonds are secured by and payable from the revenues of Glenville State College education and general capital fees and certain funds held under the Indenture. The proceeds of the bonds are being used (1) to finance all or part of the cost of renovating the science building, (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds, Glenville State College Housing Corporation Project, Series 2009A — In December 2009, Glenville State College sold $25,500,000 of Commercial Development Revenue Bonds, Housing Facilities Series 2009 Bonds. The bonds are secured by and payable from the revenues of Glenville State College's student housing facilities and certain funds held under the Indenture. The proceeds of the bonds are being used (1) to pay all or part of the cost of constructing a 484-bed student residence hall and (2) to pay a portion of the cost of issuing the bonds.

Fairmont State College Facilities Revenue Bonds 2002 and 2003, Series A — On August 1, 2002, Fairmont State issued College Facilities Revenue Bonds 2002, Series A (the "2002A Bonds") amounting to $18,170,000. The 2002A Bonds were issued to (1) finance the costs of acquisition of student housing facilities, consisting of an existing 113-unit apartment complex, (2) to finance the costs of design, acquisition and construction of a new, approximately 1,000 space motor vehicle parking facility, (3) to establish a debt service reserve fund for the 2002A Bonds, (4) to capitalize interest on the 2002A Bonds, and (5) to pay the cost of issuance of the 2002A Bonds and related costs.

On March 1, 2003, Fairmont State issued College Facilities Revenue Bonds 2003, Series A (the "2003A Bonds") amounting to $13,320,000. The 2003A Bonds were issued to (1) finance the costs of design, acquisition, construction, and equipping of a new dormitory facility anticipated to include approximately 400 units, (2) to make a deposit to the debt service reserve fund for the 2003A Bonds, (3) to capitalize interest on the 2003A Bonds, and (4) to pay the costs of issuance of the 2003A Bonds and related costs.

Fairmont State Infrastructure Revenue Bonds 2002, Series B — On August 1, 2002, Fairmont State issued Infrastructure Revenue Bonds 2002, Series B (the "2002B Bonds") amounting to $9,310,000. The 2002B Bonds were issued to (1) finance the costs of acquisition and construction of improvements to the campus infrastructure and utilities, including the entranceways to Fairmont State and the roads surrounding Fairmont State, and electrical, water and sewage systems, and (2) to pay the costs of issuance of the 2002B bonds and related costs.

Fairmont State Student Activity Revenue Bonds 2003, Series B — On March 1, 2003, Fairmont State issued Student Activity Revenue Bonds (the "2003B Bonds") amounting to $22,925,000. The 2003B Bonds were issued to (1) finance the costs of designing, acquisition, construction, and equipping a new student activities center (including demolition of an existing dining facility) to be located on the campus of Fairmont State, (2) to capitalize interest on the 2003B Bonds during reasonable time after the construction of the Project, and (3) to pay the costs of issuance of the 2003B Bonds and related costs.

Fairmont State Facilities Improvement Revenue Bonds, 2006 Series — On May 9, 2006, Fairmont State issued Facilities Improvement Revenue Bonds (the "2006 Bonds") amounting to $8,500,000. The 2006 Bonds were issued to (1) finance the design, acquisition, construction, and equipping of certain necessary improvements in the facilities of the main campus of Fairmont State University, including, but not limited to, a technology wing addition/renovation and elevator/HVAC improvements to infrastructure improvements, all of which will be owned by the Board and (2) pay the costs of issuance of the 2006 Bonds and related costs.

State of West Virginia, Shepherd University, Student Fee Revenue Bonds, Series 2003 — In January 2003, $5,990,000 of Shepherd University Student Fee Revenue Bonds, Series 2003 were sold. These bonds were issued to (1) finance the costs of planning, designing, acquiring equipment and constructing of certain capital improvements, including the Field House, the expansion and improvement of the Arts Center, a new parking lot and other capital renovations, repairs and improvements, (2) to establish a debt serve reserve fund, (3) to establish a capitalized interest fund to pay interest on these bonds due on December 1, 2003, and (4) to pay the costs of issuance of the bonds and related costs.

State of West Virginia, Shepherd University, Infrastructure Revenue Bonds, Series 2004 — In September 2004, $3,405,000 of Shepherd University Infrastructure Revenue Bonds, Series 2004 were sold. These bonds were issued to (1) finance the costs of planning, design, acquisition, construction, and equipping of certain capital improvements for Shepherd University, including certain roads, water and sewer system expansion, extensions and improvements and other infrastructure projects on the West Campus of Shepherd University and other capital renovations and improvements to Shepherd University's campus, and (2) to pay the costs of issuance of these bonds and related costs.

State of West Virginia, Shepherd University, Residence Facilities Revenue Bonds, Series 2005 — In May 2005, $22,925,000 of Shepherd University Revenue Bonds (Shepherd University Residence Facilities Projects) Series 2005 were sold. These bonds were issued to (1) finance the costs of planning, design, acquisition, construction, and equipping of a 300-bed apartment style residence complex on the West Campus of Shepherd University; (2) fund capitalized interest on the Series 2005 Bonds to January 1, 2007; (3) refund the Issuer's $1,865,000 University Facilities Revenue Notes, Series 2004A, which were issued to finance temporarily a portion of the costs of planning, design, acquisition, construction, and equipping of certain renovations and improvements to Shaw Hall and Thatcher Hall and other capital renovations and improvements to Shepherd University's residence facilities pending issuance of the Series 2005 Bonds; and (4) to pay the costs of issuance of the Series 2005 bonds.

State of West Virginia, Shepherd University, Wellness Center Facilities Revenue Bonds, Series 2007 — In October 2007, $20,090,000 of Shepherd University Wellness Center Revenue Bonds, Series 2007 were sold. The bonds were issued to finance the costs of planning, design, acquisition, construction, and equipping of a new wellness center on the Shepherd University's campus and other capital improvements for use by Shepherd University; and to pay the costs of issuance of the bonds and related costs.

State of West Virginia, West Virginia State College, Student Union Revenue Bonds, 2002 Series A — On August 1, 2002, the West Virginia State College issued Student Union Revenue Bonds 2002 Series A, of serial and term bonds in the amount of $5,500,000. The bonds were issued to (1) finance the costs of renovation of, construction of an addition to and acquisition of equipment for the College Union, (2) to establish a debt service reserve fund, and (3) to pay the costs of issuance of the Bonds and related costs.

Board of Governors of West Liberty State College, Capital Improvements, 2003 Series A, B, and C — On September 3, 2003, the West Liberty State College issued Dormitory Revenue Bonds 2003 Series A, amounting to $8,870,000. The bonds were issued (1) to finance certain capital improvements consisting of repairs and renovations to West Liberty State College's (the "College") existing residence halls, including electrical upgrades, renovations of bathrooms, roof repairs, acquisition of new furniture, and upgrades to elevators; (2) to fund a Debt Service Reserve Fund for the 2003 Series A Bonds; and (3) to pay costs of issuance of the 2003 Series Bonds and related costs.

On September 3, 2003, the West Liberty State College issued College Union Revenue Bonds 2003 Series B, amounting to $1,145,000. The bonds were issued (1) to finance certain capital improvements consisting of improvements to the College's existing student union building located on the campus of the College known as the "College Union," including improvements to existing offices and meeting areas, the upgrading of entryways and façades, and parking lot and walking area upgrades, (2) to fund a Debt Service Reserve Fund for the 2003 Series B Bonds, and (3) to pay costs of issuance of the 2003 Series B Bonds and related costs.

On September 3, 2003, the West Liberty State College issued Capital Improvement Revenue Bonds 2003 Series C, amounting to $3,890,000. The bonds were issued (1) to finance certain capital improvements consisting of constructing a new communications wing and structural repairs to the roof and south façade of the College's Hall of Fine Arts, and to make certain improvements to roads, sidewalks, and parking areas on the College's campus, (2) to fund a Debt Service Reserve Fund for the 2003 Series C Bonds, and (3) to pay costs of issuance of the 2003 Series C Bonds and related costs.

Condensed financial information for the Fund's segments as of June 30, 2011 and 2010, is as follows (dollars in thousands):

	2011																
	WVU 2004 Auxiliaries	Marshall Revenue Series 2010	Glenville Housing Series A	Glenville 2006 Facilities	Glenville 2007 Student Fees	Glenville 2008 Revenue	Fairmont Facilities 2002 and 2003 Series A	Fairmont Infrastructure 2002 Series B	Fairmont Student Activity 2003 Series B	Fairmont Improvement Series 2006	Shepherd 2003 Student Fee	Shepherd Infrastructure 2004	Shepherd Residence Facilities 2005	Shepherd Wellness Center 2007	WV State 2002 Student Union Series A	West Liberty Capital Improvements 2003 Series A, B & C
CONDENSED STATEMENT OF NET ASSETS:																
Assets:																
Current assets	$ 39,566	$ 6,509	$ 357	$ 662	$ 840	$ 821	$ 3,762	$ 1,426	$ 3,494	$ -	$1,201	$ 475	$ 6,810	$ 758	$ 87	$ 3,462
Noncurrent assets	447,236	42,245	8,093	8,981	9,433	26,393	30,518	8,137	22,762	8,323	4,235	2,390	21,145	19,277	5,715	12,631
Total assets	$ 486,802	$ 48,754	$8,450	$9,643	$10,273	$27,214	$34,280	$ 9,563	$26,256	$8,323	$5,436	$2,865	$27,955	$20,035	$5,802	$16,093
Liabilities:																
Current liabilities	$ 26,717	$ 3,870	$ 110	$ 63	$ 75	$ 129	$ 926	$ 273	$ 785	$ 391	$ 151	$ 158	$ 1,196	$ 521	$ 277	$ 513
Noncurrent liabilities	238,395	39,100	6,280	1,205	3,769	27,143	26,176	7,346	19,550	6,635	5,031	2,295	21,500	17,836	3,304	10,428
Total liabilities	265,112	42,970	6,390	1,268	3,844	27,272	27,102	7,619	20,335	7,026	5,182	2,453	22,696	18,357	3,581	10,941
Net assets (deficit):																
Invested in capital assets — net of related debt	247,750	3,439	1,725	7,717	5,178	(1,459)	926	562	2,333	1,297	(1,478)	(124)	(1,286)	710	1,681	634
Restricted	1	6	30	-	411	599	2,107	1,382	3,588		531	61	270	276	479	1,109
Unrestricted	(26,061)	2,339	305	658	840	802	4,145				1,201	475	6,275	692	61	3,409
Total net assets	221,690	5,784	2,060	8,375	6,429	(58)	7,178	1,944	5,921	1,297	254	412	5,259	1,678	2,221	5,152
TOTAL	$ 486,802	$ 48,754	$8,450	$9,643	$10,273	$27,214	$34,280	$ 9,563	$26,256	$8,323	$5,436	$2,865	$27,955	$20,035	$5,802	$16,093
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS:																
Operating:																
Operating revenues	$ 129,078	$ 16,917	$ 957	$ 525	$ 447	$ 1,222	$ 5,585	$ 1,938	$ 4,201	$ 630	$ 470	$ 335	$15,439	$ 2,454	$ 872	$10,350
Operating expenses	(107,599)	(13,394)	(587)	(505)	(200)	(894)	(2,957)	(826)	(1,905)		(172)	(235)	(13,745)	(1,629)	(682)	(5,878)
Other																
Net operating income	21,479	3,523	370	20	247	328	2,628	1,112	2,296	630	298	100	1,694	825	190	4,472
Nonoperating:																
Transfers (to) from Institution	(26,226)	3,579														(2,732)
Nonoperating revenues	14,016	325	452			6	51	1	6		19		12			6
Nonoperating expenses	(15,984)	(1,643)	(427)	(56)	(182)	(469)	(1,973)	(1,052)	(1,624)	(616)	(261)	(105)	(1,026)	(864)	(193)	(921)
(DECREASE) INCREASE IN NET ASSETS	(6,715)	5,784	395	(36)	65	(135)	706	61	678	14	56	(5)	680	(39)	(3)	825
NET ASSETS — Beginning of year	228,405		1,665	8,411	6,364	77	6,472	1,883	5,243	1,283	198	417	4,579	1,717	2,224	4,327
NET ASSETS — End of year	$ 221,690	$ 5,784	$2,060	$8,375	$ 6,429	$ (58)	$ 7,178	$ 1,944	$ 5,921	$1,297	$ 254	$ 412	$ 5,259	$ 1,678	$2,221	$ 5,152
CONDENSED STATEMENT OF CASH FLOWS:																
Net cash provided by operating activities	$ 10,427	$ 6,147	$ 549	$ 112	$ 443	$ 785	$ 2,608	$ 1,053	$ 2,104	$ -	$ 468	$ 334	$ 2,781	$ 1,309	$ 369	$ 4,472
Net cash (used in) provided by capital financing activities	(5,716)	207	(392)	(113)	(256)	(700)	(2,211)	(855)	(1,548)		(632)	(250)	(3,162)	(2,511)	(435)	(3,819)
Net cash provided by investing activities	8		-	-	-	-	9	1	6		261		1,057	1,279		
INCREASE (DECREASE) IN CASH	4,719	6,354	157	(1)	187	85	406	199	562	-	97	84	676	77	(66)	653
CASH — Beginning of year	30,861 *	*	182 *	537 *	648 *	1,299 *	5,174 *	1,202 *	2,550 *	*	1,098	384	5,364	655	153	2,809
CASH — End of year	$ 35,580 *	$ 6,354 *	$ 339 *	$ 536 *	$ 835 *	$ 1,384 *	$ 5,580 *	$ 1,401 *	$ 3,412 *	$ - *	$1,195	$ 468	$ 6,040	$ 732	$ 87	$ 3,462

* The cash of WVU, Marshall, Glenville, and Fairmont includes current and noncurrent cash.

	2010															
	WVU 2004 Auxiliaries	Marshall 2001 Facilities Series A	Glenville Housing Series A	Glenville 2006 Facilities	Glenville 2007 Student Fees	Glenville 2008 Revenue	Fairmont Facilities 2002 and 2003 Series A	Fairmont Infrastructure 2002 Series B	Fairmont Student Activity 2003 Series B	Fairmont Improvement Series 2006	Shepherd 2003 Student Fee	Shepherd Infrastructure 2004	Shepherd Residence Facilities 2006	Shepherd Wellness Center 2007	WV State 2002 Student Union Series A	West Liberty Capital Improvements 2003 Series A, B & C
CONDENSED STATEMENT OF NET ASSETS:																
Assets:																
Current assets	$ 31,203	$ 8,391	$ -	$ 547	$ 648	$ -	$ 3,343	$ 1,082	$ 2,791	$ -	$1,102	$ 389	$ 6,566	$ 672	$ 154	$ 2,809
Noncurrent assets	437,318	44,733	8,227	9,190	9,633	18,409	30,966	8,630	23,331	8,641	4,404	2,626	21,751	19,782	5,876	12,887
Total assets	$ 468,521	$ 53,124	$8,227	$9,737	$10,281	$18,409	$34,309	$ 9,712	$26,122	$8,641	$5,506	$3,015	$28,317	$20,454	$6,030	$15,696
Liabilities:																
Current liabilities	$ 39,336	$ 3,351	$1,803	$ 62	$ 72	$ -	$ 891	$ 262	$ 709	$ 381	$ 147	$ 154	$ 1,635	$ 516	$ 257	$ 489
Noncurrent liabilities	200,780	40,304	4,759	1,264	3,845	18,332	26,946	7,567	20,170	6,977	5,161	2,444	22,103	18,221	3,549	10,880
Total liabilities	240,116	43,655	6,562	1,326	3,917	18,332	27,837	7,829	20,879	7,358	5,308	2,598	23,738	18,737	3,806	11,369
Net assets (deficit):																
Invested in capital assets — net of related debt	234,125	4,043	1,564	7,870	5,306	(1,222)	623	687	2,292	1,283	(1,435)	(39)	(1,280)	832	1,604	462
Restricted	8	82	207		410	1,299	5,849	1,196	2,951		531	66	284	288	479	1,109
Unrestricted	(5,728)	5,344	(106)	541	648						1,102	390	5,575	597	141	2,756
Total net assets	228,405	9,469	1,665	8,411	6,364	77	6,472	1,883	5,243	1,283	198	417	4,579	1,717	2,224	4,327
TOTAL	$ 468,521	$ 53,124	$8,227	$9,737	$10,281	$18,409	$34,309	$ 9,712	$26,122	$8,641	$5,506	$3,015	$28,317	$20,454	$6,030	$15,696
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS:																
Operating:																
Operating revenues	$ 125,188	$ 14,991	$ 961	$ 276	$ 403	$ 77	$ 5,388	$ 2,067	$ 5,999	$ 631	$ 458	$ 329	$14,608	$ 2,367	$ 933	$ 9,431
Operating expenses	(111,076)	(12,965)	(439)	(501)	(200)		(2,697)	(1,104)	(3,767)		(173)	(235)	(13,240)	(1,812)	(193)	(5,562)
Other																
Net operating income (loss)	14,112	2,026	522	(225)	203	77	2,691	963	2,232	631	285	94	1,368	555	740	3,869
Nonoperating:																
Transfers (to) from Institution	(7,257)	14	-													
Nonoperating revenues	13,435	179	675				53	20	5		12		16			10
Nonoperating expenses	(13,701)	(2,159)	(313)	(58)	(186)		(1,994)	(1,050)	(1,643)	(617)	(266)	(110)	(1,045)	(880)	(202)	(3,114)
INCREASE (DECREASE) IN NET ASSETS	6,589	60	884	(283)	17	77	750	(67)	594	14	31	(16)	339	(325)	538	765
NET ASSETS — Beginning of year	221,816	9,409	781	8,694	6,347		5,722	1,950	4,649	1,269	167	433	4,240	2,042	1,686	3,562
NET ASSETS — End of year	$ 228,405	$ 9,469	$1,665	$8,411	$ 6,364	$ 77	$ 6,472	$ 1,883	$ 5,243	$1,283	$ 198	$ 417	$ 4,579	$ 1,717	$2,224	$ 4,327
CONDENSED STATEMENT OF CASH FLOWS:																
Net cash provided by operating activities	$ 20,797	$ 3,948	$ 722	$ 104	$ 403	$ -	$ 2,569	$ 1,034	$ 2,030	$ -	$ 458	$ 329	$ 2,011	$ 1,242	$ 874	$ 3,868
Net cash (used in) provided by capital financing activities	(23,342)	(3,187)	(771)	(113)	(255)	1,299	(2,169)	(906)	(1,550)	(154)	(608)	(241)	(3,494) 1,079	(2,106)	(816)	(3,261)
Net cash provided by investing activities	118	-	-				9		5		266			865		
(DECREASE) INCREASE IN CASH	(2,427)	761	(49)	(9)	148	1,299	409	128	485	(154)	116	88	(404)	1	58	607
CASH — Beginning of year	33,288	10,660	231	546	500		4,765	1,074	2,065	154	982	296	5,768	654	95	2,202
CASH — End of year	$ 30,861	$ 11,421	$ 182	$ 537	$ 648	$ 1,299	$ 5,174	$ 1,202	$ 2,550	$ -	$1,098	$ 384	$ 5,364	$ 655	$ 153	$ 2,809

* The cash of WVU, Marshall, Glenville, and Fairmont includes current and noncurrent cash.

22. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30, 2011 and 2010, the following tables represent operating expenses within both natural and functional classifications (dollars in thousands):

	2011							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Other	Total
Instruction	$330,622	$126,600	$ 55,155	$ 350	$ 126	$ -	$ 1,778	$ 514,631
Research	78,220	40,435	49,621	1,148	15			169,439
Public service	50,379	16,301	29,006	368	92		28	96,174
Academic support	51,498	19,121	21,944	179			185	92,927
Student services	44,937	18,165	21,620	37	1,294			86,053
Operations and maintenance of plant	39,446	21,136	38,322	35,108	7		51	134,070
General institutional support	101,261	38,117	63,353	778	631		59	204,199
Total education and general	696,363	279,875	279,021	37,968	2,165	-	2,101	1,297,493
Student financial aid	84				131,925		1	132,010
Auxiliary enterprises	65,118	19,333	79,904	14,258	1		90	178,704
Depreciation						92,108		92,108
Administration of leasing activities	58	15	6,592	3,729				10,394
Other							1,974	1,974
Total	$761,623	$299,223	$365,517	$55,955	$134,091	$92,108	$4,166	$1,712,683

	2010							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Other	Total
Instruction	$320,659	$124,354	$ 51,344	$ 374	$ 175	$ -	$ 1,859	$ 498,765
Research	74,897	36,737	48,518	1,374	22			161,548
Public service	49,932	16,026	30,063	230	63		31	96,345
Academic support	48,918	18,882	19,491	178	1		135	87,605
Student services	42,941	17,183	20,309	33	1,011		6	81,483
Operations and maintenance of plant	38,927	21,154	39,537	33,759	7		66	133,450
General institutional support	96,741	38,911	56,467	364	911		60	193,454
Total education and general	673,015	273,247	265,729	36,312	2,190	-	2,157	1,252,650
Student financial aid					115,175			115,175
Auxiliary enterprises	60,470	21,322	80,995	13,023			64	175,874
Depreciation						89,780		89,780
Other			203				3,839	4,042
Total	$733,485	$294,569	$346,927	$49,335	$117,365	$89,780	$6,060	$1,637,521

* * * * * *

ADDITIONAL INFORMATION

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING NET ASSETS INFORMATION
AS OF JUNE 30, 2011
(Dollars in thousands)

ASSETS	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
CURRENT ASSETS:			
Cash and cash equivalents	$ 491,281	$ 13,685	$ 504,966
Short-term investments		19,923	19,923
Appropriations due from Primary Government	15,930		15,930
Accounts receivable — net	80,915	6,583	87,498
Loans receivable — current portion	7,340	41	7,381
Other current assets	4,465	725	5,190
Inventories	4,732		4,732
Total current assets	604,663	40,957	645,620
NONCURRENT ASSETS:			
Cash and cash equivalents	181,314	16,614	197,928
Investments	133,761	170,169	303,930
Appropriations due from Primary Government	7,759		7,759
Loans receivable — net of allowance of $11,241	50,588	8	50,596
Other assets	19,831	30,577	50,408
Capital assets — net	2,061,272	101,816	2,163,088
Total noncurrent assets	2,454,525	319,184	2,773,709
TOTAL	$3,059,188	$360,141	$3,419,329

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING NET ASSETS INFORMATION
AS OF JUNE 30, 2011
(Dollars in thousands)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	$ 61,381	$ 581	$ 61,962
Due to State of West Virginia	216		216
Accrued liabilities	49,218	8,860	58,078
Deferred revenue	84,120		84,120
Deposits/custodial/annuity liabilities	6,293	923	7,216
Other liabilities — current portion	607		607
Compensated absences — current portion	39,411		39,411
Notes payable — current portion	1,552	70	1,622
Capital lease obligations — current portion	12,417		12,417
Interest payable	7,560	36	7,596
Bonds payable — current portion	28,085	1,014	29,099
Total current liabilities	290,860	11,484	302,344
NONCURRENT LIABILITIES:			
Advances from federal sponsors	41,396		41,396
Compensated absences	3,480		3,480
Notes payable	30,311	3,553	33,864
Capital lease obligations	55,875		55,875
Deferred interest payable	34,012	647	34,659
Bonds payable	777,977	100,435	878,412
Other post employment benefit liability	198,611		198,611
Other noncurrent liabilities	33,324	8,532	41,856
Total noncurrent liabilities	1,174,986	113,167	1,288,153
Total liabilities	1,465,846	124,651	1,590,497
NET ASSETS (DEFICIT):			
Invested in capital assets — net of related debt	1,284,521	3,909	1,288,430
Restricted for:			
Expendable:			
Scholarships	12,266	31,438	43,704
Sponsored projects	70,691	15,300	85,991
Loans	25,501		25,501
Capital projects	66,832	5,270	72,102
Debt service	9,087	3	9,090
Other	4,025	4,284	8,309
Total restricted expendable	188,402	56,295	244,697
Nonexpendable	15,427	160,669	176,096
Unrestricted	104,992	14,617	119,609
Total net assets	1,593,342	235,490	1,828,832
TOTAL	$3,059,188	$360,141	$3,419,329

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
OPERATING REVENUES:			
Student tuition and fees — net of scholarship allowance of $146,391	$ 488,616	$ -	$ 488,616
Gift and contributions		27,300	27,300
Federal and local land grants	11,335		11,335
Contracts and grants:			
Federal	178,099	255	178,354
State	45,924	6	45,930
Local	3,103		3,103
Private	66,297	455	66,752
Interest on student loans receivable	1,168		1,168
Sales and services of educational activities	25,519		25,519
Auxiliary enterprise revenue — net of scholarship allowance of $20,915	204,587		204,587
Other operating revenues	26,273	10,608	36,881
Total operating revenues	1,050,921	38,624	1,089,545
OPERATING EXPENSES:			
Salaries and wages	761,623	3,193	764,816
Benefits	299,223	527	299,750
Supplies and other services	365,517	4,970	370,487
Utilities	55,955	352	56,307
Student financial aid — scholarships and fellowships	134,091	7,754	141,845
Depreciation	92,108	4,147	96,255
Other operating expenses	4,166	8,966	13,132
Total operating expenses	1,712,683	29,909	1,742,592
OPERATING (LOSS) INCOME	(661,762)	8,715	(653,047)

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
NONOPERATING REVENUES (EXPENSES):			
State appropriations	$ 474,805	$ -	$ 474,805
State fiscal stabilization funds (federal)	28,331		28,331
Federal Pell grants	154,887		154,887
Gifts	21,961		21,961
Investment income — net	13,032	36,035	49,067
Interest on indebtedness	(45,882)	(3,534)	(49,416)
Payments to other institutions	(15,382)		(15,382)
Other nonoperating expenses — net	778	274	1,052
Net nonoperating revenues	632,530	32,775	665,305
(LOSS) INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(29,232)	41,490	12,258
CAPITAL GRANTS AND GIFTS	63,375	895	64,270
CAPITAL BOND PROCEEDS FROM THE STATE	25,784		25,784
STATE CAPITAL GRANTS (FEDERAL)	11,994		11,994
INCREASE IN NET ASSETS	71,921	42,385	114,306
NET ASSETS — Beginning of year	1,521,421	193,105	1,714,526
NET ASSETS — End of year	$ 1,593,342	$235,490	$ 1,828,832

(Concluded)

APPENDIX D

INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION

The Commission is the successor to the University of West Virginia Board of Trustees (the "Board of Trustees") and the Board of Directors of the State College System (the "Board of Directors"). The Commission and its successors have adopted resolutions concerning the issuance of the Prior Bonds, as discussed herein.

The Board of Trustees and the Board of Directors were previously created as the successors to the powers, duties and authorities of the West Virginia Board of Regents as such related to higher education, and each valid agreement and obligation of the West Virginia Board of Regents related to higher education for the state university system became the agreements and obligations of the Board of Trustees. The Board of Trustees was responsible for the general determination, control, supervision and management of the financial, business and educational policies and affairs of the state university system (the "State University System") and the Board of Directors was responsible for the general determination, control, supervision and management of the financial, business and educational policies and affairs of the state college system (the "State College System").

On March 19, 2000, the West Virginia Legislature enacted Senate Bill No. 653 ("S.B. 653"), which restructured higher education in West Virginia. S.B. 653 was effective ninety days from passage (June 18, 2000). S.B 653 abolished the Board of Trustees and the Board of Directors, effective June 30, 2000, and replaced them with a transition-year board, the West Virginia Higher Education Interim Governing Board (the "Interim Governing Board"). The Interim Governing Board was granted all powers, duties and authorities of the Board of Trustees and the Board of Directors, respectively, and there was transferred to the Interim Governing Board each valid agreement and obligation previously transferred or invested in the Board of Trustees and the Board of Directors. S.B. 653 also created the Commission.

Effective July 1, 2001, certain powers transferred to the Interim Governing Board were transferred to the newly created governing boards of each of the institutions of higher education (the "Governing Boards"). Each Governing Board has the duty to manage the financial, business and education policies and affairs of a given University or College under specific functions and responsibilities to meet its higher education needs, the duty to prepare and submit the respective University's or College's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at a given University or College, subject to approval and limited oversight by the Commission.

On March 13, 2004, the West Virginia Legislature enacted legislation granting greater responsibility to the Council for Community and Technical College Education (the "Council") over community and technical college education offered by the public higher education institutions and separated the State's community and technical college institutions from the baccalaureate and graduate institutions. The Commission and Council were directed to work collaboratively in many areas relating to the provision of community and technical college education and in the adoption of

rules. Though the Council is now responsible for approving tuition and fees for institutions under its jurisdiction, the Commission remains responsible for debt repayment and capital project initiatives and all previous revenues pledged remain under the Commission's control.

On March 21, 2004, the West Virginia Legislature enacted House Bill 101 ("HB 101") which amended portions of the Act with respect to fees to be charged to students at Institutions of Higher Education in West Virginia (the "Institutions") and consolidated a variety of fees (including tuition and registration fees that are pledged as Revenues under the Resolution) into several discrete categories. Pursuant to HB 101, such fees are consolidated (along with other fees) into the required educational and general capital fees category, provided, however, that HB 101 requires that the registration and tuition fees previously charged by the Institutions to support the Prior Bonds that were issued prior to the effective date of HB 101 (March 21, 2004) remain in effect in amounts not less than the amounts in effect as of such effective date until such Prior Bonds are no longer outstanding. Under the Resolution, the Commission has amended the definition of Revenues to add all of that component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004.

Pursuant to the Act, each Governing Board is empowered to fix educational and general capital fees (of which a component portion represents fees previously classified as registration and tuition fees), from students at the State Public Institutions of Higher Education, which formerly constituted the State University System and the State College System. All required educational and general capital fees collected under the Act from students at such State Institutions of Higher Education are required to be paid directly into separate funds in the State Treasury (sometimes referred to herein as the "capital improvement funds") and the Commission has pledged an amount equal to the previously classified registration and tuition fee component of the required educational and general capital fee to the payment of the 2012 Series Bonds, any Additional Bonds and the Prior Bonds (collectively hereinafter sometimes referred to herein as the "Bonds") all as more particularly provided for in the General Resolution and further described herein.

Notwithstanding the foregoing (i) required educational and general capital fees comprising tuition fees collected at West Virginia University Health Sciences Center; (ii) required educational and general capital fees comprising tuition and registration fees collected from students enrolled in West Virginia University graduate level extension and graduate level off-campus courses for credit taught off the campus of West Virginia University; (iii) required educational and general capital fees comprising tuition fees collected at West Virginia University at Parkersburg, (iv) Potomac State College of West Virginia University; (v) Southern West Virginia Community and Technical College; (vi) Eastern West Virginia Community and Technical College; and (vii) West Virginia Northern Community and Technical College are not required to be deposited in the capital improvement funds and are therefore not pledged for the payment of the Bonds.

The Commission has covenanted in the General Resolution that no other bonds or other obligations superior to or on parity with the lien of the 2012 Series Bonds other than with respect to a Series of Additional Bonds shall be issued and secured by the pledge of Revenues paid into the capital improvement funds.

On October 13, 2004, the West Virginia Legislature, by adoption of Senate Concurrent Resolution 1001, authorized the payment of debt service on revenue bonds for capital improvements for institutions of higher education from excess lottery revenues under Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931, as amended (the "Lottery Act"). In accordance with the Concurrent Resolution, the Commission has pledged the funds deposited on or after July 1, 2004 in the higher education improvement fund created under the Lottery Act to the payment of the 2004 Series Bonds, any Additional Bonds and the Prior Bonds. Payment of debt service on Bonds from such funds shall, to the extent payable from excess lottery revenues, be junior and subordinate to the payment of debt service on those certain West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable) Series 2004. See APPENDIX E – "WEST VIRGINIA LOTTERY" herein.

On March 13, 2010, the West Virginia Legislature enacted Senate Bill 612, which increased the amount deposited annually in the Higher Education Improvement Fund, created under the Lottery Act, from $10 million to $15 million. The Commission pledged those funds toward the payment of certain Prior Bonds.

The Commission and its predecessors, as applicable, have issued bonds pursuant to the following resolutions, all of which remain outstanding as of the date of this Official Statement:

(i) the General Resolution of the Board of Trustees adopted September 9, 1992 (the "University System General Resolution") authorizing the issuance of the State University System Revenue Bonds, Series 1992 (the "1992 University Bonds,") and the First Supplemental Resolution (the "First University Supplemental Resolution") of the Board of Trustees, adopted September 9, 1992 authorizing the issuance of the 1992 University Bonds;

(ii) the Second Supplemental Resolution (the "Second University Supplemental Resolution") of the Board of Trustees, adopted January 15, 1993, amending certain provisions of the First Supplemental Resolution;

(iii) the Third Supplemental Resolution (the "Third University Supplemental Resolution") of the Board of Trustees, adopted February 23, 1996, pursuant to which the Board of Trustees issued its Revenue Bonds, Series 1996 (Marshall University Library/Information Center) (the "1996 University Bonds");

(iv) the Fourth Supplemental Resolution (the "Fourth University Supplemental Resolution") of the Board of Trustees, adopted October 31, 1997, pursuant to which the Board of Trustees issued its Revenue Bonds (University Improvement Projects) 1997 Series A (the "1997 University Bonds");

(v) the Fifth Supplemental Resolution (the "Fifth University Supplemental Resolution") of the Board of Trustees, adopted April 3, 1998, pursuant to which the Board of Trustees issued its University System Revenue Bonds (West Virginia University Projects) 1998 Series A (the "1998

University Bonds");

(vi) the Sixth Supplemental Resolution (the "Sixth University Supplemental Resolution") of the Board of Trustees, adopted May 22, 2000, pursuant to which the Board of Trustees issued its University System Revenue Bonds (West Virginia University Projects) 2000 Series A (the "2000 A University Bonds");

(vii) the Seventh Supplemental Resolution (the "Seventh University Supplemental Resolution") of the Board of Trustees, adopted May 22, 2000, pursuant to which the Board of Trustees issued its University System Revenue Bonds (Marshall University Medical Center) 2000 Series B (the "2000 B University Bonds");

(viii) the Eighth Supplemental Resolution (the "Eighth University Supplemental Resolution") of the Commission, adopted March 17, 2003, pursuant to which the Commission issued its Revenue Refunding Bonds (University Facilities) (the "2003 University Bonds");

(ix) the Ninth Supplemental Resolution (the "Ninth University Supplemental Resolution") of the Commission, adopted April 24, 2003, amending certain provisions of the University System General Resolution;

(x) the Tenth Supplemental Resolution (the "Tenth University Supplemental Resolution,") of the Commission, adopted June 5, 2003, amending certain provisions of the University System General Resolution;

(xi) the Eleventh Supplemental Resolution (the "Eleventh University Supplemental Resolution" of the Commission, adopted April 2, 2004, pursuant to which the Commission issued its Revenue Refunding Bonds (University Facilities) (the "2004 Bonds");

(xii) the Twelfth Supplemental Resolution (the "Twelfth University Supplemental Resolution" of the Commission, adopted June 4, 2004, pursuant to which the Commission issued its Revenue Bonds (University Facilities), 2004 Series A (the "2004A University Bonds");

(xiii) the General Resolution of the Board of Directors adopted September 9, 1992 (the "College System General Resolution") authorizing the issuance of the State College System Revenue Bonds, Series 1992 (the "1992 College Bonds") and the First Supplemental Resolution (the "First College Supplemental Resolution") of the Board of Directors, adopted September 9, 1992 authorizing the issuance of the 1992 College Bonds;

(xiv) the Second Supplemental Resolution (the "Second College Supplemental Resolution") of the Board of Directors, adopted January 15, 1993, amending certain provisions of the First Supplemental Resolution;

(xv) the Third Supplemental Resolution (the "Third College Supplemental Resolution") of the Board of Directors, adopted October 21, 1997, pursuant to which the Board of Trustees issued its College System Revenue Bonds (College Improvement Projects), 1997 Series A (the

"1997 College Bonds");

(xvi) the Fourth Supplemental Resolution (the "Fourth College Supplemental Resolution") of the Commission, adopted March 17, 2003, pursuant to which the Commission issued its Revenue Refunding Bonds (State College Facilities) (the "2003 College Bonds");

(xvii) the Fifth Supplemental Resolution (the "Fifth College Supplemental Resolution,") adopted April 24, 2003, amending certain provisions of the College System General Resolution;

(xviii) the Sixth Supplemental Resolution (the "Sixth College Supplemental Resolution,") of the Commission, adopted June 5, 2003, amending certain provisions of the College System General Resolution;

(xix) the First Consolidated Supplemental Resolution (the "First Consolidated Resolution"), adopted June 4, 2004, pursuant to which the Commission issued its Revenue Refunding Bonds (Higher Education Facilities) 2004 Series B (the "2004 B Bonds");

(xx) the Second Consolidated Supplemental Resolution (the "Second Consolidated Resolution"), adopted by the Commission July 29, 2004, pursuant to which the Commission amended certain provisions of the Resolution;

(xxi) the Third Consolidated Supplemental Resolution (the "Third Consolidated Resolution"), adopted by the Commission August 20, 2004, pursuant to which the Commission increased the authorized maximum of 2004 B Bonds to $180,000,000; and

(xxii) the Fourth Consolidated Supplemental Resolution (the "Fourth Consolidated Resolution"), adopted by the Commission March 15, 2007, pursuant to which the Commission issued its Revenue Refunding Bonds, 2007 A Bonds.

(xxiii) the Fifth Consolidated Supplemental Resolution (the "Fifth Consolidated Resolution"), adopted by the Commission December 3, 2010, pursuant to which the Commission issued its Revenue Refunding Bonds (Higher Education Facilities), 2010 Series A (Tax-Exempt), Revenue Refunding Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds), and Revenue Refunding Bonds (Higher Education Facilities), 2010 Series C (Taxable).

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APPENDIX E

WEST VIRGINIA LOTTERY

The West Virginia Lottery (the "Lottery") was constitutionally authorized on November 6, 1984. The Lottery Act was enacted during the 1985 legislative session of the West Virginia Legislature. The Lottery Act created the State Lottery Commission (the "Lottery Commission"), which sets policy and direction for the Lottery. The Lottery sold its first scratch-off tickets on January 9, 1986, and sales for online games began in November of that same year. In 1989, as part of a general reorganization of the State's government, the Lottery Commission was made a part of the newly created Department of Revenue, presided over by a Cabinet Secretary.

The Lottery Commission

The Lottery Commission consists of seven commissioners appointed to staggered terms by the Governor. The Lottery Act provides that one commissioner shall be a lawyer, one shall be a certified public accountant ("CPA"), one shall be a computer expert, one shall have not less than five years experience in law enforcement and one shall be qualified by experience and training in the field of marketing. The two remaining commissioners shall be representative of the public at large. The Lottery Commission sets the policies and the direction for the State Lottery, including the adoption of rules and regulations. The current commissioners and their respective qualifying positions are:

Name	Qualifying Position	End of Term
Douglas Bicksler	CPA	June 30, 2014
Kenneth L. Greear, Chairman	Computer Expert	June 30, 2012
Michael A. Adams	Attorney	June 30, 2012
Roy E. Shrewsbury, II	Public Member At-Large	June 30, 2014
William I. Clayton, Vice Chairman	Public Member At-Large	June 30, 2010*
David Lemmon	Law Enforcement	June 30, 2011*
David McCormick, Jr.	Marketing Expert	June 30, 2012

* Term continues until successor is selected and duly appointed.

The Lottery Act creates the position of Director of the Lottery Office (the "Director") and three divisions within the Lottery – a Security and Licensing Division (now "Racetrack and Traditional Security"), a Personnel, Accounting and Administration Division ("Finance and Administration") and a Marketing, Education and Information Division ("Marketing"). Four additional divisions have been administratively created by the Lottery Commission to oversee the Racetrack Video Lottery, Limited Video Lottery and Table Games. They are the Video Lottery Division, the Licensing Division, the Limited Video Lottery Security Division and the Table Games Division. A description of senior management and key staff of the Lottery is set forth below.

Director: John C. Musgrave has been Director of the Lottery since April 1997 and directs the day-to-day operation of the agency that is comprised of approximately 200 employees, including all aspects of lottery operations (administration, marketing, security, licensing, sales, advertising and production of games). He is a graduate of the University of Charleston. Prior to his appointment as State Lottery Director, Mr. Musgrave was a city mayor, and later held several high-level positions with the U.S. Department of Agriculture. In addition he also served as regional director of the Rural Development Administration for the seven-state, Mideast Region. Mr. Musgrave has served as President of the North American Association of State and Provincial Lotteries.

Assistant Director: John A. Myers has been Assistant Director of the Lottery since May 2008, and is second in charge after the Director. Prior to his association with the Lottery, Mr. Myers was Corporate Administration Manager for Toyota Motor Manufacturing, WV for eight years. Prior to his service with Toyota Motor Manufacturing, he spent seventeen years with American Electric Power in consumer marketing. Mr. Myers is a graduate of The Ohio State University.

Finance and Administration: James M. Toney, CPA/MBA, is the Chief Financial Officer and Deputy Director for Finance and Administration. Mr. Toney joined the Lottery in October 2005. Prior to that time he was employed as a sole practitioner, and was the CFO for The Center for Rural Health Development. He is a graduate of Marshall University, West Virginia State University and the University of Charleston.

Dean W. Patrick, CPA/MBA, Chief Accountant, joined the Lottery in April 2007. Prior to joining the Lottery, Mr. Patrick was employed as CFO with Boll Medical. He is a graduate of the University of Charleston. It is anticipated that Mr. Patrick will succeed Mr. Toney within the next year.

Marketing: Elizabeth (Nikki) Orcutt, Deputy Director for Marketing, joined the Lottery in August 2008. Prior to joining the Lottery, Mrs. Orcutt was employed by Eli Lilly and Company and previously served as the Public Affairs Leader, West Virginia Operations for Dow Chemical Company. She is a graduate of The Ohio State University.

Racetrack, Racetrack Security and Table Games: David R. Bradley, Deputy Director for Traditional Lottery Security, joined the Lottery in January 1991. Prior to joining the Lottery, Mr. Bradley was employed by Kanawha County Schools. He is a graduate of West Virginia University Institute of Technology.

Video Lottery: Tacy M. Donovan, CPA, Deputy Director for Video Lottery joined the Lottery in July 1995. Prior to joining the Lottery, Ms. Donovan was employed as a staff accountant with Gibbons and Kawash, CPAs. Ms. Donovan is a graduate of West Virginia University.

Limited Video Lottery Security: M. Alvin Rose, Deputy Director for Video Security joined the Lottery in September 1997. Prior to joining the Lottery, Mr. Rose served as sergeant with West Virginia State Police, retiring with twenty-five years service. He holds a Masters

Degree from West Virginia University.

Licensing: Kristin Radford, Licensing Supervisor joined the Lottery in March 2002. Prior to joining the Lottery, Ms. Radford was employed as an Administrative Assistant by the West Virginia Society of Certified Public Accountants.

Overview of Lottery Operations

The headquarters of the Lottery is located in Charleston, West Virginia in a thirteen story, 142,000 square foot building owned by the Lottery with approximately 51,300 total square feet of space for Lottery operations. The Lottery currently has approximately 200 employees. The Lottery contracts with GTECH Corporation, based in West Greenwich, Connecticut, for the operation of its instant and online games. GTECH owns and operates the central computer system for Traditional games at a nearby facility. The nearly 1,570 retailers selling Traditional games are connected to this system.

In June 2010, the Lottery closed on the acquisition of the new office facility located in Charleston, West Virginia. The new facility was redesigned and remodeled. The Lottery began occupying the new facility in 2011. In addition to the current private tenant, several state agencies began occupying the remaining space in the building in April 2012.

The Lottery owns and operates a Scientific Games *Aegis Video* central system that controls all video lottery machines for both racetrack and limited video lottery.

The Lottery's computer operations, instant and online game systems, the *Aegis Video* system and the Lottery's internal computing and email systems are duplicated and run parallel in real time at the Lottery's Fairmont, West Virginia facility. The Fairmont, West Virginia facility contains approximately 6,500 square feet and is designed to function as a backup for computer operations when it is from time to time necessary, and as the business recovery site for the Lottery's operations. The facility is located 135 miles north of the Lottery's headquarters and is within a separate grid system from the Charleston, West Virginia headquarters for both telecommunications and electrical power.

Sales for Traditional games are collected via electronic funds transfer (sweep) on a weekly basis from each retailers account. Such collections are net of commissions, bonuses earned and any prizes that may have been paid by each retailer.

Racetrack Video Lottery sales (net of prizes) are swept on a daily basis each banking day from each of the four racetracks. The racetracks and others' shares are remitted to each entity on a weekly basis.

West Virginia's share of limited video lottery proceeds (net of prizes), as well as the 2% administrative fee, is collected from each owner of limited video lottery machines on a monthly basis. Invoices are mailed after the first day of the month for the preceding month's activity. The funds are then swept on the 10th day of the month.

Racetrack Table Games are currently operated at Mountaineer Casino Racetrack and Resort located in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack located in Wheeling, West Virginia, Mardi Gras Casino & Resort (formerly Tri-State Casino & Resort) in Nitro, West Virginia, and Hollywood Casino at Charles Town Races (formerly Charles Town Races and Slots) located in Charles Town, West Virginia.

The Lottery has a series of blanket bonds covering business defaults. Racetracks provide individual bonds to the Lottery.

Lottery Games - General

The Lottery currently operates all of its games out of its Charleston, West Virginia office. Six different types of games are offered: Instant games (scratch-off tickets), online numbers games, Racetrack Video Lottery Games, Racetrack Table Games, Limited Video Lottery Games and casino games at the Greenbrier Resort. Instant games have been offered since the start of the Lottery in January 1986 and accounted for 8.3% of Lottery sales for the fiscal year ended June 30, 2011. Sales of online numbers games began later in 1986 and accounted for 5.6% of Lottery sales in fiscal year 2011.

Racetrack Video Lottery was first introduced in 1990 and later expanded to all four racetracks in the State after the passage of the Racetrack Video Lottery Act in March 1994. For the fiscal year ended June 30, 2011, Racetrack Video Lottery accounted for 52.2% of total Lottery sales. Mountaineer Casino Racetrack & Resort accounted for 11.5% of total Lottery sales, Wheeling Island Hotel-Casino-Racetrack accounted for 8.7% of total Lottery sales, Mardi Gras Casino & Resort accounted for 3.5% of total Lottery Sales, and Charles Town Races and Slots accounted for 28.5% of total Lottery sales.

Limited Video Lottery legislation was passed in the spring of 2001 and the game sales started in mid-December of that year. During fiscal year 2011, Limited Video Lottery accounted for 28.6% of total Lottery sales.

Racetrack Table Games legislation was passed in March 2007, and became effective as of June 6, 2007. In October 2007, Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack opened poker only table games. In December 2007, both opened full table game operations. In October 2008, Mardi Gras Casino & Resort began table games operations. Racetrack Table Games became operational at Charles Town Races and Slots on July 1, 2010. During fiscal year 2011, table games accounted for approximately 4.9% of total sales of the Lottery.

Legislation enacted in 2009 authorized and governs the operation of casino games at the Greenbrier Resort and provides that the State's share of net profits derived therefrom be deposited into the Historic Resort Hotel Fund. Slot machines and table game operations at the Greenbrier Resort are nearly identical to the gaming offered at the four racetrack casinos.

The Greenbrier Resort began limited casino gaming operations on October 1, 2009, and full casino gaming operations in a permanent casino on July 2, 2010. The State's share of revenues is comprised of 36% of gross terminal income and 30% of gross receipts. After a deduction for Lottery administrative costs and the historic resort hotel modernization fund, 64% of remaining funds are deposited to the General Revenue Fund and 19% is earmarked for the reduction of state debt. The balance of the funds are distributed to counties, municipalities and the Tourism Promotion Fund.

A detailed description of Traditional Games, Racetrack Video Lottery Games, Limited Video Lottery Games and Racetrack Table Games follows.

Traditional Games

A variety of instant tickets are offered to the public. Instant tickets are sold at each Lottery retailer, currently numbering 1,570. Instant games are introduced once a month, with approximately thirty-eight games being introduced in a single year. Twenty (20) to twenty-four (24) games are available for participation at any given time. The Lottery believes that the constant change of games increases player interest. Instant lottery games offer overall payouts of between 67 percent and 68 percent. Instant tickets that are scratch-off tickets are manufactured by the Lottery's instant ticket vendor, Scientific Games Corporation.

Traditional online numbers games with periodic drawings are currently comprised of three and four digit daily games, Cash25 (a cash lotto game), POWERBALL®, a multi-state lotto game, with a guaranteed starting jackpot of $40 million, MEGA MILLIONS®, a multi-state lotto game, with a guaranteed starting jackpot of $12 million and HOT LOTTO SIZZLER®™, also a multi-state game, with a guaranteed starting jackpot of $1 million. In the fall of 2009, the state lotteries that sell the POWERBALL® game and the state lotteries that sell the MEGA MILLIONS® game agreed to a cross-selling agreement whereby every such state lottery was to sell both of the interstate large-jackpot games. West Virginia began selling the MEGA MILLIONS® game on January 31, 2010. TRAVEL/KENO is West Virginia's quick draw Keno, online lottery game. TRAVEL/KENO is played with numbers from 1 to 80. In each game, 20 of the 80 numbers are randomly selected by the State Lottery's computer from a computer number generator. Winning numbers are displayed on monitors at certain retailers located throughout the State. A new game is played every five minutes. TRAVEL/KENO has an average payout of approximately 60 percent. By statute, TRAVEL/KENO is limited to adult drinking establishments and retail liquor stores. The top prize in TRAVEL/KENO is $200,000.

Racetrack Video Lottery Games

Racetrack Video Lottery, consisting of slot machines and video lottery terminals, began in West Virginia in July 1990, with the placement of video lottery terminals at Mountaineer Park, a thoroughbred racetrack in Chester, West Virginia. By legislation passed in March of 1994, Racetrack Video Lottery was legalized at all four racing facilities in West Virginia. These locations include Mountaineer Casino Racetrack & Resort (thoroughbred horse racing), Wheeling Island Hotel-Casino-Racetrack (greyhound dog racing), Charles Town Races and Slots (thoroughbred

horse racing) and Mardi Gras Casino & Resort (greyhound dog racing) located in Nitro, near Charleston, West Virginia. Before implementation, each county where a track is located must have a local referendum. Voters passed such a referendum for the three tracks other than Charles Town Races and Slots in May 1994. Racetrack Video Lottery sales in such tracks commenced in early September 1994. Voters approved video lottery gaming at the Charles Town Races and Slots at the November 1996 general election, and Racetrack Video Lottery sales began in October 1997. Under the Racetrack Video Lottery Act, subject to certain conditions, voters in a county previously approving Racetrack Video Lottery can petition for a new local option election to reconsider the matter.

During the 1996 legislative session, video lottery was enhanced through the addition of simulated reel games to video lottery machines. Coin drop and mechanical reels (slot machines) were approved during the 1999 legislative session and the maximum bet was increased from $2 to $5 in the first extraordinary legislative session of 2001. As of June 30, 2011, 100% of the 9,732 terminals at the four tracks were ticket in ticket out (slot machines) and 72.5% of all machines permitted bets in excess of $2. Currently, the number of terminals that has been approved for the four tracks is a maximum aggregate amount of 13,900. The Lottery Act provides that an increase in approved terminals in later periods could occur as demand increases.

Racetrack Table Games

On March 8, 2007, the West Virginia Legislature enacted the West Virginia Lottery Racetrack Table Games Act (the "Table Games Act"), which became effective as of June 6, 2007. The Table Games Act authorizes the Lottery Commission to issue up to four racetrack table games licenses to racetracks located in West Virginia that hold racetrack video lottery licenses and licenses to conduct horse or dog racing after the citizens of the respective counties in which the racetracks are located approve racetrack table games by referendum ("Racetrack Table Games"). Referenda for approving Racetrack Table Games were conducted in Jefferson, Hancock, Ohio and Kanawha Counties in West Virginia in 2007. In 2007, voters in Jefferson County rejected the referendum, while voters in Hancock, Ohio and Kanawha Counties approved the referenda. In December 2009, however, voters in Jefferson County approved a second referendum authorizing racetrack table games in Jefferson County. Accordingly, Racetrack Table Games are now authorized under the Table Games Act at Mountaineer Casino Racetrack & Resort in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack in Wheeling, West Virginia, Mardi Gras Casino & Resort in Nitro, West Virginia and at Charles Town Races & Slots in Charles Town, West Virginia. The Lottery Commission has issued Racetrack Table Games licenses to Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel-Casino-Racetrack, Mardi Gras Casino & Resort and Charles Town Races and Slots. Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack began operating Racetrack Table Games in October 2007. Mardi Gras Casino & Resort began operating Racetrack Table Games in October 2008. Charles Town Races & Slots began operating table games on July 1, 2010. The tax rate for each racetrack participating in this new form of legal gaming is thirty five percent of adjusted gross receipts. Fifteen and 96/100% of a total rate of thirty-five percent is earmarked by statute for the reduction of state debt and unfunded liabilities.

NO REVENUES GENERATED FROM CASINO GAMING AT THE GREENBRIER RESORT OR FROM RACETRACK TABLE GAMES ARE DEPOSITED INTO THE STATE EXCESS LOTTERY REVENUE FUND OR THE STATE LOTTERY FUND. NO PORTION OF REVENUES GENERATED BY CASINO GAMING AT THE GREENBRIER RESORT OR BY RACETRACK TABLE GAMES WILL BE DEPOSITED INTO THE EXCESS LOTTERY HIGHER EDUCATION IMPROVEMENT FUND AND, THERFORE, ARE NOT PART OF THE PLEDGED REVENUES THAT SECURE THE 2012 Series BONDS.

A description of each of the racetracks follows:

Mountaineer Casino Racetrack & Resort (sometimes hereinafter referred to as "Mountaineer") located in the Northern Panhandle Region of West Virginia at Chester is a thoroughbred racing and gaming facility. The track's owner is MTR Gaming Group, Inc (NASDAQ: MNTG). The destination resort offers three hundred and fifty-nine rooms in a new luxury hotel with amenities that include a fitness center, spa, indoor and outdoor pools, gift shop, golf course, tennis courts, and basketball court. There is a total gaming area of 111,220 square feet with 2,645 video lottery gaming machines (currently approved for 3,500). The facility includes six gaming areas, eight restaurants, and five lounge areas. A conference center (52,750 square feet) and an entertainment center that seats an audience of 4,200 can accommodate large gatherings. 1,000 horses can be stabled on the property and race on a one-mile thoroughbred racetrack. 5,412 parking spaces are available for patrons. Mountaineer Casino Racetrack & Resort currently owns approximately 2,350 acres, of which 1,885 acres are available for future development.

Hollywood Casino at Charles Town Races (sometimes hereinafter referred to as "Charles Town") entertainment complex is a thoroughbred racetrack and gaming facility located in Charles Town, West Virginia. The facility is in the State's Eastern Panhandle and is located in the D.C. metropolitan area, which is also inclusive of the Northern Virginia suburbs and in close proximity to the Baltimore, Maryland area. The track's owner is Penn National Gaming, Inc. (NASDAQ: PENN). The facility includes a total gaming area of 151,450 square feet with 6,000 approved and 4,491 operating video lottery gaming machines and a 150,000 square feet of racing and support facilities for a total of 301,450 square feet. Included in the facility are seven gaming areas, four restaurants, five themed bars and one gift shop. The facility also includes The Inn at Charles Town, which offers one hundred fifty-five hotel rooms. 1,400 horses are stabled on the property and race on a ¾ mile thoroughbred racetrack. 6,048 parking spaces are available for patrons. Hollywood Casino at Charles Town Races currently owns a 300 acre parcel of which 114 acres is currently developed.

Wheeling Island Hotel-Casino-Racetrack (sometimes hereinafter referred to as "Wheeling" or "Wheeling Island Gaming") is a greyhound racing and gaming center located on an island in the Ohio River at Wheeling, West Virginia, also in the State's northern panhandle. The track's owner is Delaware North Companies Gaming and Entertainment, Inc., which is a wholly owned subsidiary of Delaware North Companies, Inc. a corporation privately owned and controlled by Jeremy Jacobs, Sr. and his family. A one hundred fifty-one room high-rise hotel is

centrally located to the three gaming areas, eight restaurants, gift shop, and show room that has a capacity for an audience of over 1,000. There is a total gaming area of 61,412 square feet with 1,810 video lottery gaming machines (currently approved for 2,400). 1,368 greyhounds can be housed in the kennel and race on the ¼ mile racetrack. Parking is available for 2,880 vehicles. Wheeling Island Gaming currently owns an 87 acre tract of which 74 acres is currently developed.

Mardi Gras Casino & Resort (sometimes hereinafter referred to as "Mardi Gras") is a greyhound racing and gaming facility located approximately ten miles from the State Capitol in Charleston, West Virginia. The track's owner is Hartman and Tyner, Inc., owned by Bernard Hartman and Herbert Tyner and their children. The facility includes a total gaming area of 90,000 square feet with 1,272 video lottery gaming machines (currently approved for 2,000) and 132,000 square feet of racing and support areas. There are three gaming areas, two restaurants, seven bars, and a conference center that can accommodate 250 patrons. 1,440 greyhounds can be housed in the kennel and race on the 1,350-foot long racetrack. The facility has approximately 1,000 parking spaces for patrons. Mardi Gras Casino & Resort currently owns 132 acres of which 57 acres are currently developed. In connection with its deployment of Table Games, Mardi Gras remodeled its facility to include two gaming areas for Table Games and has constructed and opened a four-story, one hundred fifty-seven room hotel.

During the six calendar years ended December 31, 2011, the four racetracks had invested $110.6 million in capital expenditures for additions and improvements to the racetracks.

Patrons of Racetrack Video Lottery

Each of the tracks receives a substantial portion of its sales from out-of-state patrons. Legislative bodies in contiguous states are considering, have previously considered or recently implemented some form of legislation authorizing video lottery in their states. See "OTHER MATTERS" herein.

The percentage of patrons from all states with at least 5% participation for each of the tracks is indicated below:

West Virginia Racetrack Video Lottery
Patrons by State (%)

Mountaineer Park		Wheeling Island		Mardi Gras		Charles Town	
Pennsylvania	30%	Pennsylvania	32%	Ohio	23%	Pennsylvania	8%
Ohio	55%	Ohio	56%	Kentucky	9%	Maryland	35%
West Virginia	2%	West Virginia	7%	North Carolina	11%	Virginia	41%
Other	13%	Other	5%	Virginia	10%	Washington DC	4%
				West Virginia	29%	West Virginia	4%
				Other	18%	Other	8%

Source: West Virginia Lottery

Limited Video Lottery Games

The Limited Video Lottery Act was enacted to restrict (limit) and regulate video lottery machines that had been illegally operated for several years throughout the State. Limited Video Lottery is also a self-activated video version of lottery games, which were first placed in operation in December 2001. The games allow a player to use currency to place bets for the chance to receive free games or vouchers that may be redeemed for cash. The Limited Video Lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

The Limited Video Lottery Act has established specific requirements for Limited Video Lottery and imposed certain restrictions limiting the licensing for the operation of Limited Video Lottery games to 9,000 video lottery terminals placed in limited licensed retailer areas restricted for adult amusement. As of June 30, 2011, there were 7,576 machines operating in 1,559 locations. These licensed retailers must hold a qualifying license for the sale on premises of alcohol or non-intoxicating beer. The Limited Video Lottery Act limits the placement of no more than five (5) machines in licensed establishments (ten (10) machines in the case of veteran's and fraternal organizations). The Limited Video Lottery Act further provides that no person can own, directly or indirectly, more than 675 video terminals. The Lottery has been charged with the administration, monitoring and regulation of these machines. The Limited Video Lottery Act further stipulates the distribution of revenues from the Limited Video Lottery games, and requires any licensed retailers to comply with all related rules and regulations of the lottery in order to continue its retailer status.

Bids were solicited for the Limited Video Lottery Permits that became effective on July 1, 2011. These new permits are now valid until June 30, 2021

There are currently Limited Video Lottery machines in 54 of the state's 55 counties. The top 5 counties as of June 30, 2011 were Kanawha – 682, Wood – 611, Ohio – 481, Cabell – 472 and Hancock – 462. These five counties represent 34% of the total machines in the Limited Video Lottery - market; the remaining 49 counties represent 66% ranging from 5 to 459 machines.

The State Excess Lottery Revenue Fund

The Lottery Act creates the State Excess Lottery Revenue Fund as a special revenue fund in the State Treasury. The State Excess Lottery Revenue Fund receives the State's share of net profits from two sources: (1) Racetrack Video Lottery, and (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery.

Transfer of Racetrack Video Lottery Net Profits to the State Excess Lottery Revenue Fund

The Racetrack Video Lottery Act establishes two permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438.1 million. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). No deposit to the State Excess Lottery Revenue Fund occurs until the benchmarks for a given racetrack is exceeded during the fiscal year.

Prior to 2011, each racetrack's gross and net terminal income, net of prizes, exceeded the benchmarks. However, during 2011, Mountaineer failed to meet the benchmark established for the track and, as a result, no deposits from Mountaineer occurred in fiscal year 2011. Mardi Gras reached its benchmarks just prior to fiscal year end, which resulted in minimal transfers to the State Excess Lottery Revenue Fund.

The Gross Benchmark and Net Benchmark for each of the racetracks are summarized below.

Track	Gross Benchmark ($ Millions)	Net Benchmark ($ Millions)
Mountaineer	161.9	160.3
Wheeling	97.9	96.9
Mardi Gras	44.8	44.4
Charles Town	133.5	132.2
	438.1	433.8

Source: West Virginia Lottery

The deposits to the State Excess Lottery Revenue Fund from Racetrack Video Lottery sales are comprised of four (4) calculations, which utilize either the Gross Benchmark or Net Benchmark. The calculations are provided below:

First, the State receives 4% of the Racetrack Video Lottery gross terminal income in excess of the Gross Benchmark (the "4% Receipt"). Gross terminal income in excess of the Benchmark was approximately $289 million for the fiscal year ended June 30, 2011.

Second, a 10% surcharge is applied to the net terminal income in excess of the Net Benchmark. 58% of the surcharge is allocated to the State Excess Lottery Revenue Fund with the remainder deposited for capital reinvestment at the tracks as described below.

Third, the State Excess Lottery Revenue Fund receives 41% of the net terminal income in

excess of the Net Benchmark, after deducting the surcharge. This is known as the State share.

Fourth, the State Excess Lottery Revenue Fund receives revenues equal to the excess of allowed administrative costs ($17.5 million) over actual incurred administrative costs. Fiscal year 2011 actual incurred administrative costs were $14.9 million including authorized transfers of up to $10 million a year for FY 2012 – 2022 into the Racetrack Modernization Fund).

Racetrack Video Lottery profits not deposited to the State Excess Lottery Revenue Fund are allocated for a variety of purposes including, but not limited to, racing activities, providing funds to municipalities and counties, and providing funds to various State agencies. In particular, the remaining 42% of the surcharge is deposited into the racetrack capital reinvestment fund to encourage track improvements. If prescribed conditions are met, a racetrack may recoup part or all funds placed into its capital reinvestment fund. Any portion of the amounts deposited into a racetrack's capital reinvestment fund that does not qualify for reimbursement is also deposited into the State Excess Lottery Revenue Fund. To date, no funds have been transferred from the capital reinvestment fund to the State Excess Lottery Revenue Fund. The Lottery does not currently expect funds to be transferred in such manner in the future.

For the fiscal year ended June 30, 2011, $129.7 million was transferred from the Racetrack Video Lottery into the State Excess Lottery Revenue Fund. The components of the fiscal year 2011 transfers from the Racetrack Video Lottery to the State Excess Lottery Revenue Fund are provided below.

	$ Millions
4% Receipt	$ 11.6
58% of Surcharge	15.7
41% State share	99.9
Interest/Other	.1
Excess Administrative Costs	2.4
Total Deposit to the State Excess Lottery Revenue Fund	$ 129.7

Transfer of Limited Video Lottery Net Profits to the State Excess Lottery Revenue Fund

The Limited Video Lottery Act sets forth the manner by which a portion of Limited Video Lottery net profits are transferred to the State Excess Lottery Revenue Fund. The State Excess Lottery Revenue Fund receives revenues from limited lottery operations in three ways.

The first is through the imposition of an administrative fee of two percent (2%) of gross terminal income (net of prizes) derived from video lottery terminals.

Second, the State's share of gross profits is transferred to the State Excess Lottery Revenue Fund. The State's share is determined by calculating the amount of aggregate average daily gross terminal income for the three-month period prior to the date of calculation and applying a percentage rate for transfer based on the gross terminal income. The State share rate is based on a sliding scale as provided in the Limited Video Lottery Act. The aggregate average daily gross income was first calculated in May 2002 and is calculated each August, November,

February and May. The Limited Video Lottery Act provides that such percentage will not be less than 30% or more than 50%. The table below provides the State's share calculation as provided in the Limited Video Lottery Act.

STATE'S SHARE CALCULATION

Aggregate Average Daily Income	State's Share[1]
$60 or below	29%
above $60 to $80	33%
above $80 to $100	37%
above $100 to $120	41%
above $120 to $140	45%
Greater than $140	49%

[1] *Net of 2% distribution to counties and municipalities within the State.*

Two percent of the State's share is distributed to counties and municipalities in the manner prescribed for in the Limited Video Lottery Act. Since the inception of Limited Video Lottery the State share percentage has averaged 45%. Since January 2008, the State's share has remained at 49%. Aggregate average daily gross terminal income has averaged $126.54 with a high of $221.44 and a low of $96.36.

Third, the Limited Video Lottery Act also provides for all fees related to licensing and permitting of limited video terminals be deposited in the State Excess Lottery Revenue Fund. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Limited Video Lottery Act.

For the fiscal year ended June 30, 2011, $199.2 million was transferred from the Limited Video Lottery to the State Excess Lottery Revenue Fund. The components of the fiscal year 2011 transfers from the Limited Video Lottery to the State Excess Lottery Revenue Fund are provided below:

	$ Millions
2% Administrative Fee	$ 2.5[2]
State Share	187.0
Limited Video Lottery Fees	9.6
Interest Earned	.1
Total Deposit to the State Excess Lottery Revenue Fund	$ 199.2

[2] 2% Administrative Fee is transferred to the Lottery's operating fund and is not available to be used to pay debt service on any bonds payable from revenues of the State Excess Lottery Revenue Fund. Accordingly, adjusted for the transfer of the 2% Administrative Fee to the Lottery's operating fund, $196.7 million was transferred from the Limited Video Lottery to the State Excess Lottery Revenue Fund to fund the transfers required by Section 18a of the Lottery Act.

State Excess Lottery Revenue Fund

The Lottery Act creates the "State Excess Lottery Revenue Fund" as a special revenue fund in the State Treasury. The State Excess Lottery Revenue Fund receives the State's share of net profits from two sources: (1) Racetrack Video Lottery, and (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery.

The Racetrack Video Lottery Act, as set forth in Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended, and the Limited Video Lottery Act, as set forth in Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended, together provide a system through which a portion of the net profits from Racetrack Video Lottery and from Limited Video Lottery, as well as Limited Video Lottery licensing, permit and other fees, are transferred to the State Excess Lottery Revenue Fund.

The Racetrack Video Lottery Act establishes two permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438.1 million. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). No deposit to the State Excess Lottery Revenue Fund occurs until the benchmarks for a given racetrack is exceeded during the respective fiscal year.

Transfers from the State Excess Lottery Revenue Fund are prescribed by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the State Excess Lottery Revenue Fund is transferred to West Virginia Department of Revenue for the purpose of providing funding for a senior citizen tax credit for real estate taxes paid on the first $20,000 of assessed value of the taxpayer's owner-occupied dwelling (the "Refundable Credit"). The Refundable Credit totaled approximately $7,371,723 for the year ended June 30, 2009, $8,370,988 for the year ended June 30, 2010, and $9,553,377 for the year ended June 30, 2011. The Lottery Commission projects that the annual Refundable Credit will be $10,000,000 during the next three fiscal years.

Second Priority Transfers: Second, a portion of the State Excess Lottery Revenue Fund is then transferred to the following eight funds: [1]

General Purpose Account	$65 million
Education Improvement Fund (Promise Scholarship Fund)	$29 million
Economic Development Project Fund	$19 million
Excess Lottery School Building Debt Service Fund	$19 million
West Virginia Infrastructure Fund	$46 million
Higher Education Improvement Fund	$15 million
State Park Improvement Fund	$ 5 million
Thoroughbred Development Fund	$ 2 million

If, after funding the Refundable Credit, the remaining funds in the State Excess Lottery Revenue Fund are insufficient to fund all of the foregoing eight transfers, the remaining funds on deposit in the State Excess Lottery Revenue Fund, will be transferred in the following priority:

[1]Prior to the issuance of bonds payable from revenues of the State Excess Lottery Revenue Fund, the Lottery Act does not prescribe the timing or manner in which the Lottery Director must make the transfers to these eight funds in years when the revenues of the State Excess Lottery Revenue Fund are sufficient to make all such transfers. Following the issuance of bonds, however, the Lottery Act provides that the Lottery Director shall, on a monthly basis, *first* transfer to the Economic Development Project Fund one-tenth of the projected annual principal, interest and coverage requirements coming due on the EDA Excess Lottery Grant Bonds in a particular year, as certified to the Lottery Director, and *second* transfer to the fund or funds from which debt service is paid on bonds issued for the School Building Authority, infrastructure, Commission and park improvements in an amount equal to one-tenth of the projected annual principal, interest and coverage requirements coming due on those respective bonds in a particular year, as certified to the Lottery Director. Presently, this second required transfer is only made to the Higher Education Improvement Fund and the Excess Lottery School Building Debt Service Fund to pay such amounts coming due in a particular year. In years when revenues of the State Excess Lottery Revenue Fund are sufficient to make all of the transfers to these eight funds, the Lottery Act does not prohibit the Lottery Director from making transfers to funds from which debt service is not payable in the manner he deems appropriate following the one-tenth transfers referred to above. For a discussion of the priority in which transfers must be made from the State Excess Lottery Revenue Fund in years where revenues are insufficient to make all transfers required by the Lottery Act, see discussion in (2) of this section, below.

(1) *First*, a transfer of approximately $19 million to the Economic Development Project Fund to pay debt service on the $249,895,000 West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable), Series 2004 (the "EDA - Excess Lottery Grant Bonds") coming due in a particular year, as certified to the Lottery Director, which shall be transferred by the Lottery Director to the Economic Development Project Fund in one-tenth increments on a monthly basis.

(2) *Second*, transfers to such of the other six funds from which debt service is payable in amounts necessary to pay the respective debt service on such bonds coming due in a particular year, as certified to the Lottery Director, which shall be transferred to such funds in one-tenth increments on a monthly basis; provided that, to the extent that sufficient State Excess Lottery Revenues are not available to pay debt service on all such revenue bonds, transfers will be made on a pro rata, parity basis. Presently, the second-priority, parity transfers include a $15 million transfer to the Higher Education Improvement Fund to pay debt service on bonds issued by the Commission and a transfer to the Excess Lottery School Building Debt Service Fund of approximately $19 million to pay debt service on bonds issued by the School Building Authority of West Virginia. Additional second-priority, parity transfers may be required in the future as a result of the Authority's issuance of Additional Bonds and/or the issuance of revenue bonds the debt service on which is payable out of the West Virginia Infrastructure Fund or the State Park Improvement Fund.

(3) Third, transfers to the Education Improvement Fund.

(4) Fourth, transfers to the General Purpose Account.

(5) Last, transfers to the remaining Funds.

The West Virginia Legislature authorized the issuance of two new series of bonds that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The Lottery is currently transferring $6,000,000 each fiscal year to the West Virginia Infrastructure Fund for deposit into the West Virginia Infrastructure Lottery Revenue Debt Service Fund. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

Third Priority Transfers: Last, the remaining funds on deposit in the State Excess Lottery Revenue Fund are required to be transferred to the State Lottery Fund in amount equal to those amounts that were transferred from the State Lottery Fund to the State Excess Lottery Revenue Fund to pay debt service on bonds payable from revenues of the State Excess Lottery Revenue Fund.

NO PORTION OF THE STATE EXCESS LOTTERY REVENUE FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 Series BONDS. ONLY AMOUNTS ON DEPOSIT IN THE EXCESS LOTTERY HIGHER EDUCATION IMPROVEMENT FUND CONSTITUTE PLEDGED REVENUES.

State Lottery Fund

The Lottery Act creates the "State Lottery Fund" as a special revenue fund in the State Treasury. The State Lottery Fund receives the State's share of net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and a portion of the net terminal income from the Racetrack Video Lottery.

A minimum annual average of forty-five percent of the gross amount received from each lottery is allocated and disbursed as prizes, and not more than fifteen percent of the gross amount received from each lottery can be allocated to and disbursed, as necessary, for fund operation and administrative expenses. The excess of the gross amount received from the lotteries described above over the sum of the amount distributed for prizes and administrative expenses shall be allocated as net profit. Thirty percent of net terminal income up to the Gross Benchmark from the Racetrack Video Lottery is also transferred to the State Lottery Fund each fiscal year.

Transfers from the State Lottery Fund are required by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the net profits of the State Lottery Fund is transferred monthly to the School Building Debt Service Fund established under the Lottery Act to pay the annual principal, interest and coverage requirement on all revenue bonds and refunding bonds issued, or to be issued on or after April 1, 1994, payable from revenues of the State Lottery Fund (the "SBA Lottery Bonds").

Second Priority Transfers: Second, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Education, Arts, Sciences and Tourism Debt Service Fund established under the Lottery Act as necessary to pay debt service on revenue bonds issued and payable from such source pursuant to the Lottery Act (the "EAST Lottery Bonds"). The maximum monthly amount cannot exceed $1,000,000 and the total allocation of net profits cannot exceed the lesser of the principal and interest required to be annually paid or $10,000,000. The EAST Lottery Bonds matured by their terms on July 1, 2010. Pursuant to HB 113 enacted by the State Legislature in the First Special Session of 2009 ("HB 113"), the authority to issue revenue bonds payable from funds deposited into the Education, Arts, Sciences and Tourism Debt Service Fund (the "EAST Fund") from the State Lottery Fund was transferred from the State Building Commission to the West Virginia Economic Development Authority. The West Virginia Economic Development Authority issued bonds payable from funds on deposit in the EAST Fund in August 2010 (the "New EAST Lottery Bonds"). The New EAST Lottery Bonds were issued in an amount that will fully leverage the $10,000,000 allocation of revenues deposited into the EAST Fund from the State Lottery Fund.

Third Priority Transfers: Third, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Community and Technical College Capital Improvement Fund to pay the annual principal, interest and coverage ratio requirements on all revenue bonds payable from the Community and Technical College Capital Improvement Fund pursuant to the Lottery Act (the "CTC Lottery Bonds"). The maximum monthly amount cannot exceed $500,000 and the total allocation cannot exceed the lesser of the principal and interest required to be annually paid or $5,000,000. The current annual principal and interest on the CTC Lottery Bonds is approximately $5,000,000 and these bonds mature by their terms in 2039. Upon the maturity of the CTC Lottery Bonds, the $5,000,000 allocated annually to the Community and Technical College Capital Improvement Fund shall become available for debt service on additional CTC Lottery Bonds ("Additional CTC Lottery Bonds"). The priority of the transfer of $5,000,000 from the State Lottery Fund to the Community and Technical College Capital Improvement Fund to pay debt service on Additional CTC Lottery Bonds, if issued, vis-à-vis the priority of the transfer of up to $10,000,000 from the State Lottery Fund to the Education, Arts, Sciences and Tourism Debt Service Fund to pay debt service on any bonds payable therefrom shall be determined as provided in the Lottery Act at the time of issuance of the Additional CTC Lottery Bonds.

Fourth Priority Transfers: Fourth, after first satisfying the requirements for funds dedicated to retire the SBA Lottery Bonds, the EAST Lottery Bonds and the CTC Lottery Bonds or Additional CTC Lottery Bonds, as the case may be, the remaining net profits of the State Lottery Fund are then made available to pay debt service in connection with any bonds issued pursuant to Section 18a of the Lottery Act (that is bonds payable from revenues of the State Excess Lottery Revenue Fund) if and to the extent needed for such purpose from time to time.

Fifth Priority Transfers: Last, subject to certain limitations described in this paragraph, the remaining net profits of the State Lottery Fund may be appropriated by the West Virginia Legislature annually, in such proportions as it deems beneficial, to (i) the Lottery Education Fund; (ii) the School Construction Fund; (iii) the Lottery Senior Citizens Fund; and (iv) the Division of Natural Resources and West Virginia Development Office; provided, however, these fifth priority payments may only be made if: (i) a default does not exist with respect to the debt service on the bonds issued by the School Building Authority, the State Building Commission, the Higher Education Policy Commission, the Economic Development Authority, or bonds that are otherwise secured by lottery proceeds; and (ii) the net profits of the State Lottery Fund for the preceding twelve months is equal to at least 150% of the debt service on bonds issued by the School Building Authority, the State Building Commission or the Higher Education Policy Commission, which are secured by the net profits of the lottery.

NO PORTION OF THE STATE LOTTERY FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. AS DESCRIBED ABOVE, HOWEVER, REVENUES OF THE STATE LOTTERY FUND IN EXCESS OF THE AMOUNT OF REQUIRED TRANSFERS TO THE SCHOOL BUILDING DEBT SERVICE FUND, THE EDUCATION, ARTS, SCIENCES AND TOURISM DEBT SERVICE FUND AND THE COMMUNITY AND TECHNICAL COLLEGE CAPITAL

IMPROVEMENT FUND TO PAY DEBT SERVICE ON BONDS SECURED THEREBY SHALL BE MADE AVAILABLE FOR TRANSFER TO THE STATE EXCESS LOTTERY REVENUE FUND TO PAY DEBT SERVICE ON BONDS REFERRED TO IN SECTION 18A OF THE LOTTERY ACT TO THE EXTENT THAT REVENUES IN THE STATE EXCESS LOTTERY REVENUE FUND ARE INSUFFICIENT TO PAY ALL SUCH DEBT SERVICE.

Historical, Estimated West Virginia Lottery Revenues

The following Table I displays historical lottery revenues for the last six fiscal years as well as projected lottery revenues for the three year period beginning in fiscal year 2012 through fiscal year 2014. Table I shows sales and profits for each lottery game and into which lottery funds the State's share is deposited. For the period of July 1, 2011 through March 31, 2012, actual lottery revenues are approximately 10.49% ahead of forecasts, principally due to the delay in competition expected from the States of Ohio and Maryland and improvements in general economic conditions nationwide.

The Lottery has anticipated an impact to gaming revenues in fiscal years beginning July 1, 2012 through June 30, 2014. The States of Ohio and Maryland are in the process of opening a total of 4 casino or destination resort gaming venues in May and June of 2012. Additionally, the State of Ohio will bring on line an additional 6 racetrack casino and 2 destination resort casinos in the next several years. The State of Maryland is continuing its efforts to expand video lottery casinos within its jurisdiction, and the Commonwealth of Pennsylvania is nearing a maturity point in its implementation of video lottery and table gaming. The near term impact to aggregate West Virginia gaming revenues is expected to decline by 16% in fiscal year 2013, led by a 26% decline in anticipated racetrack video lottery revenues. Limited Video Lottery sales are anticipated to decline by approximately 6% from fiscal year 2011 levels while Traditional Lottery sales have an approximate 9% decline based on referent competition from Ohio, Pennsylvania and Maryland.

For purposes of calculating sales of racetrack video games and limited video lottery games, as represented on Table I, sales are reported net of prizes. This method of reporting video lottery was chosen due to the unusual volume of play and replay of winnings in these types of games.

Table I
Historical, Estimated and Projected Revenues*
(In Millions)

	Actual**					Projected		
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Lottery Revenues [1]								
Instant games	$ 106.5	110.9	114.0	97.5	115.7	101.4	97.5	97.6
On-line games	86.2	87.1	84.1	83.7	77.9	83.8	71.7	71.7
Racetrack video lottery	972.6	898.0	848.2	746.2	727.0	712.0	525.4	493.8
Limited video lottery	397.0	411.6	412.4	397.3	397.5	377.4	377.4	377.4
Total Gross Revenues	**1,562.3**	**1,507.6**	**1,458.7**	**1,324.7**	**1,318.1**	**1,274.6**	**1,072.0**	**1,040.5**
Net Revenues [2]								
Instant games	30.5	13.6	17.7	13.9	14.2	12.1	8.4	8.4
On-line games	24.7	27.2	22.2	25.9	21.4	24.4	20.6	20.6
Sub-Total (Traditional)	55.2	40.8	39.9	39.8	35.6	36.5	29.0	29.0
Racetrack Video Lottery - State Lottery Fund	130.1	130.6	130.2	138.7	128.6	127.3	99.5	95.9
Racetrack Video Lottery - State Excess Lottery Revenue Fund	227.9	205.3	180.2	136.0	129.7	123.7	81.0	72.5
Limited Video Lottery - State Excess Lottery Revenue Fund	170.0	191.7	195.6	189.6	189.6	179.1	177.9	177.9
Limited Video Lottery Fees - State Excess Lottery Revenue Fund	9.6	10.7	10.1	9.8	9.6	36.8	7.5	7.5
Total Racetrack and Limited Video Lottery Net Revenues	**537.6**	**538.3**	**516.1**	**474.1**	**457.5**	**466.9**	**365.9**	**353.8**
Total Net Revenues Available for Appropriation	**592.8**	**579.1**	**556.0**	**513.9**	**493.1**	**503.4**	**394.9**	**382.8**
Available for Appropriation								
State Excess Lottery Revenue Fund	**407.5**	**407.7**	**385.9**	**335.4**	**328.9**	**339.6**	**266.4**	**257.9**
State Lottery Fund	**185.3**	**171.4**	**170.1**	**178.5**	**164.2**	**163.8**	**128.5**	**124.9**
Total	**592.8**	**579.1**	**556.0**	**513.9**	**493.1**	**503.4**	**394.9**	**382.8**

* Totals may not add due to rounding

** Based on audited financial statements

[1] Represents Total Sales

[2] Represents amount Available to State

Source: West Virginia Lottery

Revenues of State Excess Lottery Revenue Fund Available For Second-Priority Debt Service Transfers

The following Table II shows the amount of revenues of the State Excess Lottery Revenue Fund available for making the second-priority debt service transfers therefrom. See "State Excess Lottery Revenue Fund" above.

Table II
Revenues of State Excess Lottery Revenue Fund Available For Second-Priority Debt Service Transfers*
(In Millions)

	Actual					Projected		
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Deposit to State Excess Lottery Revenue Fund ("SELRF")	407.5	407.7	385.9	335.4	328.9	339.6	266.4	257.9
Less: Refundable Credit	6.0	8.6	7.4	8.4	9.6	10.0	10.0	10.0
Less: First-Priority Debt Service Transfer* From SELRF - EDA Excess Lottery Grant Bonds	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Revenues of SELRF Available For Second-Priority Debt Service Transfers* From SELRF	**382.5**	**380.1**	**359.5**	**308.0**	**300.3**	**310.6**	**237.4**	**228.9**
Second-Priority Debt Service Transfers* From SELRF **								
School Building Authority Excess Lottery Revenue Bonds	0.0	0.0	19.0	19.0	19.0	19.0	19.0	19.0
HEPC Higher Education Facilities Bonds	10.0	10.0	10.0	10.0	15.0	15.0	15.0	15.0
Total Second-Priority Debt Service Transfers* From SELRF	10.0	10.0	29.0	29.0	34.0	34.0	34.0	34.0
Coverage of Second-Priority Debt Service Transfers* From SELRF Using Revenues of SELRF	**38.3**	**38.0**	**12.4**	**10.6**	**8.8**	**9.1**	**7.0**	**6.7**

Source: West Virginia Lottery

* For a complete discussion of the priority in which transfers are made from the SELRF to pay debt service on bonds, see "PLEDGED REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION - State Excess Lottery Revenue Fund" above. Debt service transfers are only prioritized to the extent of the monthly transfers of one-tenth of the debt service coming due on such bonds in a particular year.

** The West Virginia Legislature authorized the issuance of two new series of bonds, that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

Revenues of State Excess Lottery Revenue Fund and State Lottery Fund Available For Second-Priority Debt Service Transfers

The following Table III shows the combined amount of revenues of the State Excess Lottery Revenue Fund and the State Lottery Fund available for making the second-priority debt service transfers from the State Excess Lottery Revenue Fund. See "State Excess Lottery Revenue Fund" and "State Lottery Fund" above.

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Table III
Revenues of State Excess Lottery Revenue Fund and State Lottery Fund
Available For Second-Priority Debt Service Transfers* From State Excess Lottery Revenue Fund
(In Millions)

	Actual					Projected		
	2007	2008	2009	2010	2011	2012	2013	2014
Deposit to State Excess Lottery Revenue Fund ("SELRF")	407.5	407.7	385.9	335.4	328.9	339.6	266.4	257.9
Less: Refundable Credit	6.0	8.6	7.4	8.4	9.6	10.0	10.0	10.0
Less: First-Priority Debt Service Transfer* From SELRF - EDA Excess Lottery Grant Bonds	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Revenues of SELRF Available For Second-Priority Debt Service Transfers* From SELRF	**382.5**	**380.1**	**359.5**	**308.0**	**300.3**	**310.6**	**237.4**	**228.9**
Deposit to State Lottery Fund ("SLF")	185.3	171.4	170.1	178.5	164.2	163.8	128.5	124.9
Less: First-Priority Debt Service Transfer From SLF - SBA Lottery Bonds	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Less: Second-Priority Debt Service Transfer From SLF - EAST Lottery Bonds	10.0	10.0	10.0	8.2	8.0	10.0	10.0	10.0
Less: Third-Priority Debt Service Transfer From SLF - CTC Lottery Bonds	0.0	0.0	0.0	3.5	5.0	5.0	5.0	5.0
Revenues of SLF Available For Second-Priority Debt Service Transfers* From SELRF	**157.3**	**143.4**	**142.1**	**148.8**	**133.2**	**130.8**	**95.5**	**91.9**
Combined Revenues of SELRF and SLF Available For Second-Priority Debt Service Transfers* From SELRF	**539.8**	**523.5**	**501.6**	**456.8**	**433.5**	**441.4**	**332.9**	**320.8**
Second-Priority Debt Service Transfers* From SELRF **								
School Building Authority Excess Lottery Revenue Bonds	0.0	0.0	19.0	19.0	19.0	19.0	19.0	19.0
HEPC Higher Education Facilities Bonds	10.0	10.0	10.0	10.0	15.0	15.0	15.0	15.0
Total Second-Priority Debt Service Transfers* From SELRF	**10.0**	**10.0**	**29.0**	**29.0**	**34.0**	**34.0**	**34.0**	**34.0**
Coverage of Second-Priority Debt Service Transfers* From SELRF Using Combined Revenues of SELRF and SLF	**54.0**	**52.4**	**17.3**	**15.8**	**12.8**	**13.0**	**9.8**	**9.4**

Source: West Virginia Lottery

* For a complete discussion of the priority in which transfers are made from the SELRF to pay debt service on bonds, see "PLEDGED REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION - State Excess Lottery Revenue Fund" above. Debt service transfers are only prioritized to the extent of the monthly transfers of one-tenth of the debt service coming due on such bonds in a particular year.

** The West Virginia Legislature authorized the issuance of two new series of bonds, that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

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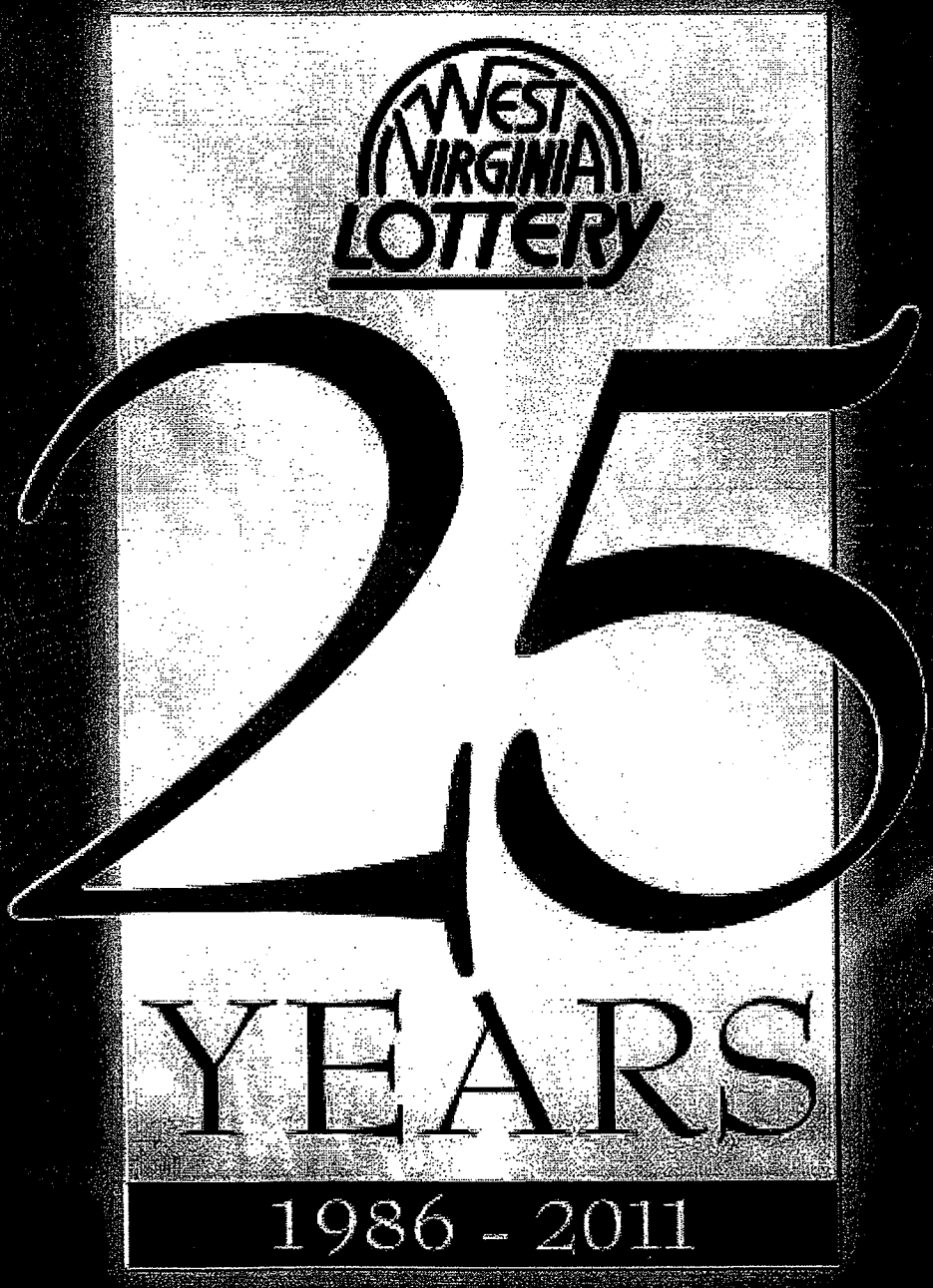
APPENDIX F

FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY

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West Virginia Lottery

a component unit of the State of West Virginia



Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2011

P.O. BOX 2067
CHARLESTON, WV 25327

PHONE: 304-558-0500
FAX: 304-558-3321

Earl Ray Tomblin
Governor

John C. Musgrave
Director

December 5, 2011

The Honorable Earl Ray Tomblin, Governor
Charles O. Lorensen, Cabinet Secretary, Department of Revenue

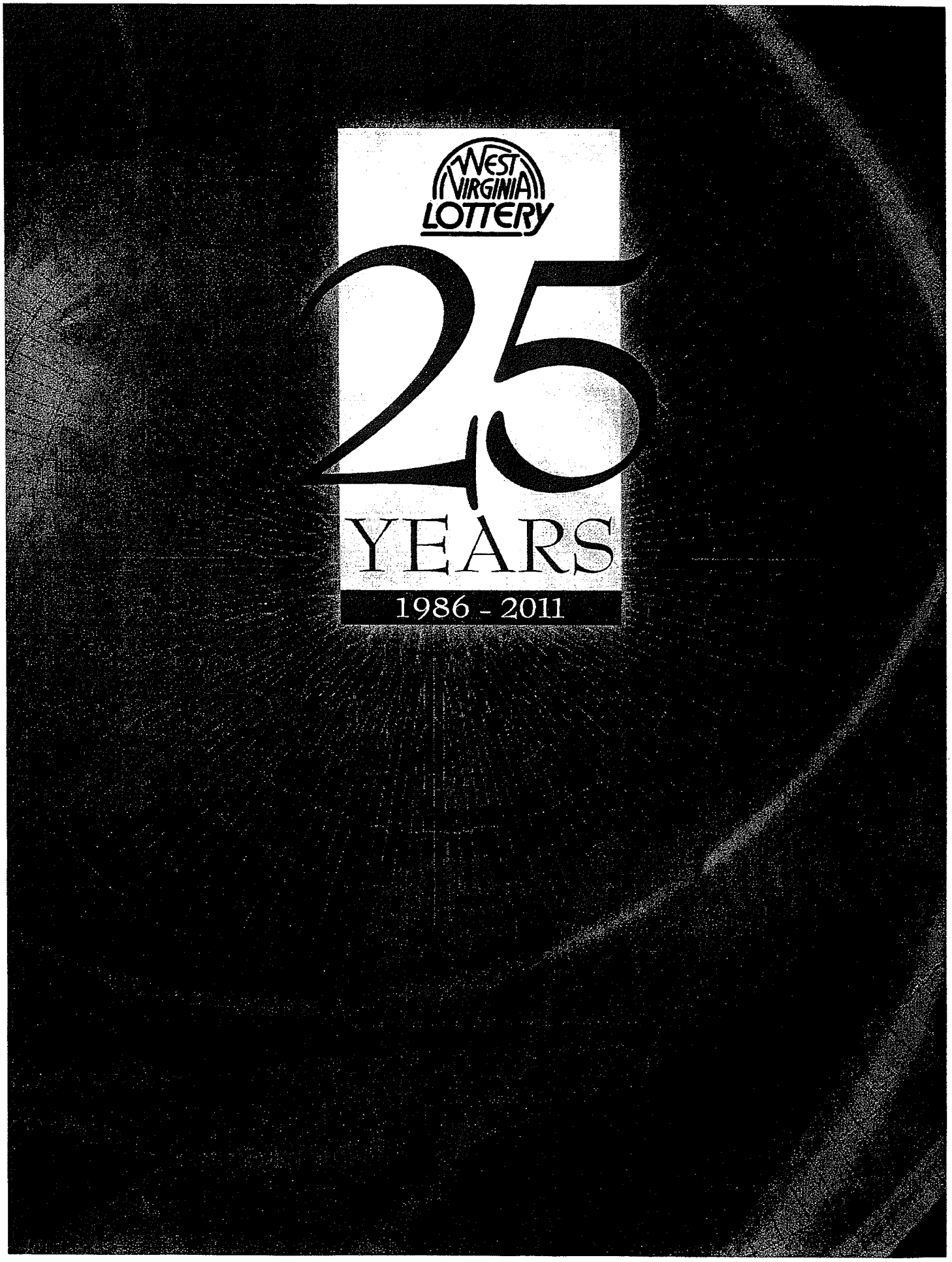
The State Lottery Act §29-22 was initially enacted in April 1985 by the West Virginia Legislature with gaming operations beginning in 1986. The West Virginia Lottery's (Lottery) mission is to generate revenue to fund programs benefiting education, senior citizens, tourism and other programs as the Legislature deems appropriate. This mission is being carried out with the utmost integrity to ensure public confidence.

During the past 25 years the Lottery is proud to have contributed more than $6.2 billion of gaming revenues to the State helping make the State of West Virginia one of only a few states to finish fiscal year 2011 with a budget surplus. These funds have provided support to a multitude of programs deemed important to our citizens and state leadership. Three of the primary benefactors include a total of $700.7 million of Lottery net profits used to sponsor services for our seniors, $2.1 billion to educate our students, and $711.5 million to advance tourism and promote the beauty of our State.

We are pleased to transmit to you the Comprehensive Annual Financial Report of the West Virginia Lottery for the fiscal year ended June 30, 2011. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. An independent certified public accounting firm has audited the financial statements contained in this report.

Sincerely,

John C. Musgrave
Director


WEST VIRGINIA LOTTERY
25
YEARS
1986 - 2011

West Virginia Lottery



Director

John C. Musgrave of Point Pleasant, WV, was appointed Director of the West Virginia Lottery in April of 1997 and has had two consecutive appointments since that time. Musgrave brings to the Lottery a strong finance background with more than two decades of public service at the federal, state and local levels.

As Lottery Director, he oversees a special revenue agency that generates more than $1.3 billion in gross sales and provides a profit to the State of West Virginia of more than $560 million to be used for senior citizens, education, parks, tourism and capital projects.

Lottery Commission



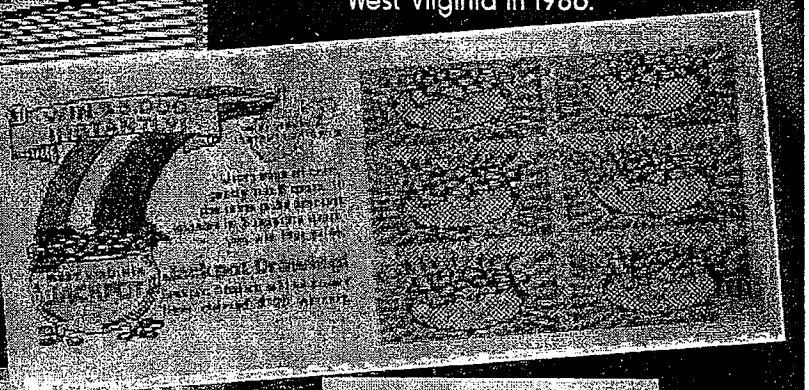
Front Row: Kenneth L. Greear, Chairman, Charleston, WV, Computer Expert
Back Row: William I. Clayton, Vice Chairman, South Charleston, WV, Public At Large; Douglas Bicksler, CPA, Lewisburg, WV, Certified Public Accountant; David L. McCormick, Jr, Morgantown, WV, Marketing Specialist; David Lemmon, Nitro, WV, Law Enforcement; Roy E. Shrewsbury, II, Beckley, WV, Public At Large
and Michael A. Adams, Esq., Weirton, WV, Lawyer

The Commission was created in 1985 to assist and advise the Director of the Lottery and to carry on a continuous study of West Virginia Lottery operations throughout the state. Members are appointed by the Governor with the approval of the Senate. In accordance with state law, the Lottery Commission is required to have seven members comprised of a lawyer, a certified public accountant, a computer expert, a marketing specialist, and one member with not less than five years experience in law enforcement. An additional two members represent the "public at large." No more than four members may be from the same political party. Unless filling an unexpired appointment, members serve overlapping terms of five years and are eligible for successive appointments to the Commission.

25 years in the making . . .



The first delivery of instant tickets to Lottery Headquarters with the late Ralph Peters, first Lottery Director receiving the shipment.



The first instant ticket sold in West Virginia in 1986.



Russ Husk of Parkersburg won $3,740,000 on the Grand Prize jackpot show in 1986 . . . our first millionaire.



Later in 1986 Glen Stanley of Pt. Pleasant won $5,600,000 on the Grand Prize show.



Lotto America was introduced in Charleston with a 50-foot high Gorilla on top of a high rise in 1989.



Roger Boone of Lewisburg won 23,841,255 with Powerball® in 1995.



The late Leslie Neilson starred in a West Virginia Lottery commercial in 1998, shown here hamming it up with Director John Musgrave during a break in shooting.



Kathy Wiseman of Charleston won $1,000,000 during the Countdown to Cash drawing in 1999.

West Virginia Lottery

a component unit of the State of West Virginia

Prepared by

Finance and Administration Division

James M. Toney, CPA/MBA

Deputy Director of Finance and Administration

and Chief Financial Officer

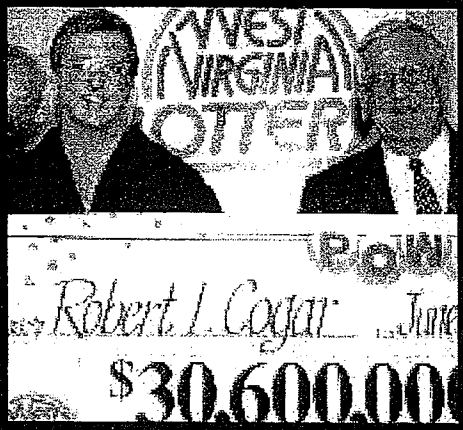
Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2011

25 years in the making . . .



Little did we know that when we shot Powerball® game show commercials in 2000 that one of the actors, Bradley Cooper, would go on to hit the big time starring in movies like 'The Hangover'.



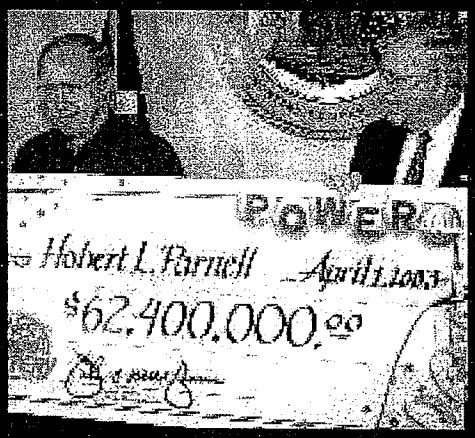
Robert Cogar bought his Powerball® ticket in Morgantown and won $30,600,000 in June of 2002.



Jack Whittaker of Hurricane won $314,900,000 with Powerball® on December 26, 2002. The win remains largest single winning ticket in lottery history.



Bob Eubanks hosted our 2006 20th Anniversary Giveaway which aired statewide. Three million in prizes was given away during the show.



Hobart Parnell bought his ticket in Princeton for a $62,400,000 Powerball® win.



A group of co-workers from FEMA shared a $10,000,000 Powerball® prize in July of 2005. The ticket was purchased in Charles Town.



On March 18, 2008 a group of eight county workers from Morgantown won a $276,000,000 jackpot in Powerball®. It was the second highest Powerball® win in West Virginia Lottery history.



Frank and Patricia Proud of Pocahontas County won $1,000,000 with Powerball® Power Play on April 8, 2010.



June 30, 2010 the West Virginia Lottery completed the closing on the purchase of City Center West for the new Lottery Headquarters.
Ed Maier (L) finalizes the deal with Lottery Director John Musgrave.

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Our Players

Our players are vital to the success of the West Virginia Lottery and all of the programs that lottery proceeds support annually.

Throughout the year, the West Virginia Lottery focused its attention on celebrating our 25th Anniversary with our players in mind. From the 25 Days of Fun to a sold-out Sugarland concert at the Charleston Civic Center, the Lottery put the players front and center. The result was a phenomenal year-long celebration that raised awareness about the Lottery and the programs it supports, a 3 percent increase in sales, and more winners.

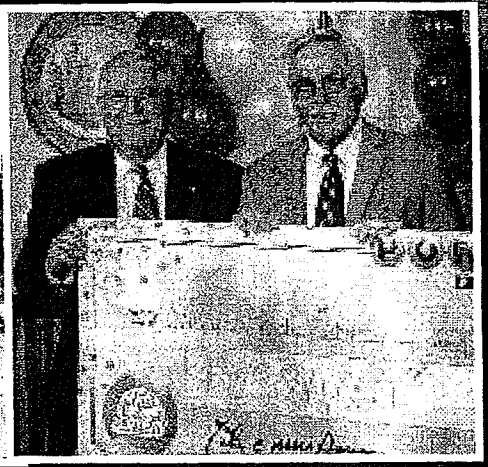
West Virginia celebrated when Randy Smith brought home a $79 million Powerball® jackpot and Mark Boggs became our latest millionaire thanks to the 25th Anniversary Second-Chance Drawing.

Good things make a difference and good things happen when you play!

Celebrating Our Players

Introductory Section

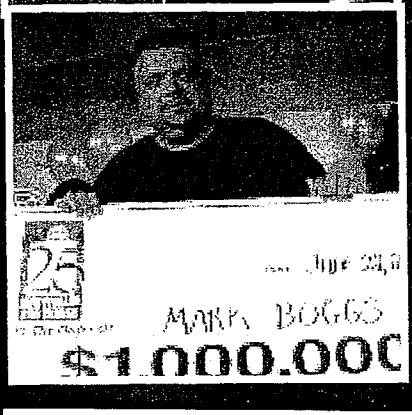










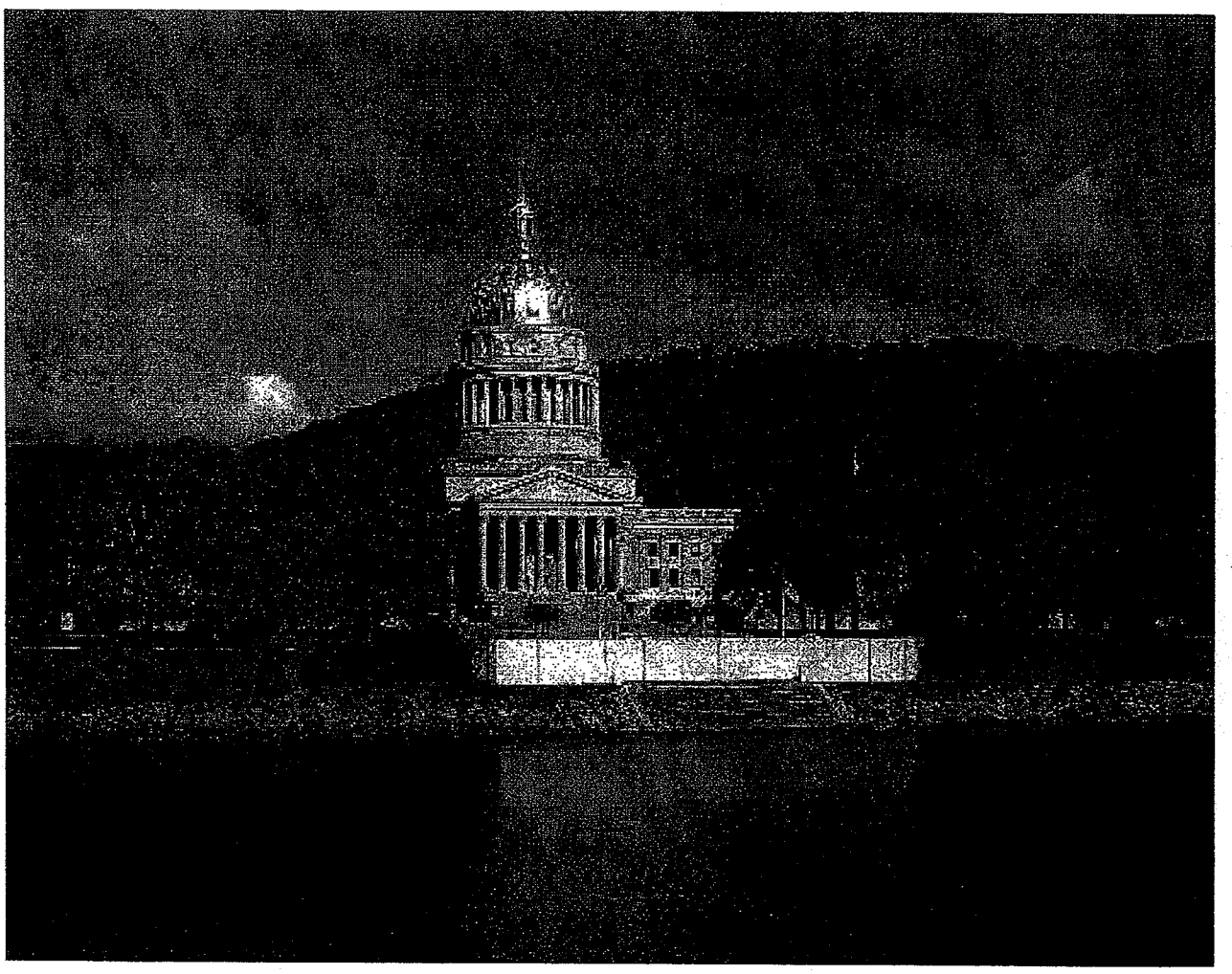






Upper left then clockwise: VIP winners for the Sugarland concert; Randy Smith, $79 million Powerball® winner; fun at the state fair; $25,000 Sugarland "Lucky Seat" winner; the Lottery at the State Fair; Mark Boggs, $1 million anniversay second-chance winner; and Jennifer Nettles of Sugarland performs at the Charleston Civic Center.

Center: Sugarland poster.



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Earl Ray Tomblin
Governor

John C. Musgrave
Director

December 5, 2011

The Honorable Earl Ray Tomblin, Governor
Charles O. Lorensen, Cabinet Secretary, Department of Revenue
Kenneth L. Greear, Chairman, West Virginia Lottery Commission
Members of the West Virginia Lottery Commission

We are pleased to transmit to you the Comprehensive Annual Financial Report of the West Virginia Lottery (the Lottery) for the fiscal year ended June 30, 2011. This report has been prepared by the Finance and Administration Division of the Lottery. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. To the best of our knowledge and belief, the enclosed data and information are accurate and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Lottery. All disclosures necessary to enable the reader to gain an understanding of the Lottery's financial activities have been included.

Presented in this report is information about the Lottery, an agency under the Department of Revenue of the State of West Virginia. The State Lottery Act §29-22 was passed in April 1985 by the West Virginia Legislature. The Lottery has operated since 1986 as a business enterprise within the framework of State laws, rules and regulations. Its mission is to generate revenue to fund programs benefiting education, senior citizens, tourism and such other programs as the Legislature may determine. This mission is being performed with the utmost integrity to ensure public confidence.

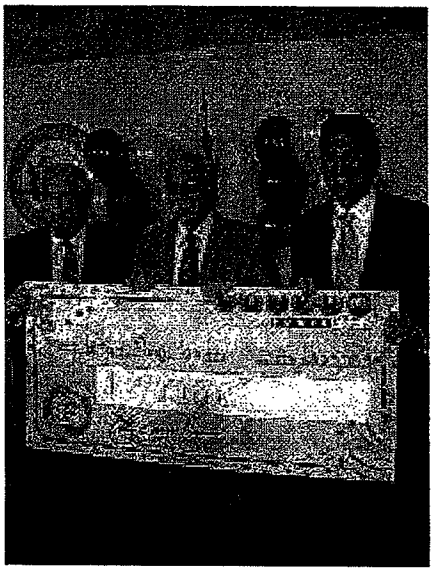
On June 14, 2006 the West Virginia State Legislature passed House Bill 106 which allows the Lottery to retain an unexpended portion of its administrative fees in an amount not to exceed $20 million beginning in fiscal year 2006 and each year through fiscal year 2012 for the purpose of constructing a state office building. These amounts are presented and described in the financial statements as Restricted Net Assets and Special Items. Prior to fiscal year 2006, all net assets in excess of $250 thousand were distributed to the State of West Virginia.

The Lottery is considered a component unit of the State of West Virginia. This report presents Lottery activity in a single enterprise fund; the fund includes all activity for which the West Virginia Lottery Commission exercises oversight responsibility. The Lottery has no component units and this report includes only the activity of the Lottery. This report does not include data and information related to any other state agency or fund.

This letter of transmittal is designed to be read in conjunction with the complementary information offered in the Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor's report.

OVERVIEW

For 25 years, West Virginians have benefited from the West Virginia Lottery. Proceeds from the Lottery have made a positive impact on education, senior programs and tourism throughout the Mountain State. In fact, the Lottery has generated more than $6.2 billion for the people of West Virginia since beginning it's operations in 1986, including commissions from Racetrack and Limited Video Lottery and profits paid to non-state government agencies.



The West Virginia Lottery celebrated its silver anniversary in fiscal year 2011 with a variety of celebratory instant games that culminated with a sold-out performance by Sugarland at the Charleston Civic Center, and Mark Boggs of Sissonville becoming the latest West Virginia Lottery millionaire thanks to the Lottery's 25th Anniversary second-chance drawing. The year also produced, yet another, Powerball® jackpot winner from West Virginia when Martinsburg's Randy Smith claimed more than $44 million (the cash option) from the August 21st $79 million Powerball® drawing.



Overall, the introduction of a special anniversary $25 instant ticket helped increase instant ticket sales by more than 19 percent over the previous fiscal year.

The 25th Anniversary celebration helped the Lottery increase it's overall sales by 3 percent and led to a transfer of an estimated $558 million to the State. The Lottery generated fiscal year-end sales totaling nearly $1.4 billion thanks in part to an increase in instant ticket sales and strong table games revenues that were fueled by the introduction of table games at Hollywood Casino at Charles Town Races.

Included in the $558 million transfer to state programs for fiscal year 2011 was $73.3 million for senior citizens, $225.7 million for education, $15.6 million for the promotion of tourism, $127.9 million to the State's General Fund for expenses that include education and health and human services, $40 million for the Infrastructure Council, and $75.4 million to other state agencies, including $29 million for PROMISE scholarships.

Overall, the West Virginia Lottery generated nearly $1.4 billion in overall sales in fiscal year 2011, while holding it's overall operating costs to under 2.17 percent of gross sales.

The Lottery continues its regulatory duties by governing several forms of gaming including traditional lottery games (instant scratch-off tickets and on-line games such as Powerball® and Mega Millions®); Racetrack Video Lottery (slot machines at the state's racetracks); Limited Video Lottery (slot machines at local video lottery parlors); and Table Games at the facilities licensed to operate them. In addition, the Lottery regulates casino video lottery and table games at The Greenbrier Historic Resort.

State law mandates that players receive at least 45 percent of total traditional games sales in the form of cash prizes, however, that percentage has averaged approximately 50 percent annually since the Lottery's inception.

In addition, the Lottery's traditional games operating costs have averaged approximately 12 percent, notably less than the 15 percent allowed by law. Retailers who sell lottery products receive a 7 percent commission, as well as bonuses based on total sales at their locations. Profits from traditional lottery games are directed by statutory allocation to state programs and distributed accordingly.

The payout rate for video lottery machines varies by location and game type and currently approximates 90 percent with an established range of 80 percent to 99 percent set by statute and approved by the Lottery Commission. Profits distributed from Racetrack Video Lottery, The Greenbrier Historic Resort and Limited Video Lottery, are directed both by statutory allocation and legislative budget appropriations.

State revenues from table games are derived from a 35 percent privilege tax rate that is applied to the table "win" and is distributed by statutory allocation with the largest portion directed to reduction of state debt.

Since 1994, $171.2 million of revenue generated by Racetrack Video Lottery has been directed to advertising funds for the state tourism industry through a matching grants program established with the West Virginia Division of Tourism. In fiscal year 2011, the Lottery contributed $9 million to the Division of Tourism. In addition, lottery revenue appropriated by the West Virginia Legislature to the Division of Tourism of $7.3 million, the Division of Natural Resources of $3.3 million and the State Park Improvement Fund of $5 million increases the overall total invested in enhancing the state's tourism industry to $15.6 million.



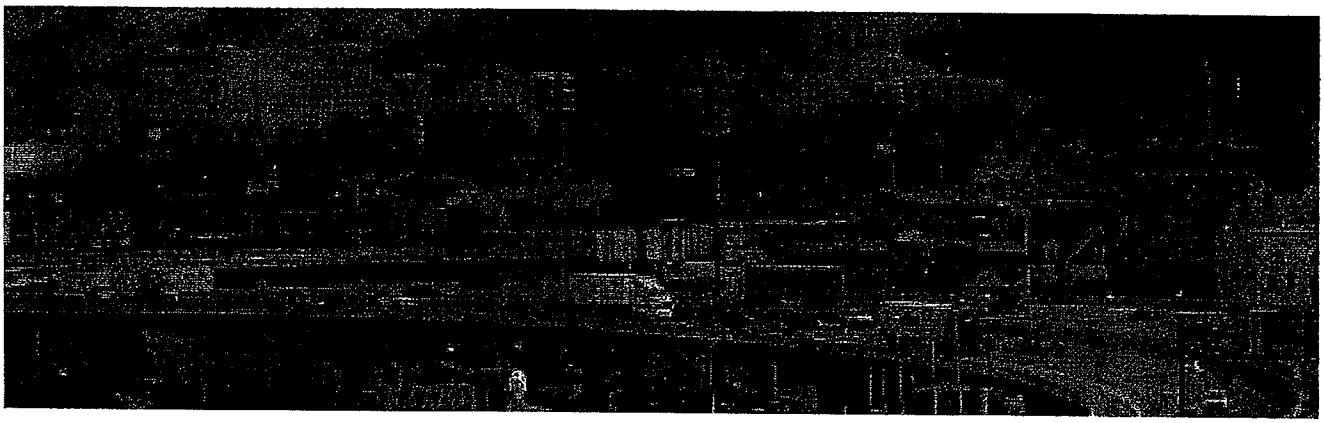
Legislation passed in fiscal year 2000 continues to provide lottery revenue from a special instant ticket game to help support funding for West Virginia Veterans. This, first of its kind, initiative has generated up to $1 million annually to support a new skilled nursing facility and a cemetery for West Virginia's veterans. In fiscal year 2011, nearly $839 thousand was distributed to support veterans projects in West Virginia.



West Virginia seniors benefit from the license fees for table games. Approved venue license fees for table games are directly deposited into the accounts of the Bureau of Senior Services. In fiscal year 2011, deposits to in-home health care services for seniors totaled $9 million from Racetrack Table Games and $250 thousand from The Greenbrier Historic Resort. In addition, West Virginia senior citizens benefited from an estimated $73.3 million in lottery revenue in fiscal year 2011.

West Virginia's college-bound high school graduates also benefit from the West Virginia Lottery's funding of the PROMISE Scholarship Fund. Revenue from Limited Video Lottery games provided $29 million to provide in-state higher education opportunities for West Virginia high school graduates. Since 2002, the West Virginia Lottery has provided more than $225 million to fund PROMISE Scholarships.

ECONOMIC OUTLOOK

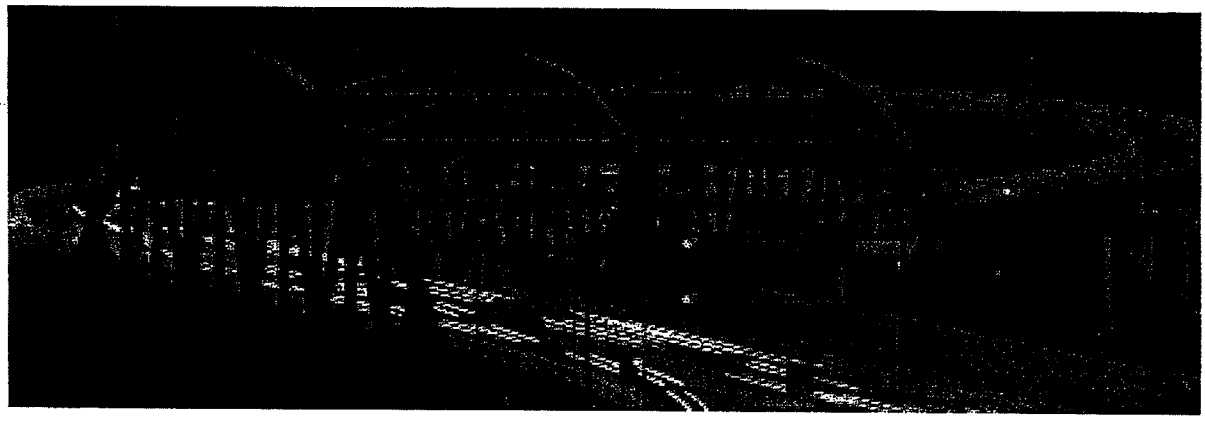


The US economic recovery that initially began in mid-2009 continues at an anemic pace in 2011. The slow rate of growth is partially attributable to a very weak housing sector, below normal consumer confidence associated with persistently high levels of unemployment, slow growth and financial problems for European countries and a trend of slightly lower State and local government employment. In response to these weakening trends, the Federal Government continues to develop new targeted fiscal stimulus programs and the Federal Reserve Board continues to provide monetary stimulus to boost the economy. One of the continuing positive factors for the economy in 2011 is the cumulative increase in National exports of nearly 37 percent from two years ago. The growth in exports helps to stabilize employment in the manufacturing sector and other export sensitive sectors. The overall pace of growth in the economy is expected to continue at a slower than comfortable pace throughout the coming year and into 2013. The US economy is forecast to show a very slight acceleration in employment growth from less than 1 percent in 2011 to an annual growth of slightly more than 1 percent in 2012. However, the national unemployment rate is still expected to remain well in excess of 9 percent throughout 2012.

Due to the impact of the Great Recession, West Virginia's payroll employment fell by roughly 30,000 jobs between January 2008 and February 2010. Employment numbers have since rebounded by 1.5 percent as of July 2011 from the seasonally adjusted trough of 739,100 set in February 2010. The goods producing sectors led the rebound with net growth of roughly 4,600 jobs. Export related industries generally outperformed other sectors. Roughly 80 percent of the goods sector employment growth was attributable to gains in mining. Most of the remaining job growth was attributable to a 4.5 percent gain in the durable goods manufacturing sector. The service sector added roughly 6,200 jobs since February 2010, including 3,800 jobs in the professional and business service sector..

Growth in employment was a contributing factor to personal income growth in 2010. West Virginia personal income growth exceeded the average growth rate for the Nation in 2010, with a growth rate of 3.6 percent. For the first quarter of 2011, West Virginia's 1.7 percent seasonally adjusted personal income growth rate ranked 36th highest among all states, and was slightly below the national average of 1.8 percent. Nearly 55 percent of the total quarterly earnings growth in West Virginia was attributable to the mining sector and another 25 percent was attributable to durable goods manufacturing. Both the mining and manufacturing sectors benefited greatly from growth in international exports. The cumulative value of West Virginia exports was nearly $5.1 billion as of July 2011, an increase of roughly 39 percent from the prior year. The value of manufacturing goods

ECONOMIC OUTLOOK



rose by nearly 7 percent and the value of metallurgical coal exports more than doubled from the prior year. In the second quarter of 2011, total West Virginia exports increased 43 percent. The increase was led by gains in minerals and ores, transportation equipment, and machinery exports. The value of total West Virginia exports to foreign countries nearly doubled over the past two years. Since exports represent nearly 10 percent of West Virginia's gross state product, the increase in foreign trade provides an important stimulus for the State economy in rebuilding following the steep recession.

Total West Virginia payroll employment growth of 5,400 jobs between December 2010 and July 2011 was led by the manufacturing, business services, trade, construction and mining sectors. IHS Global Insight projects employment growth to decelerate in the third and fourth quarters of this year before a modest rebound in 2012. Weak employment gains will be a contributing factor to a very sluggish personal income growth averaging 2 percent. West Virginia is not expected to return to its 2008 peak employment levels until 2013.

The leisure hospitality sector, including amusements and recreation (including gaming) and hospitality and food service activities, collectively lost 5,300 jobs between the fourth quarter of 2008 and the first quarter of 2010. This sector subsequently rebounded with job growth of roughly 3,000 since January 2010. IHS Global Insight projects sector job growth of 0.7 percent in 2011 and 1.1 percent in 2012 before growth tapers off in 2013. Continued high unemployment, low consumer confidence and increased gaming competition from neighboring states may influence the future performance of this sector.

There is more downside risk than upside risk to the economic forecast. Major downside risks to the forecast includes the possibility of an economic slowdown in Asia and other foreign markets that would lead to reduced export activity, a long-term suspension of surface mining permits by the federal government and increased environmental regulation of carbon gas emissions. Any of these factors could significantly reduce growth in the West Virginia economy. Gaming industry competition from neighboring states may also increase beyond current projected activities, resulting in reduced growth in the leisure and hospitality sector. The one significant upside risk is associated with the continued development of the Marcellus Shale natural gas play and the possible development of an ethane cracker plant in West Virginia. The potential gains from additional affordable natural gas production and its spin-off activities are promising economic developments for the State's future.[1]

1 Written by Mark Muchow, Deputy Cabinet Secretary, Department of Revenue

LOTTERY PRODUCTS

The West Virginia Lottery has introduced 16 different games since its inception but currently provides players the opportunity to participate in a variety of 11 games:

INSTANT games were the Lottery's first type of game introduced in January 1986. There are different ways to win in an instant or "scratch" game including matching three like dollar amounts, symbols or letters, or adding up numbers to a specified total. If the correct combination appears, the player becomes an "instant winner" without having to wait for the results of a drawing. The instant game offers a wide variety of game themes. During fiscal year 2011, there were 41 new games introduced. Instant games provided approximately 8.3 percent of total fiscal year 2011 sales at 1,561 retail locations.





DAILY 3 is an on-line game introduced in February of 1987. Players choose three numbers from 0 to 9 for prizes ranging from $40 to $500. Drawings are held six nights a week.

DAILY 4 is an on-line game also introduced in February of 1987. Players choose four numbers from 0 to 9 for prizes ranging from $100 to $5,000. Drawings are held six nights a week.





CASH 25 is an on-line game, which was introduced in February 1990. Players pick six numbers from 1 to 25 for a chance to win cash prizes ranging from $1 to $25,000. Drawings are held four nights a week every Monday, Tuesday, Thursday and Friday.

POWERBALL® is an on-line game jointly operated by 42 state lotteries, the District of Columbia and the Virgin Islands, who are members of the Multi-State Lottery Association (MUSL) or the Mega Millions® Group. This game was introduced in April 1992, revised in November of 1997, October of 2002, and August of 2005. Beginning March 2001, Powerball® added a feature called Power Play®, where winnings can be multiplied from a random number drawn between 2 and 5. Effective August 28, 2005, the matrix increased to "5 of 55" for the first set, while the second set remained the same and the second and third tier prizes were doubled. The matrix held previously was "5 of 53" for the first set and "1 of 42" for the second set. The jackpots are paid either in a cash lump sum equal to the present value of the annuitized amount or over 30 years with a guaranteed minimum jackpot of $20 million. Once the jackpot reaches the previous record jackpot of $365 million, the jackpot increase may be limited to $25 million per draw. The jackpot money over the amount required to fund the $25 million increase will continue to accrue until the jackpot is hit. At that time, the residual jackpot money will be divided equally among the current $200,000 winners. The jackpot increases each drawing if no winning ticket has matched the first set of 5 numbers and matched the "Powerball®" number of the second set. Powerball® offers eight secondary prizes of fixed amounts ranging from $3 to $200,000. The game was expanded to new jurisdictions beginning January 31, 2010, when both Powerball® and Mega Millions® began cross-selling in most jurisdictions. Drawings are held twice weekly on Wednesday and Saturday. Powerball® sales are approximately 2.6 percent of total 2011 sales at 1,561 retail locations in West Virginia.



MEGA MILLIONS® is an on-line game jointly operated by 42 state lotteries, the District of Columbia and the Virgin Islands, with members belonging to the same groups that operate Powerball®. The game was introduced on August 31, 1996 as the Big Game. The first drawing took place on September 6, 1996, with six states participating: Georgia, Illinois, Maryland, Massachusetts, Michigan and Virginia. The West Virginia Lottery and 22 other states began selling Mega Millions® January 31, 2010 in a cross-selling agreement. The game is similar to Powerball®, in play and jackpots. The matrix is "5 of 56" for the first set and "1 of 46" for the second set. The jackpots are paid either in a cash lump sum equal to the present value of the annuitized amount or over 26 years with a guaranteed minimum jackpot of $12 million. Mega Millions® offers eight secondary prizes of fixed amounts ranging from $2 to $250,000. Drawings are held twice weekly on Tuesday and Friday. Mega Millions® sells at 1,561 retail locations in West Virginia.



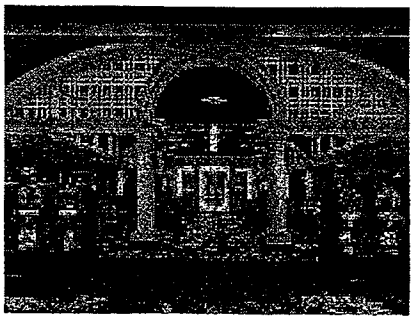
HOT LOTTO SIZZLER® is an on-line game jointly operated by 14 states and the District of Columbia who are members of MUSL. This game was introduced in April 2002 with drawings on Wednesday and Saturday. Players choose 5 numbers out of a field of 39 and 1 number out of a field of 19. Jackpots begin at $1 million, and increase each drawing if no winning ticket has matched the first set of 5 numbers and matched the "Hot Ball" number of the second set. Hot Lotto Sizzler® offers eight secondary prizes of fixed amounts ranging from $2 to $10,000.

TRAVEL KENO is a game restricted to lottery retailers with specific types of West Virginia Alcohol Beverage Control Administration (ABCA) licenses and was introduced in December 1992. The player selects from 1 to 10 numbers and the Lottery computer randomly picks 20 numbers from 1 to 80. With the Keno Bonus multiplier option, players have a chance to increase their winnings. Drawings are held every five minutes from 5:05 a.m. through 2:45 a.m. The winning numbers are displayed on monitors at 285 Travel Keno locations.

RACETRACK VIDEO LOTTERY games were implemented in 1994 when the West Virginia Legislature passed the Racetrack Video Lottery Act, making video lottery terminals available to the four racetracks in the state subject to passage of local referendums. In September 1994, three racetracks (Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel, Casino & Racetrack, and Mardi Gras Casino & Resort) began operating with 1,200 video lottery machines. A fourth racetrack (Hollywood Casino at Charles Town Races) began video gaming in September 1997. West Virginia is one of five state lotteries to regulate video gaming at racetracks. The other four states are Delaware, Rhode Island, New York and Pennsylvania. Games offered are poker, blackjack, keno, and spinning reel types. Effective June 1999, legislative action has allowed mechanical reel coin drop machines. As of June 30, 2008, the West Virginia Lottery Commission had an average of 9,732 terminals available for play at the four racetracks in the state. Racetrack Video Lottery sales were 52.2 percent of total 2011 sales.

LIMITED VIDEO LOTTERY games were approved by the Legislature in April 2001. The legislation provides up to 9,000 video lottery terminals to be placed in retailer locations with specific types of West Virginia ABCA licenses. West Virginia is one of three state lotteries to regulate and operate Limited Video Lottery. The other two states are South Dakota and Oregon. The first terminals were enabled for play on December 17, 2001. A total of 7,576 terminals were operating at licensed retail locations throughout the state as of June 30, 2011. Limited Video Lottery sales were 28.6 percent of total 2011 sales at 1,559 operating retailer locations.

TABLE GAMES were implemented in fiscal year 2008 when the West Virginia Legislature passed the Racetrack Table Games Act, making table games available to the four racetracks in the state subject to passage of local referendums. In October 2007, two racetracks (Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel, Casino & Racetrack) began operating with poker tables only and added full table games in December 2007. In August 2008, a third racetrack (Mardi Gras Casino & Resort) began operating with poker tables only and added full table games in October 2008. The fourth racetrack (Hollywood Casino at Charles Town Races) began operating full table games on July 1, 2010. Games offered are Poker, Blackjack, Caribbean Stud, Craps, Roulette, Three and Four Card Poker, and other miscellaneous games. Racetrack Table Games sales were 4.9 percent of total 2011 sales.

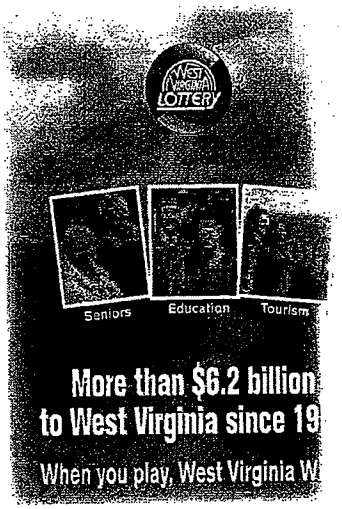


A HISTORIC RESORT in West Virginia implemented video lottery and table games in fiscal year 2010 when the Legislature passed SB 575 which revised the original Authorized Gaming Facility Act. In October 2009, The Greenbrier Historic Resort began operating both video lottery and table games. Table Games offered are Blackjack, Roulette, Craps and Three Card Poker.

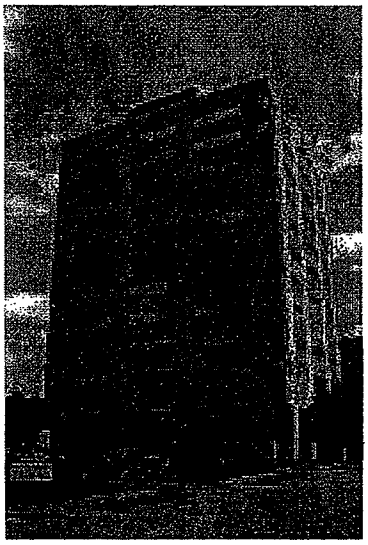
ACCOMPLISHMENTS

The Lottery increased its overall sales by 3 percent and transfered an estimated $558 million to the state despite increased competition from neighboring states and the economic downturn.

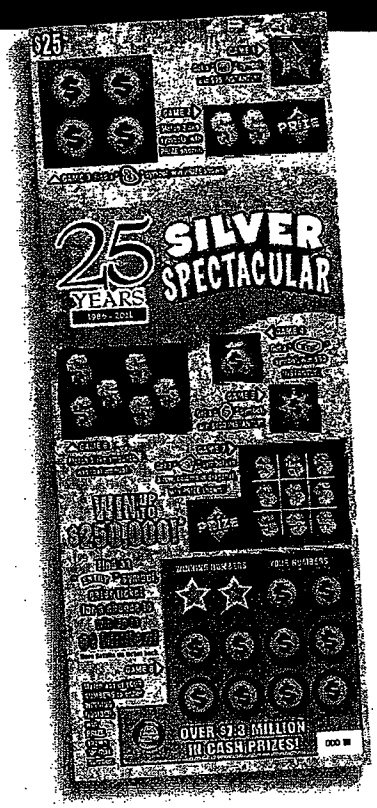
- Achieved funding of all forecasted legislative appropriations of Lottery funds.
- Total distributions in fiscal year 2011 were $594.6 million, which include $565.3 to the State of West Virginia, $7.8 million to Municipalities and Counties, and $21.5 to the four Racetracks for capital reinvestment and modernization.
- In fiscal year 2011 the West Virginia Lottery produced $73.3 million for senior citizens, $225.7 million for education, $15.6 million for the promotion of tourism, $127.9 million to the State's General Fund for expenses that include education and health and human services, $40 million for the Infrastructure Council, and $75.4 million to other state agencies, including $29 million for PROMISE scholarships.
- The Lottery generated fiscal year-end sales totaling nearly $1.4 billion thanks in part to an increase in instant sales and strong table games revenues that were fueled by the introduction of table games at Hollywood Casino at Charles Town Races.
- The Lottery held its overall operating costs to under 2.17 percent of gross sales for the year.



- A total of 41 new instant games were launched in fiscal year 2011 with sales from traditional games (instant and on-line) totaling $193.6 million.
- The addition of table games at Hollywood Casino at Charles Town Races led to a 114.8 percent increase in table games revenue that produced $68.2 million. Overall, table games resulted in $29.6 million to the State.
- The West Virginia Lottery celebrated its 25th Anniversary with a special $25 instant ticket that helped increase traditional lottery sales by 19 percent, a series of special events statewide, a concert by Sugarland at the Charleston Civic Center, and a second-chance drawing that produced a million dollar winner.
- Martinsburg's Randy Smith claimed more than $44 million (the cash option) from the August 21st $79 million Powerball® drawing, becoming West Virginia's eighth Powerball® jackpot winner.
- Awarded all authorized 2011 - 2021 Limited Video Lottery permits through a state-wide rebid process during fiscal year 2011.



- Contract awarded to Paramount Builders for building renovations to the new Lottery Headquarters located at 900 Pennsylvania Avenue in Charleston.
- 4-year contract extension to Scientific Games Inc. for an improved Video Lottery System (Aegis), which operates all video lottery machines across the state.
- Lottery sustained a new $3 price point instant ticket beginning with the lauch of Pink Panther™ in July 2010.
- Lottery launched it's first $25, holograpic ticket in conjunction with it's 25th Anniversary Celebration.



FINANCIAL INFORMATION

ENTERPRISE OPERATIONS

The West Virginia Lottery operating activities include sales of instant and on-line tickets, the regulation of video lottery and table game operations to the general public and the related supporting functions: personnel, finance and administration, video, marketing, security, table games and licensing. No general government functions or operations are managed by the Lottery or included in this report. Sales in fiscal year 2011 increased 2.5 percent to $1.392 billion from $1.358 billion in fiscal year 2010. Total distributions required by statute increased 1 percent to $594.6 million in fiscal year 2011 from $588.7 million in fiscal year 2010. Current year distributions include $565.3 to the State of West Virginia, $7.8 million to Municipalities and Counties, and $21.6 to the four Racetracks for capital reinvestment and modernization.

SYSTEM OF ACCOUNTING AND POLICIES

The West Virginia Lottery operates as an enterprise fund that, like a private business, utilize the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BUDGETARY CONTROLS

The Lottery's budgeted funds are the State Lottery Fund and State Excess Lottery Fund. Budgetary control for these funds are addressed through their enabling legislations, which provide specific limitations on operating and administrative expenses. For budgetary purposes, the State Lottery and Excess Lottery Funds are classified as non-appropriated special revenue funds and do not have a legally adopted budget. An estimate of expected expenditures is filed annually with the Budget Division of the Department of Revenue and is monitored throughout the year by this Division. In addition, Lottery financial management staff monitors actual expenditures for compliance with operational requirements and compliance with lottery statutes.

INTERNAL CONTROL ENVIRONMENT

Management of the Lottery is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and to ensure that the accounting system allows compilation of accurate and timely financial information. The internal controls are designed to provide reasonable assurance that these objectives are met.

To enhance controls over accounting procedures, the Lottery has segregated the following functions: personnel, payroll, purchasing, accounts payable, accounts receivable and general ledger accounting. Data input and processing are separate from system programming with management providing approval and oversight. In addition, an internal auditor reviews all areas of Lottery operations and reports to the Finance and Audit Committee of the Lottery Commission.

Since the Lottery manages a valuable ticket inventory and controls the disbursement of prizes, the following steps are taken to ensure the operations remain secure and meet the highest ethical standards:

- Hiring specialized security and law enforcement staff
- Maintaining secure Lottery facilities and limiting access
- Performing background checks on retailers, contractors and Lottery employees
- Printing lottery tickets with special inks, dyes and security codes
- Providing detailed procedures for random on-line drawings
- Hiring an independent CPA firm to witness the drawings
- Providing a variety of access and other controls to all computer systems
- Providing operating policies and procedures

The Lottery currently has 198 employees; the majority of the staff are located at Lottery headquarters. The drawing studio is located at the broadcast facility of the television station in Charleston, West Virginia, which produces the nightly drawings.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Virginia Lottery for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 14th consecutive year that the West Virginia Lottery has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

FUTURE PROJECTS

- Complete the refurbishments to the West Virginia Lottery headquarters building by the end of the third quarter in fiscal year 2012.
- Additional state agencies (Alcohol Berverage Control Administration, Municipal Bond Commission, Racing Commission, Real Estate Division and the Division of Banking) scheduled to move into Lottery headquarters in fiscal year 2012.
- Addition of approximately 500 digital jackpot signs at retail locations.
- Instant ticket RFQ to be awarded February 2012 for the printing production of Lottery instant tickets.
- Initial stages of a new advertising contract to be awarded in 2013.
- Complete installation of all new limited video lottery machines and software for authorized permit holders by the end of second quarter in fiscal year 2012.
- Implement the agency-based fixed asset system by the end of fiscal year 2012.
- Implement the document imaging system by end of fiscal year 2012.

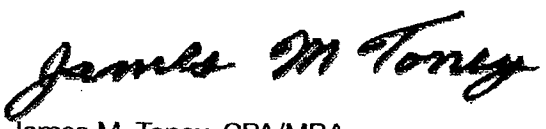
INDEPENDENT AUDIT

West Virginia statutes require an annual audit by an independent certified public accountant. The independent auditors' opinion on the Lottery's financial statements is included in the financial section of this report.

ACKNOWLEDGEMENTS

This report demonstrates the collaborative efforts of the Finance and Administration Division and Marketing Division of the West Virginia Lottery. We appreciate the contributions of this year's project team comprised of Mara Pauley, Games Accounting Manager/Project Coordinator; Nikki Orcutt, Deputy Director of Marketing; Mike Ross, Advertising Manager; and Randy Burnside, Public Relations Manager. We could not have successfully completed this report without their efficient and dedicated services. The Lottery continues its commitment to providing thorough and relevant financial information to the public.

This comprehensive annual financial report reflects our commitment to maintain the highest standards of accountability while working to maintain public trust through ethics and integrity. The Lottery also extends its sincere gratitude to Commission Chairman Kenneth L. Greear and the members of the West Virginia Lottery Commission for their diligence to the law in operating the Lottery in a professional and forward-thinking manner.



James M. Toney, CPA/MBA
Deputy Director of Finance and Administration



John C. Musgrave
Director of West Virginia Lottery

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Virginia Lottery

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

West Virginia Lottery

Principal Officials

Earl Ray Tomblin
Governor

Charles Lorenson
Cabinet Secretary
Department of Revenue

John C. Musgrave
Director
West Virginia Lottery

Lottery Commission
Kenneth L. Greear, Chairman, William I. Clayton, Vice Chairman, Michael A. Adams, Esq., David L. McCormick, Jr., Douglas Bicksler, CPA, David Lemmon and Roy E. Shrewsbury II

Organizational Chart

John C. Musgrave
Director

John Myers
Assistant Director

John Melton
Chief Counsel
Kathy Lawson
Attorney

Robin Graley
Administrative Assistant

Melody Jarrett, CPA
Internal Auditor
Tom White
Internal Auditor
Diane Vaughn, CPA
Internal Auditor

Terri Martin
Human Resources Manager

Alvin Rose
Deputy Director
Video Lottery Security

James M. Toney, CPA/MBA
Deputy Director
Finance and Administration

Nikki Orcutt
Deputy Director
Marketing

Dean Patrick, CPA
Deputy Director
Table Games

Tacy Donovan, CPA
Deputy Director
Video Lottery

David Bradley
Deputy Director
Traditional Security and Racetrack Security



Our Retailers

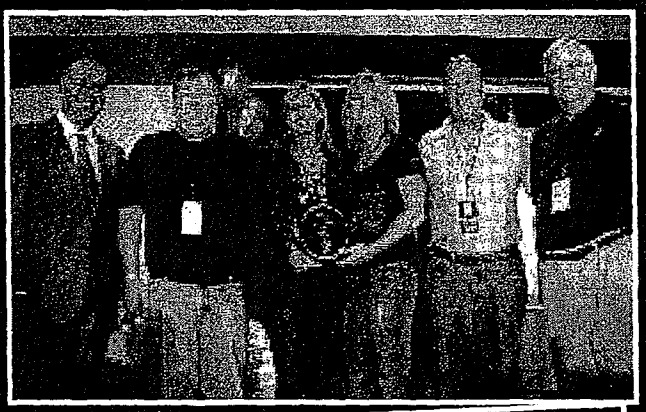
Our retailers are the foundation from which the Lottery's success is built. They are on the front lines daily, interacting with our customers and they truly are the face of the Lottery for thousands of players.

Our retailers are diligent and take pride in their association with the West Virginia Lottery and in selling our products. Because of this, the Lottery continues to thrive and millions of dollars in revenues go to support education, seniors and tourism annually in West Virginia.

None of our success would be possible without the hundreds of individuals across the state that make up our network of retailers and that is why we take the time to recognize them for their contributions. During this year's 25th Anniversary Celebration, we saluted our Top 25 retailers with a VIP reception prior to the Sugarland Concert at the Charleston Civic Center. This was just a small way of saying thanks for making so many good things happen in West Virginia.

Celebrating Our Retailers

















At a special VIP reception after the Sugarland concert in June our top 25 retailers received special recognition from Governor Tomblin and Director Musgrave. They included: First Row, Lynn's Self Serve, Elkins and M&B Market, Weirton. Second Row, Wheeling Island Hotel and One Stop 101, South Charleston. Third Row: Go Mart 67, Charleston, L.A. Liquors and Lottery, Logan and Joe's Mart, St. Albans. Fourth Row: Cargo Oil #1, Logan.

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INDEPENDENT AUDITOR'S REPORT

West Virginia Lottery Commission
Charleston, West Virginia

We have audited the accompanying balance sheets of the West Virginia Lottery (the Lottery), a component unit of the State of West Virginia, as of and for the years ended June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Lottery's management. Our responsibility is to express an opinion on these financial statements based on our audits.

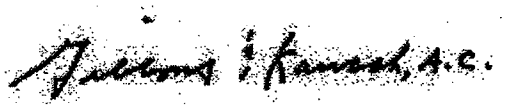
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Lottery as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 28 be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

300 CHASE TOWER | 707 VIRGINIA STREET, EAST | CHARLESTON, WV 25301 | PHONE: 304.345.8400 | FAX: 304.345.8451

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.



October 11, 2011

Management's Discussion and Analysis

-Unaudited-

Our discussion of the West Virginia Lottery's (the Lottery) financial performance provides for an overview of the Lottery's financial activities for the fiscal years ended June 30, 2011 and 2010. In reading the Management's Discussion and Analysis (MD & A), the current year refers to fiscal year ending June 30, 2011, and the prior year refers to fiscal year ending June 30, 2010. This analysis is to be considered in conjunction with the financial statements, which begin on page 29.

Financial Highlights

The Lottery's operating income increased in 2011 and decreased in 2010. The 2011 increase was due to increases in instant game and table game revenue. The decrease in 2010 was primarily the result of increased competition in neighboring states and the downturn in the overall economy. The following summary is provided below:

- Lottery revenues for the current year increased $34.4 million or 2.5% compared to the prior year, which decreased $134.9 million or 9% over 2009.
- Commissions for the current year increased $10.1 million or 1.6% compared to the prior year, which decreased $57.4 million or 8.3% over 2009.
- Gross profit for the current year increased $10.2 million or 1.7% compared to the prior year, which decreased $67.8 million or 10.1% over 2009.
- Nonoperating expenses increased $6 million or 1% compared to the prior year, which decreased $49.7 million or 7.8% over 2009. The predominant nonoperating expense is the distributions to the State of West Virginia, which decreased $3.7 million or 0.6% compared to the prior year, which decreased $47.7 million or 7.7% over 2009.

Using This Annual Report

The Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary type enterprise fund using the accrual basis of accounting much like a private business entity. As such, this report consists of a series of financial statements, along with explanatory notes to the financial statements. To assess the Lottery's financial position, the reader of these statements should pay particular attention to changes in the components of assets and liabilities as set forth in the Balance Sheets and changes in operating revenues, expenses and nonoperating distributions to the State of West Virginia as set forth in the Statements of Revenues, Expenses and Changes in Fund Net Assets.

Balance Sheets

As shown in Table 1, current assets increased $45.1 million or 15.7% compared to the prior year, which increased $24.4 million or 9.3% over 2009, due to the timing of distributions to the State of West Virginia at year-end.

Restricted assets decreased in 2011 due to continuing renovation of the Lottery's future headquarters building and decreased in 2010 due to the acquisition of a Lottery headquarters building on June 30, 2010 and the accrued distribution of surplus funds from the revenue center construction fund. See Notes 11 and 12 to the financial statements for additional information on restricted assets and these special items.

Balance Sheets (Continued)

Capital assets, net of accumulated depreciation and amortization, increased in 2011 by $7.1 million or 30.3% and increased by $20 million or 606.3% in 2010 due to the continuing renovation of a Lottery headquarters building acquired on June 30, 2010. For additional information on capital assets, please refer to Note 4 to the financial statements.

Table 1
Assets
(in $000's)

	2011	2010	2009
Current assets	$ 331,382	$ 286,297	$ 261,868
Restricted assets	4,324	8,355	69,871
Capital assets, net of accumulated depreciation and amortization	30,421	23,349	3,306
Total assets	$ 366,127	$ 318,001	$ 335,045

As shown in Table 2, the Lottery's current liabilities increased $45.4 million or 16.1% compared to the prior year, which increased $29.8 million or 11.8% when compared to 2009 due to the Limited Video Lottery bid fees that are reflected as deferred revenue until the new permits become effective on July 1, 2011.

Net assets – restricted decreased in 2011 due to the continuing renovation of the Lottery's future headquarters which was acquired on June 30, 2010. The acquisition of a Lottery headquarters building on June 30, 2010 and the accrued distribution of surplus funds from the revenue center construction fund accounted for the decrease in restricted net assets in 2010. See Note 12 to the financial statements for additional information on restricted net assets and special items.

Net assets – invested in capital assets increased in 2011 by $7 million or 30.3% due to the continuing renovation of the Lottery's future headquarters. Refer to Note 4 to the financial statements for additional information on capital assets.

Net assets – unrestricted changed in fiscal years 2011, 2010 and 2009 as a result of Lottery Commission orders setting aside or distributing funds committed by the Commission for acquisition of capital assets. In 2010, with the purchase of a building and land to serve as Lottery headquarters, the unrestricted net assets set aside for this purpose by Lottery Commission orders were no longer needed and were accrued for distribution to the State of West Virginia.

Balance Sheets (Continued)

Table 2
Liabilities and Net Assets
(in $000's)

	2011	2010	2009
Current liabilities	$ 327,055	$ 281,618	$ 251,857
Net assets - restricted	2,039	8,355	69,871
Net assets - invested in capital assets	30,421	23,349	3,306
Net assets - unrestricted	6,612	4,679	10,011
Total net assets	39,072	36,383	83,188
Total liabilities and net assets	$ 366,127	$ 318,001	$ 335,045

The content of Table 3 is a summary of activities and is related to the discussion of Table 4.

Table 3
Revenues, Expenses and Changes in Fund Net Assets
(in $000's)

	2011	2010	2009
Revenues:			
On-line games	$ 77,870	$ 83,741	$ 84,241
Instant games	115,697	97,483	113,854
Racetrack video lottery	726,952	746,208	848,233
Limited video lottery	397,544	397,287	412,489
Table games	68,154	31,726	34,219
Historic resort	6,232	1,649	-
	1,392,449	1,358,094	1,493,036
Less:			
Commissions:			
On-line games	5,457	5,849	5,901
Instant games	8,098	6,824	7,970
Racetrack video lottery	404,945	414,988	463,649
Limited video lottery	194,797	194,671	202,120
Table games	29,288	12,473	13,458
Historic resort	3,126	847	-
	645,711	635,652	693,098

(Continued)

-Unaudited-

Table 3 (Continued)
Revenues, Expenses and Changes in Fund Net Assets
(in $000's)

	2011	2010	2009
Prizes, ticket and vendor costs:			
On-line prize costs	40,374	41,818	42,451
Instant ticket prize costs	80,333	66,165	76,998
Ticket costs	2,275	1,511	1,528
Vendor fees and costs	8,372	7,744	5,935
	131,354	117,238	126,912
Gross profit	615,384	605,204	673,026
Administrative expenses:			
Advertising and promotions	9,481	7,349	7,160
Wages and related benefits	11,978	10,921	9,645
Telecommunications	648	648	2,208
Contractual and professional	4,588	4,741	5,030
Rental	649	697	727
Depreciation and amortization	1,501	1,840	1,988
Other administrative expenses	1,346	1,042	994
	30,191	27,238	27,752
Other operating income:	11,805	11,059	11,401
Operating income	596,998	589,025	656,675
Nonoperating income (expense):			
Investment income	297	390	2,720
Interest expense	-	-	(1)
Distributions to municipalities and counties	(7,792)	(7,787)	(8,085)
Distributions to racetracks-capital reinvestment	(21,558)	(11,968)	(15,983)
Distributions to the State of West Virginia	(565,256)	(568,945)	(616,623)
	(594,309)	(588,310)	(637,972)
Net income before special item	2,689	715	18,703
Special item - restricted net assets accrued for distribution to the State of West Virginia	-	(40,000)	-
Special item - unrestricted net assets accrued for distribution to the State of West Virginia	-	(7,520)	-
Net income (loss)	2,689	(46,805)	18,703
Net assets, beginning of year	36,383	83,188	64,485
Net assets, end of year	$ 39,072	$ 36,383	$ 83,188

-Unaudited-

Sales and Prizes, Commissions, Ticket Costs and Vendor Fees

Table 4 compares sales (referred to as lottery revenues in financial statements), prizes, commissions, ticket printing costs, vendor fees and costs and gross profit for each lottery game category for fiscal years 2011, 2010 and 2009. Sales and gross profits fluctuated in certain categories; however, gross profit percentages remained consistent from year to year.

Table 4
Lottery Sales
(in $000's)

	Instant			On-Line*		
	2011	2010	2009	2011	2010	2009
Gross sales	$ 115,697	$ 97,483	$ 113,854	$ 77,870	$ 83,741	$ 84,241
Less direct costs:						
Prizes and bonuses	80,333	66,165	76,998	40,374	41,818	42,451
Commissions	8,098	6,824	7,970	5,457	5,849	5,901
Ticket printing costs	2,275	1,511	1,528	-	-	-
Vendor fees and costs	4,987	4,203	3,411	3,385	3,541	2,524
Total direct costs	95,693	78,703	89,907	49,216	51,208	50,876
Gross Profit	$ 20,004	$ 18,780	$ 23,947	$ 28,654	$ 32,533	$ 33,365
Gross profit percentage	17.3%	19.3%	21.0%	36.8%	38.8%	39.6%

	Racetrack Video Lottery			Limited Video Lottery		
	2011	2010	2009	2011	2010	2009
Gross sales	$ 726,952	$ 746,208	$ 848,233	$ 397,544	$ 397,287	$ 412,489
Less direct costs:						
Prizes and bonuses	-	-	-	-	-	-
Commissions	404,945	414,988	463,649	194,797	194,671	202,120
Ticket printing costs	-	-	-	-	-	-
Vendor fees and costs	-	-	-	-	-	-
Total direct costs	404,945	414,988	463,649	194,797	194,671	202,120
Gross Profit	$ 322,007	$ 331,220	$ 384,584	$ 202,747	$ 202,616	$ 210,369
Gross profit percentage	44.3%	44.4%	45.3%	51.0%	51.0%	51.0%

	Table Games			Historic Resort			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Gross sales	$ 68,154	$ 31,726	$ 34,219	$ 6,232	$ 1,649	$ -	$ 1,392,449	$ 1,358,094	$ 1,493,036
Less direct costs:									
Prizes and bonuses	-	-	-	-	-	-	120,707	107,983	119,449
Commissions	29,288	12,473	13,458	3,126	847	-	645,711	635,652	693,098
Ticket printing costs	-	-	-	-	-	-	2,275	1,511	1,528
Vendor fees and costs	-	-	-	-	-	-	8,372	7,744	5,935
Total direct costs	29,288	12,473	13,458	3,126	847	-	777,065	752,890	820,010
Gross Profit	$ 38,866	$ 19,253	$ 20,761	$ 3,106	$ 802	$ -	$ 615,384	$ 605,204	$ 673,026
Gross profit percentage	57.0%	60.7%	60.7%	49.8%	48.6%	0.0%	44.2%	44.6%	45.1%

Instant Sales

Instant ticket sales increased in 2011 by $18.2 million or 18.7% compared to the 2010 decrease of $16.4 million or 14.4% over 2009. Forty-one new games were introduced in 2011 and approximately twenty-six game options were available for play in the field in both years. The Lottery continues to implement the results of research and design efforts, including licensed or trademarked games, new play styles and continued monitoring of the mix of play styles and colors more closely to create a better variety of game presentation available at one time. The first twenty-five dollar ticket was introduced to celebrate the Lottery's 25th Anniversary during the year ended June 30, 2011. Four five-dollar games were introduced in 2011. There was an increase in the one-dollar game introductions, to meet player demand.

Instant prizes and commissions have a direct correlation to sales, therefore, as sales increase or decrease, so do the related prizes and commissions paid by the Lottery. Prize expenses for instant games are controllable by designing and printing a predetermined number and value of winning tickets. While each game has a designed prize payout structure, the overall amount paid as prize expense is consistent.

Vendor fees and costs are primarily 4.3% of instant and on-line ticket sales for 2011 and 2010 and 3.0% for 2009. The Lottery (as is the case with most lotteries located in North America) has elected to enter into a long-term contract to provide a central computer system, retailer terminals and related equipment to sell and cash all tickets for instant and on-line games.

Powerball® Sales

Powerball® is a multi-state lotto game offering larger jackpots with occasional jackpots in excess of $100 million. Sales decreased in 2011 by $12.9 million or 26.6% and decreased in 2010 by $2.4 million or 4.8%. Sales are generally driven by the jackpot size.

Prize costs are 50% of sales and over time such prize payouts generally reflect the design of the game and the related mathematical odds of winning.

Traditional retailers are those retailers licensed by the Lottery to sell instant and/or all or certain on-line games (which includes Powerball®) and by statute were paid 7% of such sales.

Mega Millions® Sales

Mega Millions sales began in January 2010 offering jackpots starting at $12 million and other prizes ranging from $2 to $250,000. Sales for the year ended June 30, 2011 and 2010 were $10.9 million and $2.7 million, respectivity.

Approximately 50% of every dollar wagered goes back to the players in prizes and approximately 7% goes to retailer commissions.

All Other On-line Games

All other on-line games consist of Daily 3, Daily 4, Cash 25, Travel Keno and the multi-state game Hot Lotto™. Sales decreased in 2011 by $1.2 million or 3.6% and decreased in 2010 by $755.9 thousand or 2.3%. In general, prize costs by game will increase or decrease from year-to-year in proportion to the sales for a particular game.

Racetrack Video Lottery

Racetrack video lottery revenues are reported as total wagers net of prizes and credits. Revenues decreased $19.3 million or 2.6% in 2011 and decreased $102 million or 12% in 2010.

A portion of racetrack video lottery sales, as prescribed by statute, are paid to racetracks and other private entities associated with the racing industry and are reported as commissions. See Note 6 to the financial statements for further discussion of racetrack video lottery distributions. The decreases in commissions of $10 million or 2.4% in 2011 and $48.7 million or 10.5% in 2010 was due to the economy as well as competition from neighboring states which recently legalized video lottery games. This competition has decreased the revenue at two of the state's four race tracks licensed to operate video lottery games and which border that state.

In following with industry trends, "coin drop" machines have been phased out in favor of ticket in ticket out (TITO) machines. The TITO machines have helped to lessen the decline in racetrack video lottery revenues from competition.

The changes in active machines are presented in Tables 5 and 6 below which illustrate the fluctuations during the last three fiscal years.

Table 5

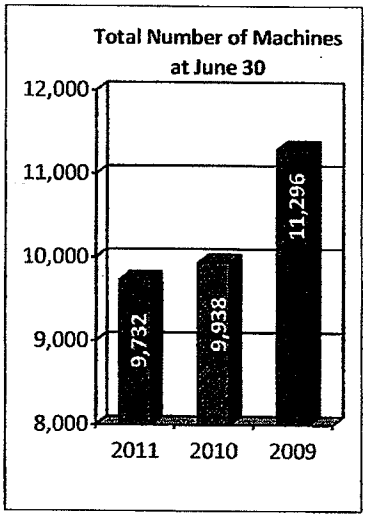
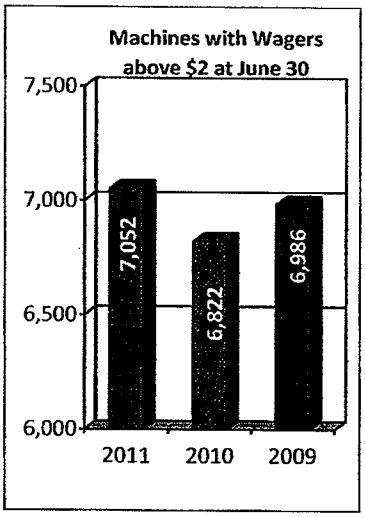


Table 6



Limited Video Lottery

Sales increased by $257 thousand or 0.1% in 2011 over 2010, which decreased by $15.2 million or 3.7% over 2009. The increase in commissions of $126 thousand or 0.1% in 2011 over 2010 and the decrease of $7.4 million or 3.7% over 2009, are paid to operators and retailers as provided for by statute and have a direct correlation to changes in sales.

- Table 7 illustrates the decrease in machines by 364 in 2011 as compared to the decrease of 20 in 2010.

Table 7

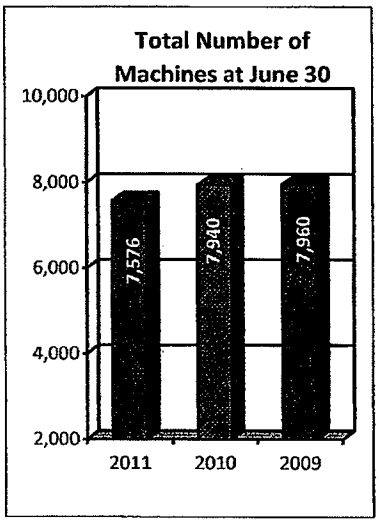


Table Games

West Virginia Lottery table games were in operation at three of the state's four racetracks during fiscal year 2010, with Charles Town implementing table games in fiscal year 2011. Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts. Revenues increased $36.4 million or 114.8% in 2011 and decreased $2.5 million or 7.3% in 2010.

All table games revenues are distributed according to statute. A portion of table games revenues are paid to entities associated with the racetracks and are reported as commissions. See Note 8 to the financial statements. Commissions increased $16.8 million or 134.8% in 2011 and decreased $985 thousand or 7.3% in 2010.

Historic Resort

On November 4, 2008 Greenbrier County, West Virginia voters passed a local referendum to allow The Greenbrier Resort (Historic Resort) to implement gaming at their facility. Video lottery and table games were implemented at the Historic Resort during the year ended June 30, 2010 at a temporary site. On July 1, 2010 The Historic Resort opened its newly constructed site. Revenues from video lottery are calculated as defined in Note 9 to the financial statements. Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts.

-Unaudited-

Historic Resort (Continued)

Combined revenues for video lottery and table games at the Greenbrier Resort were $6.2 million in 2011 and $1.6 million in 2010.

All revenues are distributed according to statute. A portion of revenues are paid to entities associated with the Historic Resort and are reported as commissions. Commissions were $3.1 million in 2011 and $847 thousand in 2010.

Other Operating Income

Refer to Table 3. Changes in other operating income are primarily related to fees collected for the permitting and licensure of manufacturers, operators, retailers and service technicians. Every May 1, a $1,000 permit fee is assessed on each limited video lottery permit held by operators and retailers. These permit fees comprise the most significant concentration of revenue in this financial statement category.

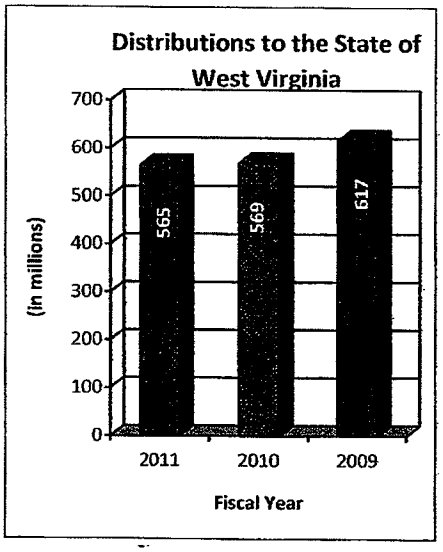
Nonoperating Income (Expense)

Refer to Table 3. Nonoperating expenses reflect a 2% distribution to counties and incorporated municipalities of net terminal income from limited video lottery operations. This distribution will fluctuate with any changes in limited video lottery revenues.

A portion of net revenue from racetrack video lottery is accrued and distributed to each racetrack for capital improvements.

Refer to Table 8. The Lottery's payments to the State Lottery Fund and State Excess Lottery Revenue Fund decreased by $4 million for the current fiscal year compared to a decrease of $48 million in 2010.

Table 8



Net Income (Loss) and Special Items

Effective June 30, 2006, the West Virginia Legislature directed the Lottery to set aside certain unexpended administrative funds of up to $20 million per year for six years into the Revenue Center Construction Fund. In fiscal year 2010 the Lottery purchased a building and land to serve as the Lottery headquarters and it was determined that unexpended excess funds set aside in restricted net assets for the purchase of capital assets were surplus funds and would be returned by distribution to the State of West Virginia. This distribution is reported as a special item.

In June 2010, the Lottery Commission approved the distribution of funds previously set aside as unrestricted net assets for future capital asset purchases to be returned by distribution to the State of West Virginia. This distribution is also reported as a special item. Refer to Notes 11 and 12 to the financial statements for additional information.

Other Currently Known Facts

Limited Video Lottery permits are issued to qualifying recipients for a 10-year period which initially expired on June 30, 2011. During the year ended June 30, 2011, bid fees were paid by successful bidders for the right to be permitted for 10-years beginning July 1, 2011. These bids fees are recorded as deferred revenue for the year ended June 30, 2011 on the Balance Sheet.

On March 12, 2011, the Legislature passed Senate Bill 550 which provides for the creation of the Racetrack Modernization Fund. The Modernization Fund is available to reimburse the licensed tracks $1 for every $2 spent on the costs of facility modernization. For the years ended June 30, 2011 through June 30, 2020, the Lottery is to transfer up to $10 million from racetrack administrative surplus funds to the Modernization Fund which is allocated to each track on a pro rata basis according to their administrative contribution for the fiscal year.

WEST VIRGINIA LOTTERY

BALANCE SHEETS
(In Thousands)

June 30, 2011 and 2010

ASSETS	2011	2010
Current assets:		
Cash and cash equivalents	$ 298,968	$ 256,355
Accounts receivable	29,783	26,986
Inventory	497	683
Other assets	2,134	2,273
Total current assets	331,382	286,297
Noncurrent assets:		
Restricted cash and cash equivalents	4,324	8,355
Capital assets	38,965	39,524
Less accumulated depreciation and amortization	(8,544)	(16,175)
	30,421	23,349
Total noncurrent assets	34,745	31,704
Total assets	$ 366,127	$ 318,001
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	$ 210,990	$ 241,039
Deferred permit fees	58,863	-
Estimated prize claims	12,011	13,128
Accounts payable	4,440	3,050
Other accrued liabilities	40,751	24,401
Total current liabilities	327,055	281,618
Net assets:		
Restricted by enabling legislation for capital projects	2,039	8,355
Invested in capital assets	30,421	23,349
Unrestricted	6,612	4,679
Total net assets	39,072	36,383
Total liabilities and net assets	$ 366,127	$ 318,001

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
(In Thousands)

Years Ended June 30, 2011 and 2010

	2011	2010
Lottery revenues:		
On-line games	$ 77,870	$ 83,741
Instant games	115,697	97,483
Racetrack video lottery	726,952	746,208
Limited video lottery	397,544	397,287
Table games	68,154	31,726
Historic resort	6,232	1,649
	1,392,449	1,358,094
Less commissions:		
On-line games	5,457	5,849
Instant games	8,098	6,824
Racetrack video lottery	404,945	414,988
Limited video lottery	194,797	194,671
Table games	29,288	12,473
Historic resort	3,126	847
	645,711	635,652
Less on-line prize costs	40,374	41,818
Less instant prize costs	80,333	66,165
Less ticket costs	2,275	1,511
Less vendor fees and costs	8,372	7,744
	131,354	117,238
Gross profit	615,384	605,204
Administrative expenses:		
Advertising and promotions	9,481	7,349
Wages and related benefits	11,978	10,921
Telecommunications	648	648
Contractual and professional	4,588	4,741
Rental	649	697
Depreciation and amortization	1,501	1,840
Other administrative expenses	1,346	1,042
	30,191	27,238
Other operating income	11,805	11,059
Operating income	596,998	589,025
Nonoperating income (expense):		
Investment income	297	390
Distributions to municipalities and counties	(7,792)	(7,787)
Distributions for capital reinvestment	(21,558)	(11,968)
Distributions to the State of West Virginia	(565,256)	(568,945)
	(594,309)	(588,310)
Income before special item	2,689	715
Special item - restricted net assets accrued for distribution to the State of West Virginia	-	(40,000)
Special item - unrestricted net assets accrued for distribution to the State of West Virginia	-	(7,520)
Net income (loss)	2,689	(46,805)
Net assets, beginning of year	36,383	83,188
Net assets, end of year	$ 39,072	$ 36,383

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF CASH FLOWS
(In Thousands)

Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash receipts from customers and other sources	$ 1,460,320	$ 1,375,478
Cash payments for:		
Personnel costs	(10,659)	(9,636)
Suppliers	(16,890)	(13,567)
Other operating costs	(768,100)	(760,068)
Cash provided by operating activities	664,671	592,207
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(595,305)	(577,610)
Distributions to municipalities and counties	(7,813)	(7,797)
Distributions to racetracks from racetrack capital reinvestment fund	(14,695)	(15,822)
Cash used in noncapital financing activities	(617,813)	(601,229)
Cash flows from capital and related financing activities		
Purchases of capital assets	(8,573)	(21,883)
Cash flows from investing activities:		
Investment earnings	297	390
Increase (decrease) in cash and cash equivalents	38,582	(30,515)
Cash and cash equivalents (including restricted cash and cash equivalents), beginning of year	264,710	295,225
Cash and cash equivalents (including restricted cash and cash equivalents), end of year	$ 303,292	$ 264,710

(Continued)

WEST VIRGINIA LOTTERY

STATEMENTS OF CASH FLOWS
(In Thousands)
(Continued)

Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 596,998	$ 589,025
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,501	1,840
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,797)	6,325
Inventory	186	(35)
Other assets	139	282
Increase (decrease) in:		
Estimated prize claims	(1,117)	190
Accounts payable	1,390	1,334
Deferred permit fees	58,863	-
Other accrued liabilities	9,508	(6,754)
Cash provided by operating activities	$ 664,671	$ 592,207

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

1 - LEGISLATIVE ENACTMENT

The West Virginia Lottery (the Lottery) was established by the State Lottery Act (the Act) passed April 13, 1985, which created a fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (the Commission) and a director. The Commission, consisting of seven members, and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games, to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia (the State) and local governments as required by law. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The West Virginia Lottery is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with accounting principles generally accepted in the United States of America for governmental entities, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements, interpretations and Auditing Standards Updates issued after November 30, 1989, unless the GASB specifically adopts such FASB statements, interpretations or Auditing Standards Updates.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of classification of balances and major fund determination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lottery Game Operations

The West Virginia Lottery derives its revenues from four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line lottery games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues for the processing and manufacturing of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state "jackpot" game; HOT LOTTO™, a multi-state "lotto" game; MEGA MILLIONS®, a multi-state lotto game; Cash25 "lotto" game; Daily 3 and 4 "numbers" games; and Travel, an online "keno" game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent's on-line terminal may be rendered inactive if payment is not received. No one retailer or agent accounts for a significant amount of the Lottery's sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Racetrack video lottery is a self-activated video version of lottery games. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The games allow a player to use coins, currency, tokens, or tickets, to place bets for the chance to receive coin, token, or ticket awards which may be redeemed for cash or used for replay in the games. The racetrack video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as racetrack video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private and local government entities are reported as commissions.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lottery Game Operations (Continued)

Racetrack video lottery legislation has established specific requirements for racetrack video lottery and imposed certain restrictions limiting the licensing for the operation of racetrack video lottery games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Limited video lottery is also a self-activated video version of lottery games located in limited licensed retailer areas restricted for adult amusement. The games allow a player to use currency to place bets for the chance to receive free games or vouchers which may be redeemed for cash. The limited video lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as limited video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private entities are reported as commissions. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks and a historic resort in West Virginia, subject to local county elections permitting the same. Each location licensed as an agent of the Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax or thirty-five percent of each licensee's adjusted gross receipts from the operation of Lottery table games which the Lottery records as revenue. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Historic resort lottery games are a combination of self-activated video lottery games as well as table games which are located at a licensed historic resort hotel as defined by the WV Code. Video lotteries at the historic resort are board-operated games that allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The video lottery games allow a player to use coins, currency, tokens, or tickets, to place bets for the chance to receive coin, token, or ticket awards which may be redeemed for cash or used for replay in the games.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lottery Game Operations (Continued)

The historic resort video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes video lottery revenue consisting of "gross terminal income" equivalent to all wagers, net of related prizes; and historic resort table games revenue consisting of a privilege tax of thirty-five percent of adjusted gross receipts for the operation of table game as historic resort lottery revenues.

Amounts required by statute to be paid to the private and local government entities are reported as commissions. The Lottery Act as amended has established specific requirements for historic resort video and table games lotteries and imposed certain restrictions limiting the licensing for operation of historic resort lottery games in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from historic resort lottery games, and requires the licensed historic resort to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-earning deposits in a State internal investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7-like pool carried at amortized cost which approximates the fair value of the underlying securities.

Inventory

Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at cost as determined by the specific identification method.

Other Assets

Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

Capital Assets

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding $25,000 and a useful life greater than one year. These assets include a building, leasehold improvements, and purchased equipment comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, and are carried at cost. Depreciation is computed by the straight-line method using useful lives of three to forty years.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

The Lottery leases, under a cancelable operating lease, its current office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases.

Accrued Employee Benefits

The Lottery has accrued $523,398 and $500,740 of earned but unused annual leave time at June 30, 2011 and 2010, respectively, for estimated obligations that may arise in connection with compensated absences at the current rate of employee pay. Employees fully vest in all earned but unused annual leave. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon retirement, at which time such unused leave can be converted into post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. To the extent that eligible conversion benefits are determined, a liability has been accrued as a result of the Lottery's participation in the State's post-employment benefits plan, in accordance with GASB Statement No. 45.

Deferred Revenue

Deferred revenue consists of limited video lottery permit fees collected in the current year and paid by licensees for the right to be permitted for the 10 year period beginning July 1, 2011. These permit fees will be recognized as revenue in the year ended June 30, 2012.

Net Assets

Net assets are presented as either unrestricted, restricted by enabling legislation for capital project, or invested in capital assets which represents the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games. Operating expenses include commissions, prize costs, other direct costs of providing lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Advertising and Promotions

The Lottery expenses the costs of advertising and promotions as they are incurred.

3 - CASH AND CASH EQUIVALENTS

At June 30, 2011 and 2010, the carrying amounts of deposits (overdrafts) with financial institutions were ($56) thousand and ($60) thousand, respectively, with bank balances of $(1) and $6 thousand, respectively, which is covered by federal depository insurance. It is the Lottery's policy to require any balances over the insured amount be collateralized with securities held by the State of West Virginia's agent in the State's name.

At June 30, 2011 and 2010, the carrying amounts of deposits with financial institutions, the State Treasurer, and the West Virginia Board of Treasury Investments (BTI) were as follows (in thousands):

	2011	2010
Deposits with financial institutions	$ (56)	$ (60)
Cash on hand at the Treasurer's Office	78,319	40,006
Investments with BTI reported as cash equivalents	225,029	224,764
	$ 303,292	$ 264,710

The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions and transfers funds to the BTI for investment in accordance with West Virginia statutes, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable. The Lottery's cash balances are invested by the BTI in the BTI's West Virginia Money Market Pool.

The deposits with the BTI are part of the State of West Virginia's consolidated money market pool. Investment income is pro-rated to the Lottery at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Lottery with overnight notice.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The West Virginia Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. The BTI itself has not been rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the West Virginia Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated A-1 by Standard & Poor's and P1 by Moody's. Additionally, the pool must have at least 15% of its assets in United States Treasury issues.

3 - CASH AND CASH EQUIVALENTS (Continued)

The following table provides information on the credit ratings of the West Virginia Money Market Pool's investments (in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	Carrying Value	Percent of Assets
Commercial paper	P-1	A-1	$ 1,069,576	35.43%
Corporate bonds and notes	Aal-Aa3	AA-A	127,000	4.21
U.S. agency bonds	Aaa	AAA	170,788	5.66
U.S. Treasury notes*	Aaa	AAA	298,345	9.88
U.S. Treasury bills *	Aaa	AAA	231,051	7.65
Negotiable certificates of deposit	P-1	A-1	140,000	4.64
U.S. agency discount notes	P-1	A-1	697,164	23.10
Money market funds	Aaa	AAAm	200,279	6.64
Repurchase agreements, with underlying U.S. agency and Treasury notes	Aaa	AAA	84,357	2.79
			$ 3,018,560	100.00%

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The weighted average maturity of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides the weighted average maturities for the various asset types in the West Virginia Money Market Pool.

Security Type	Carrying Value (In Thousands)	Weighted Average Maturity In Days
Repurchase agreements	$ 84,357	1
US Treasury notes	298,345	137
US Treasury bills	231,051	34
Commercial paper	1,069,576	35
Certificates of deposit	140,000	58
U.S. Agency discount notes	697,164	45

3 - CASH AND CASH EQUIVALENTS (Continued)

Interest rate risk (Continued)

Security Type	Carrying Value (In Thousands)	Weighted Average Maturity In Days
Corporate bonds and notes	127,000	20
U.S. agency bonds and notes	170,788	66
Money market funds	200,279	1
Total assets	$ 3,018,560	

The weighted average maturity of the investments of the West Virginia Money Market Pool as of June 30, 2011, is 46 days.

Concentration of credit risk - West Virginia statutes prohibit the West Virginia Money Market Pool from investing more than 5% of its assets in securities issued by one corporate name or corporate issue. At June 30, 2011, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial credit risk - At June 30, 2011, the West Virginia Money Market Pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102%, and the collateral is held in the name of the BTI. Securities lending collateral that is reported in the BTI's audited Statement of Assets and Liabilities is invested in the lending agent's money market fund.

Foreign currency risk - The West Virginia Money Market Pool has no securities that are subject to foreign currency risk.

4 - CAPITAL ASSETS

A summary of capital asset activity is as follows (in thousands):

	Historical cost at June 30, 2009	Additions	Deletions	Historical cost at June 30, 2010	Additions	Deletions	Historical cost at June 30, 2011
Capital assets, not depreciated							
Building	$ -	$ 20,174	$ -	$ 20,174	$ -	$ -	$ 20,174
Construction in progress	-	-	-	-	8,444	-	8,444
Land	-	1,434	-	1,434	-	-	1,434
Capital assets, being depreciated							
Improvements	1,170	-	-	1,170	-	-	1,170
Equipment	16,471	275	-	16,746	129	(9,132)	7,743
	$ 17,641	$ 21,883	$ -	$ 39,524	$ 8,573	$ (9,132)	$ 38,965

4 - CAPITAL ASSETS (Continued)

	Accumulated depreciation at June 30, 2009	Additions	Deletions	Accumulated depreciation at June 30, 2010	Additions	Deletions	Accumulated depreciation at June 30, 2011
Improvements	$ 1,080	$ 51	$ -	$ 1,131	$ 11	$ -	$ 1,142
Equipment	13,255	1,789	-	15,044	1,490	(9,132)	7,402
	$ 14,335	$ 1,840	$ -	$ 16,175	$ 1,501	$ (9,132)	$ 8,544

5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the HOT LOTTO™ game, and MEGA MILLIONS® jackpot game on behalf of other participating lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery POWERBALL®, HOT LOTTO™, and MEGA MILLIONS® games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO™, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the MUSL POWERBALL® jackpot game were $35,669,004 and $48,593,678 for the years ended June 30, 2011 and 2010, respectively, and related prize costs were $17,836,702 and $24,299,364, respectively.

Revenues derived from the Lottery's participation in the HOT LOTTO™ game were $5,831,270 and $6,447,315 for the years ended June 30, 2011 and 2010, respectively, and related prize costs were $2,916,239 and $3,224,120, respectively.

Revenues derived from the Lottery's participation in the MEGA MILLIONS® game were $10,915,389 and $2,678,674 for the years ended June 30, 2011 and 2010, respectively, and related prize costs were $5,720,774 and $1,384,136, respectively.

5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (Continued)

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	POWERBALL®	HOT LOTTO™	MEGA MILLIONS®
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	$125,000,000	$9,000,000	-

The Lottery's share of the prize reserve fund balances with MUSL as of June 30, were as follows:

	2011		2010	
	Total Prize Reserve	Lottery Share	Total Prize Reserve	Lottery Share
POWERBALL ®	$ 122,413,591	$ 2,386,175	$ 113,399,532	$ 2,385,173
HOT LOTTO ™	7,441,187	489,806	6,491,541	392,458
MEGA MILLONS ®	9,146,437	189,440	(629,706)	(11,044)
	$ 139,001,215	$ 3,065,421	$ 119,261,367	$ 2,766,587

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of $14,548,743 and $15,991,948 at June 30, 2011 and 2010, of which the Lottery's share was $1,663,862 and $1,752,719, respectively.

6 - RACETRACK VIDEO LOTTERY

The racetrack video lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining thirty-four percent (34%) of net terminal revenue is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10 titled "Nonoperating Distributions to the State of West Virginia."

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 55% of the net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund. The Lottery, along with the Rhode Island and Delaware state lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered.

6 - RACETRACK VIDEO LOTTERY (Continued)

A summary of racetrack video lottery revenues for the years ended June 30, 2011 and 2010, follows (in thousands):

	2011	2010
Total credits (bets) played	$ 8,023,046	$ 8,188,573
Credits (prizes) won	(7,205,678)	(7,372,586)
Promotional credits played	(87,380)	(66,022)
MWAP Contributions	(3,035)	(3,757)
Gross terminal income	726,953	746,208
Administrative costs	(17,456)	(17,524)
Net terminal income	709,497	728,684
Commissions	(404,945)	(414,988)
Racetrack video lottery revenues available for distribution	$ 304,552	$ 313,696

A summary of racetrack video lottery revenues paid or accrued for certain State funds to conform with the legislation follows (in thousands):

	2011	2010
State Lottery Fund	$ 128,176	$ 129,799
State Excess Lottery Revenue Fund	127,177	133,462
Capital Reinvestment Fund	11,366	11,915
Tourism Promotion Fund	9,224	9,460
Development Office Promotion Fund	2,516	2,580
Research Challenge Fund	3,354	3,440
Capitol Renovation and Improvement Fund	4,612	4,730
Parking Garage Fund	919	930
Cultural Facilities and Capitol Resources Fund	1,500	1,500
Capitol Dome and Capitol Improvements Fund	4,708	4,880
Workers Compensation Debt Reduction Fund	11,000	11,000
Total nonoperating distributions	$ 304,552	$ 313,696

On March 12, 2011, the Legislature passed Senate Bill 550 which provides for the creation of the Racetrack Modernization Fund. The Modernization Fund is available to reimburse the licensed tracks $1 for every $2 spent on the costs of facility modernization. For each year ended June 30, 2011 through June 30, 2020, the Lottery is to transfer up to $10 million from racetrack administrative surplus funds to the Modernization Fund which is allocated to each track on a pro rata basis according to their administrative contribution for the fiscal year. For the year ended June 30, 2011, the Lottery transferred $10 million to the Racetrack Modernization Fund.

7 - LIMITED VIDEO LOTTERY

The limited video lottery legislation established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from limited gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the years ended June 30, 2011 and 2010 follows (in thousands):

	2011	2010
Total credits played	$ 4,671,596	$ 4,659,212
Credits (prizes) won	(4,274,052)	(4,261,925)
Gross terminal income	397,544	397,287
Administrative costs	(7,950)	(7,946)
Gross profit	389,594	389,341
Commissions	(194,797)	(194,671)
Distributions to municipalities and counties	(7,792)	(7,787)
Limited video lottery revenues available for distribution	$ 187,005	$ 186,883

8 - TABLE GAMES

The passage of table games legislation allowed local referendums in each of the four counties in which a race track is located to approve table games. Three of the four race tracks were previously authorized to operate table games and the fourth began operating table games during the year ended June 30, 2011.

Table games include blackjack, roulette, craps, and various types of poker. The Lottery receives a privilege tax of 35% of adjusted gross receipts, from each licensed racetrack, which is deposited weekly into the Lottery's racetrack table games fund.

From the gross amounts deposited into the table games fund, the Lottery, on a monthly basis retains 4% of the adjusted gross receipts for administrative expenses of which at least $100,000 and not more than $500,000 annually will be transferred to the Lottery's compulsive gambling treatment fund.

8 - TABLE GAMES (Continued)

The Lottery then transfers 2.5% of adjusted gross receipts from all thoroughbred and greyhound racetracks participating in licensed table games to the special funds established by each racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. A transfer of 2% of the adjusted gross receipts is made from all licensed racetracks to the thoroughbred development fund and the greyhound breeding development fund to be divided pro rata among the development funds.

Transfers of 2% for the year ended June 30, 2011 and 1% for the year ended June 30, 2010 of the adjusted gross receipts were made from each licensed racetrack to the county commissions of the counties where racetracks participating in licensed table games are located to be divided pro rata among the counties. Transfers of 3% for the year ended June 30, 2011 and 2% for the year ended June 30, 2010 of the adjusted gross receipts were made from each licensed racetrack to the governing bodies of municipalities within counties where racetracks participating in licensed table games are located as prescribed by statute. Finally, a transfer of .5% of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located is to be divided equally among the municipalities. The Lottery, in accordance with the enabling legislation, will distribute the remaining amounts hereinafter referred to as the net amounts in the racetrack table games funds as follows:

- A transfer of 4%, into a special fund to be established by the West Virginia Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association.

- A transfer of 10%, to be divided and paid in equal shares, to each county commission in the state where table games are not located.

- A transfer of 10%, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located.

- A transfer of 76%, to the state debt reduction fund.

8 - TABLE GAMES (Continued)

The transfer to the state debt reduction fund is included in Note 10 - Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the year ended June 30, 2011 and 2010 was $194,724,548 and $90,644,701, respectively. A summary of table games revenues for the year ended June 30, 2011 and 2010 follows (in thousands):

	2011	2010
Table games privilege tax	$ 68,154	$ 31,726
Interest on table games fund	6	3
Administrative costs	(7,789)	(2,720)
Total available for distribution	60,371	29,009
Less distributions:		
Racetrack purse funds	4,868	2,266
Thoroughbred & greyhound development funds	3,894	1,813
Racing commission pension plan	1,636	870
Municipalities/counties	18,890	7,524
Total distributions	29,288	12,473
Table games distribution to the state debt reduction fund	$ 31,083	$ 16,536

9 – HISTORIC RESORT HOTEL

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as "a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility."

9 – HISTORIC RESORT HOTEL (Continued)

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for the licensed historic resort hotel. After deduction of the surcharge, the remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the years ended June 30, 2011 and 2010 follows (in thousands):

	2011	2010
Total credits played	$ 49,464	$ 11,333
Credits (prizes) won	(45,097)	(10,175)
Promotional credits played	(274)	(25)
Gross terminal income	4,093	1,133
Capital reinvestment	(192)	(53)
Administrative costs	(221)	(61)
Hotel commissions	(1,731)	(479)
Net terminal income	$ 1,949	$ 540
Historic Resort Hotel Fund	$ 1,253	$ 347
Human Resource Benefit Fund	696	193
Total	$ 1,949	$ 540

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the years ended June 30, 2011 and 2010 were $6,110,847 and $1,475,617, respectively.

9 – HISTORIC RESORT HOTEL (continued)

The following table shows the privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2011 and 2010:

	2011	2010
Table games privilege tax	$ 2,139	$ 516
Administrative costs	(275)	(66)
Total available for distribution	$ 1,864	$ 450
Historic Resort Hotel Fund	1,558	376
Human Resource Benefit Fund	306	74
Total distributions	$ 1,864	$ 450

Historic Resort Hotel Fund

Historic Resort Hotel Fund deposits are allocated after a fifteen percent (15%) lottery administrative cost. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) are distributed as follows for the years ended June 30, 2011 and 2010:

- 64% is paid to the State of West Virginia General Revenue Fund;
- 19% is paid to the State Debt Reduction Fund;
- 3% is paid to the State of West Virginia Tourism Promotion Fund;
- 4% is paid to the county where the gaming facility is located;
- 2.5% is paid to the municipality where the gaming facility is located as prescribed by statute;
- 2.5% is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 2.5% is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 2.5% is divided and paid in equal shares, to each municipality in the State not already receiving a distribution.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands) for the years ended June 30, 2011 and 2010:

	2011	2010
Historic Resort Hotel video lottery	$ 1,253	$ 347
Historic Resort table games	1,558	376
Historic Resort Hotel Fund net income	$ 2,811	$ 723
Municipalities/ Counties	394	101
State General Revenue Fund	1,799	463
State Debt Reduction Fund	534	137
State Tourism Promotion Fund	84	22
Total distributions	$ 2,811	$ 723

10 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the current governing legislation. For the years ended June 30, 2011 and 2010, the State Legislature budgeted $164,117,424, and $164,503,245 respectively of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of $1,800,000, $1,000,000, and $500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently debt service payments are $4,800,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the years ended June 30, 2011 and 2010, the Lottery made or accrued all budgeted distributions and accrued additional distributions of $35,123,405 and $43,420,445, respectively. The Lottery does not have a legally adopted annual budget.

Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of June 30, 2011 and 2010, the Lottery accrued additional distributions relating to racetrack video lottery operations in the amounts of $775,703 and $228,319, respectively.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations. As of June 30, 2011 and 2010, the Lottery accrued additional distributions relating to table games operations in the amounts of $2,856,174 and $1,387,400, respectively. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort operations. As of June 30, 2011 and 2010, the Lottery accrued additional distributions relating to Historic Resort operations of $91,556 and $73,228, respectively.

A summary of the required statutory and budgeted distributions to certain state agencies to conform with the various legislation follows (in thousands):

	2011	2010
Budgetary distributions:		
State Lottery Fund:		
Bureau of Senior Services	$ 63,731	$ 57,187
Department of Education	30,275	34,343
Library Commission	10,726	11,195
Higher Education - Central Office	11,112	13,916
Tourism	7,273	7,606
Natural Resources	3,317	3,450
Division of Culture & History	5,600	5,881
Department of Education & Arts	1,087	1,192
Building Commission	7,998	8,240

10 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA (Continued)

	2011	2010
School Building Authority	17,998	17,997
Community and Technical College	5,000	3,497
Total State Lottery Fund	164,117	164,504
State Excess Lottery Revenue Fund:		
General Purpose Account	65,000	65,000
Education Improvement Fund	29,000	29,000
WV Infrastructure Council Fund	40,000	40,000
Higher Education Improvement Fund	15,000	10,000
State Park Improvement Fund	5,000	5,000
School Building Authority	19,000	19,000
Economic Development Fund	19,000	19,000
Refundable Credit - General Revenue Fund	9,553	8,371
Department of Education	94,598	45,530
Division of Finance (ERP)	-	25,000
Department of Environmental Protection	-	2,000
Division of Corrections	-	5,375
Racing Commission	2,000	2,500
Excess Lottery Surplus (General Fund)	62,900	69,588
Excess Lottery Surplus (Teachers Retirement Savings Realized)	32,772	-
Public Defender Services	-	11,000
Total State Excess Lottery Revenue Fund	393,823	356,364
Total Required Statutory and Budgetary Distributions	557,940	520,868
Veterans Instant Ticket Fund	839	467
Other racetrack video lottery distributions:		
Tourism Promotion Fund	9,036	9,645
Development Office Promotion Fund	2,464	2,630
Research Challenge Fund	3,286	3,507
Capitol Renovation and Improvement Fund	4,518	4,822
Parking Garage Funds	911	939
Cultural Facilities and Capitol Resources Fund	1,500	1,500
Capitol Dome and Capitol Improvements Fund	4,571	5,014
Workers Compensation Debt Reduction Fund	11,000	11,000
	37,286	39,057
Table games state reduction fund	29,613	16,670

10 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA (Continued)

	2011	2010
Historic resort hotel distributions:		
State General Revenue Fund	1,785	408
State Debt Reduction Fund	530	121
Tourism Promotion Fund	84	19
Total	2,399	548
Total required statutory and budgeted distributions to the State of West Virginia	628,077	577,610
Less: distributed July 2011	(32,772)	-
Total nonoperating distributions to the State of West Virginia (cash basis)	595,305	577,610
Accrued nonoperating distributions, beginning of year	(241,039)	(202,184)
Accrued nonoperating distributions, end of year	210,990*	241,039
Special item – restricted net assets accrued for distribution to State of West Virginia	-	(40,000)
Special item – unrestricted net assets accrued for distribution to State of West Virginia	-	(7,520)
Total nonoperating distributions to the State of West Virginia	$ 565,256	$ 568,945

*Includes nonoperating distribution to West Virginia Teachers Retirement System of $32,772 paid on July 5, 2011.

11 - RESTRICTED NET ASSETS

House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed $20,000,000 beginning in the year ended June 30, 2006 and each year through the year ended June 30, 2012. These assets were to be set aside in the revenue center construction fund for the design and construction of a building in the West Virginia Capitol Complex for the use of the Lottery and certain other State of West Virginia governmental entities. In the year ended June 30, 2010, the Legislature approved the purchase and improvement of an existing building not located in the West Virginia Capitol Complex. The Lottery set aside interest income earned on the amounts deposited in the revenue center construction fund of $0 and $91,452, respectively, for the years ended June 30, 2011 and 2010.

11 - RESTRICTED NET ASSETS (Continued)

Restricted net asset activity is as follows for the years ending June 30, 2011 and 2010 (in thousands):

	2011	2010
Begininng restricted net assets	$ 8,355	$ 69,871
Interest earned on restricted net assets	-	92
Aquisition of capital assets in accordance with enabling legislation	(6,316)	(21,608)
Accrued distributions of surplus restricted net assets to the State of West Virginia	-	(40,000)
Ending restricted net assets	$ 2,039	$ 8,355

12 – SPECIAL ITEMS

On June 30, 2010, the Lottery purchased a building to serve as its new headquarters. Coinciding with the building purchase, the Lottery determined that certain restricted net assets and other unrestricted net asset funds previously set aside for the construction or purchase of capital assets (described in Note 11) were surplus funds and accordingly, were to be distributed to the State of West Virginia. The return of these surplus funds is recorded as a special item accrued for distribution to the State of West Virginia and represents an expense of the Lottery for the year ending June 30, 2010.

13 - RETIREMENT BENEFITS

All full-time Lottery employees are eligible and required to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement Board (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements for each retirement system it administers, which can be obtained from Consolidated Public Retirement Board, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304-1636 or by calling 1-800-654-4406.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 12.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the

13 - RETIREMENT BENEFITS (Continued)

State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, which equaled the required contributions for the three years ended June 2011, 2010, and 2009, were as follows (in thousands)

	2011	2010	2009
Lottery contributions	$ 1,017	$ 832	$ 666
Employee contributions	339	312	290
Total contributions	$ 1,356	$ 1,144	$ 956

14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, S.E., Suite 2, Charleston, West Virginia, 25304-2345, or by calling 1-888-680-7342.

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is $903 and $901 per employee per month for the years ending June 30, 2011 and 2010, respectively. The Lottery's ARC was $1,560,274, $1,458,892, and $620,360 and the Lottery has paid premiums of $294,952, $226,212, and $185,563, which represent 18.9%, 15.5%, and 29.9% of the ARC, respectively, for the years ending June 30, 2011, 2010, and 2009. As of June 30, 2011 and 2010 the Lottery has recorded a liability of $2,749,868 and $1,484,546, respectively, for OPEB.

15 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia and other providers. Each of the state administered risk pools have issued separate audited financial reports on their operations. Those reports include the required supplementary information regarding the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual risk pools can be obtained directly from their respective administrative offices.

Public Employees' Insurance Agency (PEIA)

The Lottery participates in the Public Employees Insurance Agency (PEIA) which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage, as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to $1 million for lifetime for health and $10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

Board of Risk and Insurance Management (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a risk pool currently operating as a risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first $1 million per property event and purchases excess insurance on losses above that level. Excess coverage through an outside insurer under this program is limited to $200 million per event, subject to limits on certain property. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims. During the year ended June 30, 2011, no changes in coverage were made and paid claims did not exceed coverage.

15 - RISK MANAGEMENT (Continued)

Workers Compensation Insurance

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

16 – LEASING ACTIVITY

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal years ended June 30, 2011 and 2010 approximated $648,731 and $697,279 respectively.

The Lottery is a lessor of certain office space under the terms of non-cancellable operating leases to various tenants. Rental revenues for the year ended June 30, 2011 were $1,037,291. Expected future rental income (in thousands) under the leases with terms in excess of one year are as follows:

Year Ended June 30	Rental Income
2012	$ 939
2013	962
2014	986
2015	248
Total	$ 3,135

17 - COMMITMENTS

The Lottery Commission has designated unexpended administrative funds from various fiscal years for the acquisition of capital assets. As of June 30, 2011 and 2010, $4,480,629 and $5,921,057, respectively, are included in unrestricted net assets for this purpose.

At June 30, 2011, the Lottery has outstanding construction commitments of $10,231,527. The Lottery has received an appropriation for the year ended June 30, 2012 from the State of West Virginia to satisfy these commitments.

18 - EFFECT OF NEW ACCOUNTING PRONOUNCEMENT

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' ("AICPA") Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Since Lottery management has elected not to apply post-November 30, 1989 FASB Statements and Interpretations, the implementation of this Statement will not have a significant impact on its financial statements.



Our Employees

Our employees take great pride in their work and know that their contributions are key in creating a better tomorrow for West Virginia.

Thanks to their hard work and dedication the West Virginia Lottery is able to meet its obligations to the people of West Virginia on an annual basis, and often times exceed those expectations as it did this past fiscal year.

The West Virginia Lottery generated nearly $1.4 billion in sales during fiscal year 2011, while keeping operating costs under 2.17 percent. That is a credit to every employee within the organization.

The Lottery employs nearly 200 West Virginians in a wide array of jobs ranging from auditors and lottery investigators to IT specialists and Program Analysts. This diverse and talented group makes a difference every day.

Celebrating Our Employees



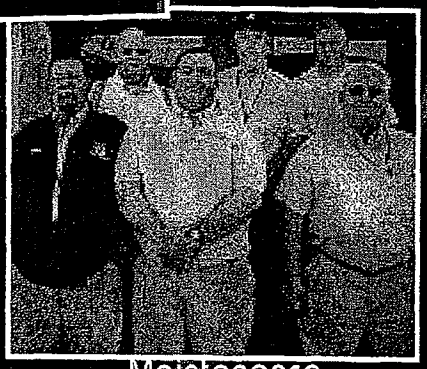
Executive





Licensing

Finance and Administration



Maintenance



Marketing



Security

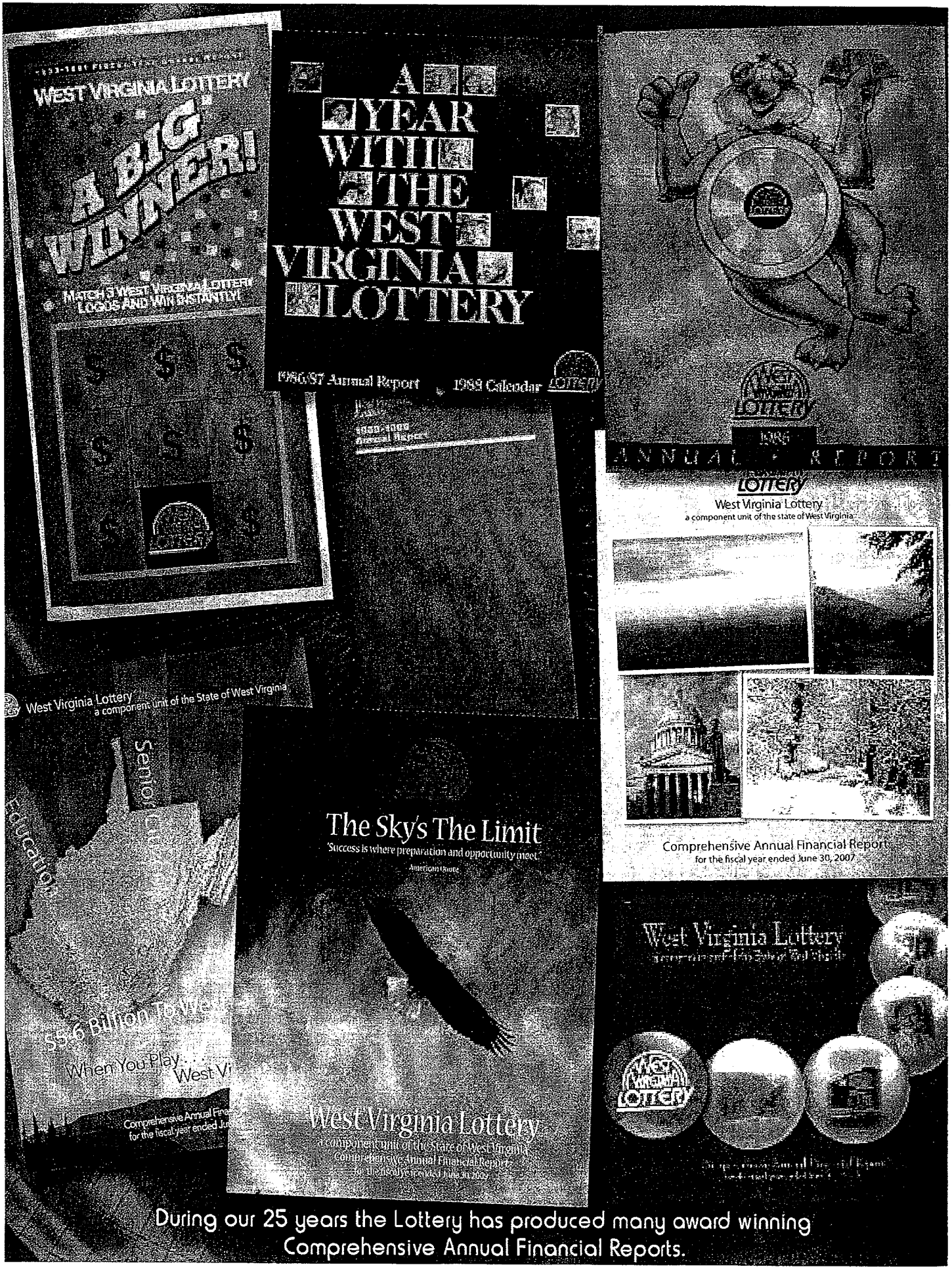


Video Lottery Security



Video Lottery

The West Virginia Lottery is made up of approximately 200 employees who are located a the headquarters in Charleston as well as field employees located across the State who serve four Racetracks, a Histori Resort, and more than 1,500 Limited Video Lottery retail locations.



During our 25 years the Lottery has produced many award winning Comprehensive Annual Financial Reports.

STATISTICAL SECTION

This section of the West Virginia Lottery's comprehensive annual financial report depicts charts and graphs to aide in understanding the information presented in the financial statements and note disclosures about the Lottery's overall financial health.

Financial Trends/Revenue Capacity

The accompanying schedules depicting financial and revenue trends contain information to help the reader understand how the financial performance and well-being have changed over time and how the Lottery assesses its most significant revenue sources; traditional instant and on-line games, the video lottery segment and table games. The continued expansion of venues that offer a variety of gaming options has sustained revenues for the Lottery.

Demographic and Economic Information

The accompanying schedules depicting demographic and other economic relationships offer indicators to help the reader understand the environment within which the Lottery's financial activities take place. Indexes such as player income distribution, per capita income and competitive revenues generated by other lottery systems are relevant in assessing the Lottery's performance.

Operating Information

There are many factors that impact the level of demand for Lottery products. For our on-line games, the sizes of the publicized jackpots drive the sales level. As an example, a Powerball® jackpot of $100 million will generate more sales than a jackpot of $15 million. For our instant ticket games, the level of demand is impacted by many factors such as game themes, play-styles, price points and prize payouts. Racetrack Video Lottery and Table Games sales are largely driven by tourism. Weekends and holidays generate higher sales than weekdays. Limited Video Lottery sales are seasonally affected. Cold months tend to generate higher sales than warmer months. In an effort to minimize the effect of these nuances, the accompanying schedules contain information by year and game type to help the reader understand how the Lottery's financial performance and overall growth have trended.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports or the audited financial statements for the relevant year.

WEST VIRGINIA LOTTERY

Sales By Product and Other Revenues
Last Ten Fiscal Years

	2002	2003	2004	2005
Instant	$94,322,791	$105,395,146	$109,843,864	$111,863,092
Powerball®	75,911,123	51,067,026	63,373,462	49,214,536
Other MUSL games	1,525,689	2,805,269	2,579,140	3,342,726
Daily 3	10,076,565	9,927,812	9,386,172	9,293,550
Daily 4	4,695,641	4,724,179	4,540,767	4,421,188
Cash 25	6,614,501	6,242,641	6,190,917	6,112,910
Travel Keno	13,757,028	11,924,361	10,953,721	9,966,638
Mega Millions®				
Total On-line	$112,580,547	$86,691,288	$97,024,179	$82,351,548
Video (net of prizes)				
Racetrack	$595,946,640	$717,079,486	$854,858,062	$894,530,565
Limited	$45,760,647	$172,743,695	$241,710,952	$310,328,583
Table Games (privilege tax)				
Video (net of prizes)				
Table Games (privilege tax)				
Total Historic Resort				
Total Sales	$848,610,625	$1,081,909,615	$1,303,437,057	$1,399,073,788
License Fees	14,574,772	11,485,136	13,610,521	15,789,742
Miscellaneous	942,569	605,467	503,013	578,477
Other Operating Income	$15,517,341	$12,090,603	$14,113,534	$16,368,219
Nonoperating Income	$7,190,034	$813,454	$474,138	$1,923,223
Total Revenue	$871,318,000	$1,094,813,672	$1,318,024,729	$1,417,365,230

Expenses, Distributions and Net Income
Last Ten Fiscal Years

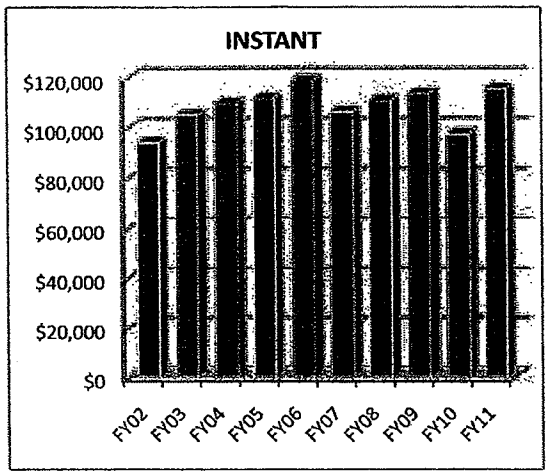
	2002	2003	2004	2005
Prizes (traditional)	$120,180,048	$114,651,424	$123,263,630	$117,125,999
Commissions				
Instant	5,896,537	7,377,661	7,689,770	7,831,524
On-line	7,041,257	6,086,088	6,772,587	5,767,083
Racetrack	354,762,709	412,325,047	477,797,417	496,649,792
Limited	31,391,705	99,799,713	137,388,489	173,115,051
Table Games	-	-	-	-
Historic Resort	-	-	-	-
Total Commissions	$399,092,208	$525,588,509	$629,648,263	$683,363,450
Administration (includes ticket costs)	$30,360,103	$29,452,769	$31,980,883	$29,672,628
Total Operating Expenses	$549,632,359	$669,692,702	$784,892,776	$830,162,077
Nonoperating Distributions				
Municipalities and Counties	-	3,384,191	4,776,034	6,083,020
Capital Reinvestment Fund	5,811,039	10,695,115	16,250,347	17,849,943
State of West Virginia	315,874,602	411,041,664	512,105,572	563,320,190
Total Distributions	$321,685,641	$425,120,970	$533,131,953	$587,253,153
Net Income	$0	$0	$0	$0

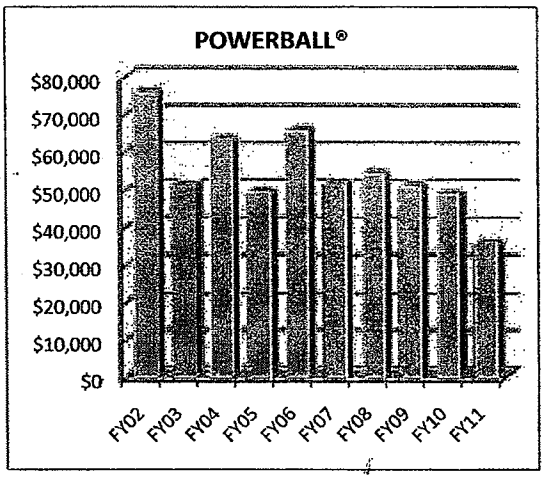
2006	2007	2008	2009	2010	2011
$119,123,846	$106,493,081	$110,862,020	$113,853,880	$97,482,584	$115,697,423
65,530,836	51,729,318	54,052,429	51,016,100	48,593,678	35,669,004
3,324,293	4,726,225	4,021,347	4,881,127	6,447,315	5,831,270
9,394,009	9,265,281	9,124,536	8,916,094	8,401,794	8,621,978
4,523,509	4,660,620	4,622,396	4,760,533	4,694,743	4,967,805
5,936,395	6,006,570	5,752,037	5,596,814	5,512,376	5,440,930
10,249,487	9,769,174	9,603,308	9,070,501	7,412,987	6,423,516
				2,678,674	10,915,389
$98,958,529	$86,157,188	$87,176,053	$84,241,169	$83,741,567	$77,869,892
$942,250,631	$972,591,775	$897,952,031	$848,232,669	$746,208,159	$726,952,241
$362,181,294	$397,016,887	$411,587,201	$412,488,946	$397,287,133	$397,544,842
		$15,877,334	$34,219,101	$31,725,645	$68,153,589
				1,132,902	4,092,891
				516,466	2,138,796
				$1,649,368	$6,231,687
$1,522,514,300	$1,562,258,931	$1,529,455,539	$1,493,035,765	$1,358,004,456	$1,392,449,174
10,445,040	9,864,349	11,225,977	10,573,157	10,317,529	10,157,522
748,276	532,596	710,975	827,731	741,824	1,648,012
$11,193,316	$10,396,945	$11,936,952	$11,400,888	$11,059,353	$11,805,534
$5,152,532	$7,556,505	$10,031,139	$2,719,936	$390,334	$297,669
$1,538,860,148	$1,580,212,381	$1,545,423,630	$1,507,156,589	$1,369,544,143	$1,404,552,377

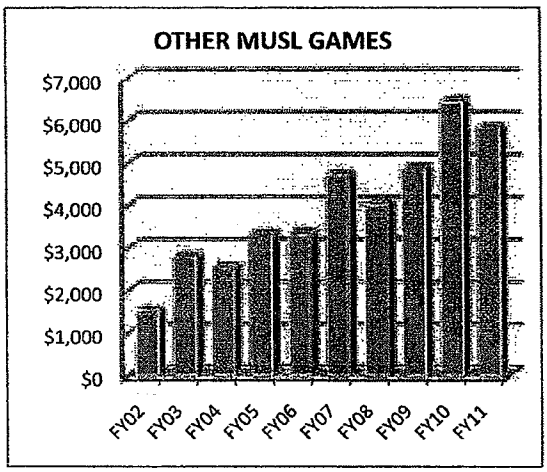
2006	2007	2008	2009	2010	2011
$131,903,210	$115,792,130	$121,169,284	$119,449,497	$107,983,663	$120,706,835
8,338,753	7,454,496	7,762,564	7,969,759	6,823,692	8,098,815
6,936,315	6,019,193	6,113,745	5,900,642	5,849,450	5,456,854
508,326,365	522,744,477	487,276,099	463,649,031	414,987,691	404,944,515
195,112,272	206,127,102	205,636,799	202,119,568	194,670,681	194,796,720
-	-	6,249,023	13,458,369	12,473,391	29,288,210
	-	-	-	846,922	3,126,210
$718,713,705	$742,345,268	$713,038,230	$693,097,369	$636,651,827	$645,711,324
$31,329,670	$30,905,929	$33,478,401	$35,215,252	$36,493,179	$40,838,831
$881,946,585	$889,043,327	$867,685,915	$847,762,118	$780,128,669	$807,256,990
7,098,999	7,781,531	8,067,110	8,084,783	7,786,828	7,791,869
19,774,016	20,997,371	17,987,933	15,983,212	11,968,468	21,558,438
610,040,548	639,150,849	631,155,117	616,622,965	616,465,269	565,256,651
$636,913,564	$667,929,751	$657,210,160	$640,690,960	$636,220,565	$594,606,958
$245,033,021	$221,113,576	$205,828,755	$206,406,409	$144,431,262	$211,650,032

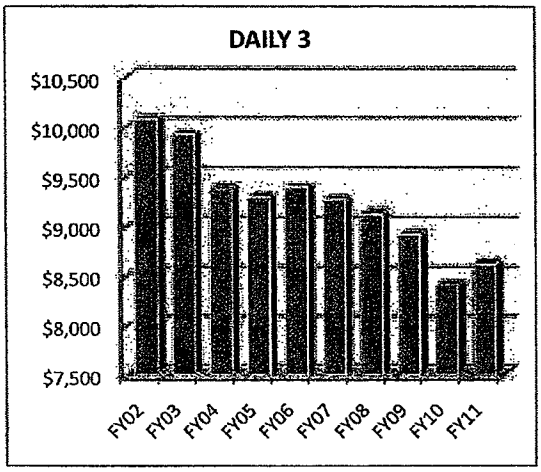
WEST VIRGINIA LOTTERY

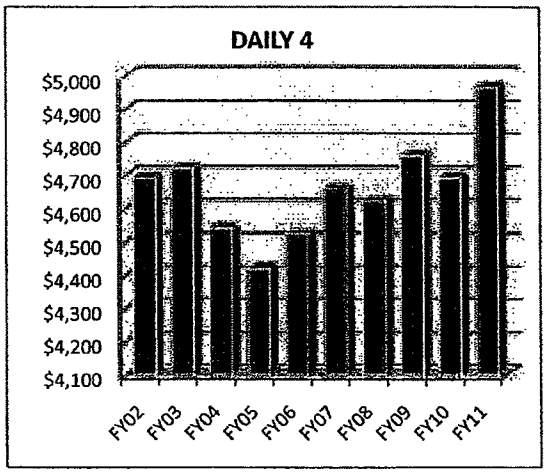
Sales By Product Line
Last Ten Fiscal Years
(000's)

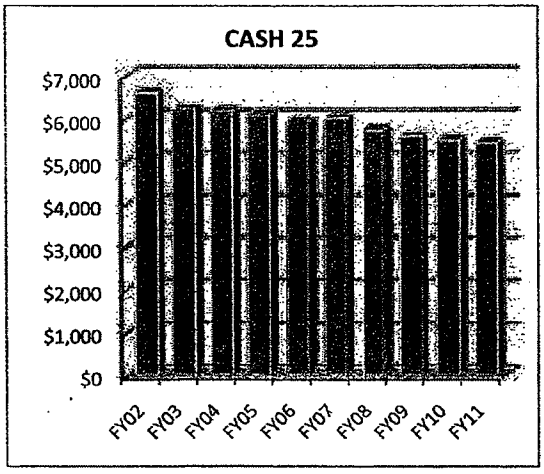








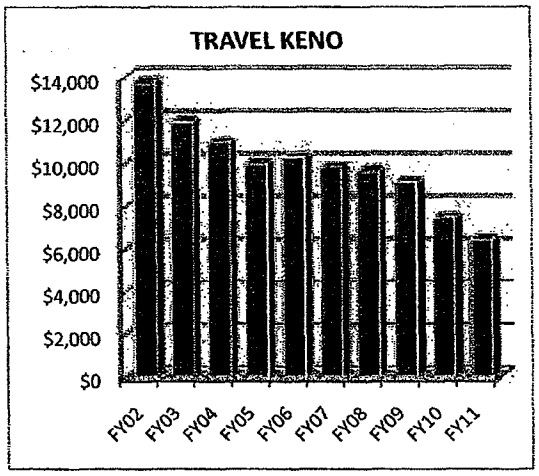


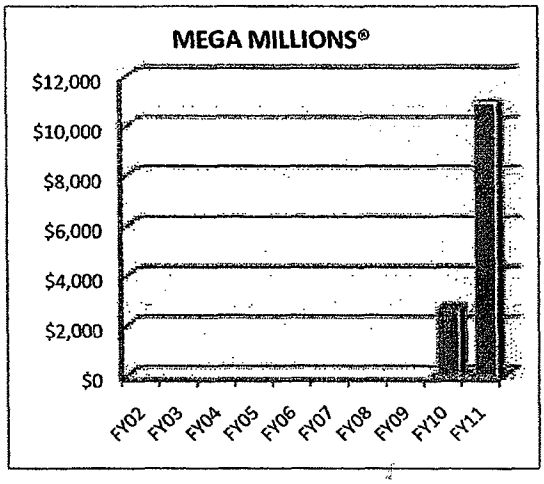


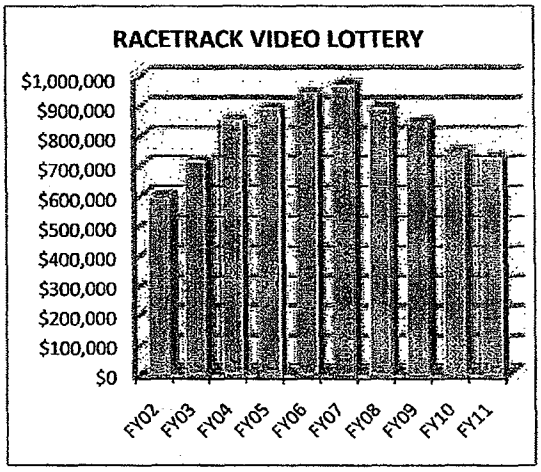
Source: West Virginia Lottery

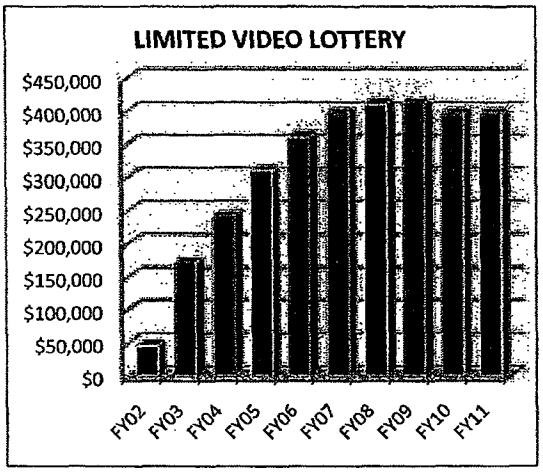
WEST VIRGINIA LOTTERY

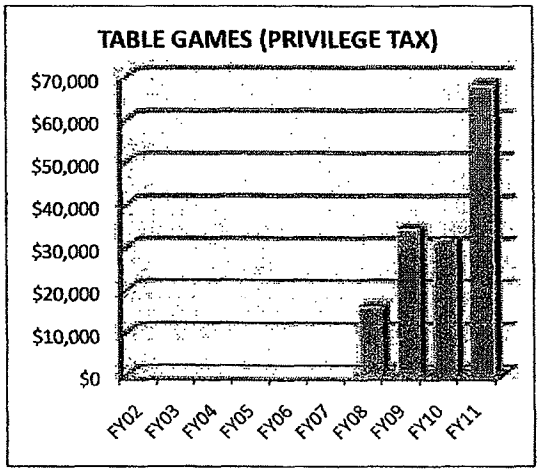
Sales By Product Line
Last Ten Fiscal Years
(000's)

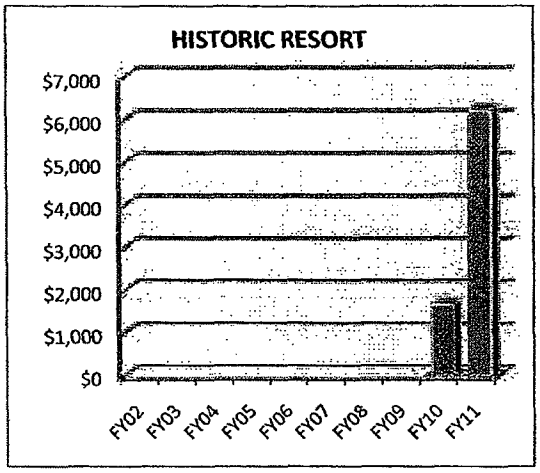








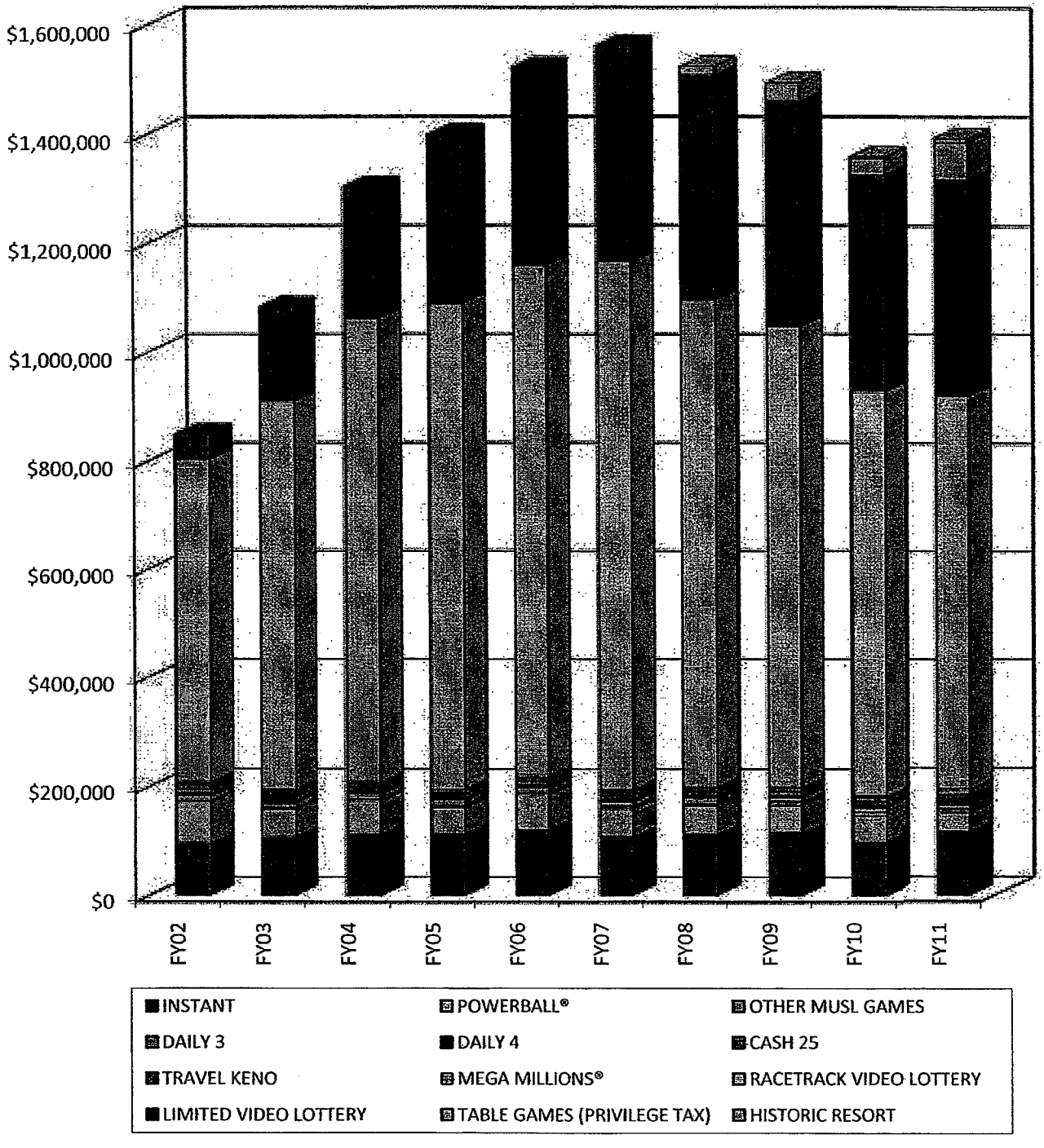




Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

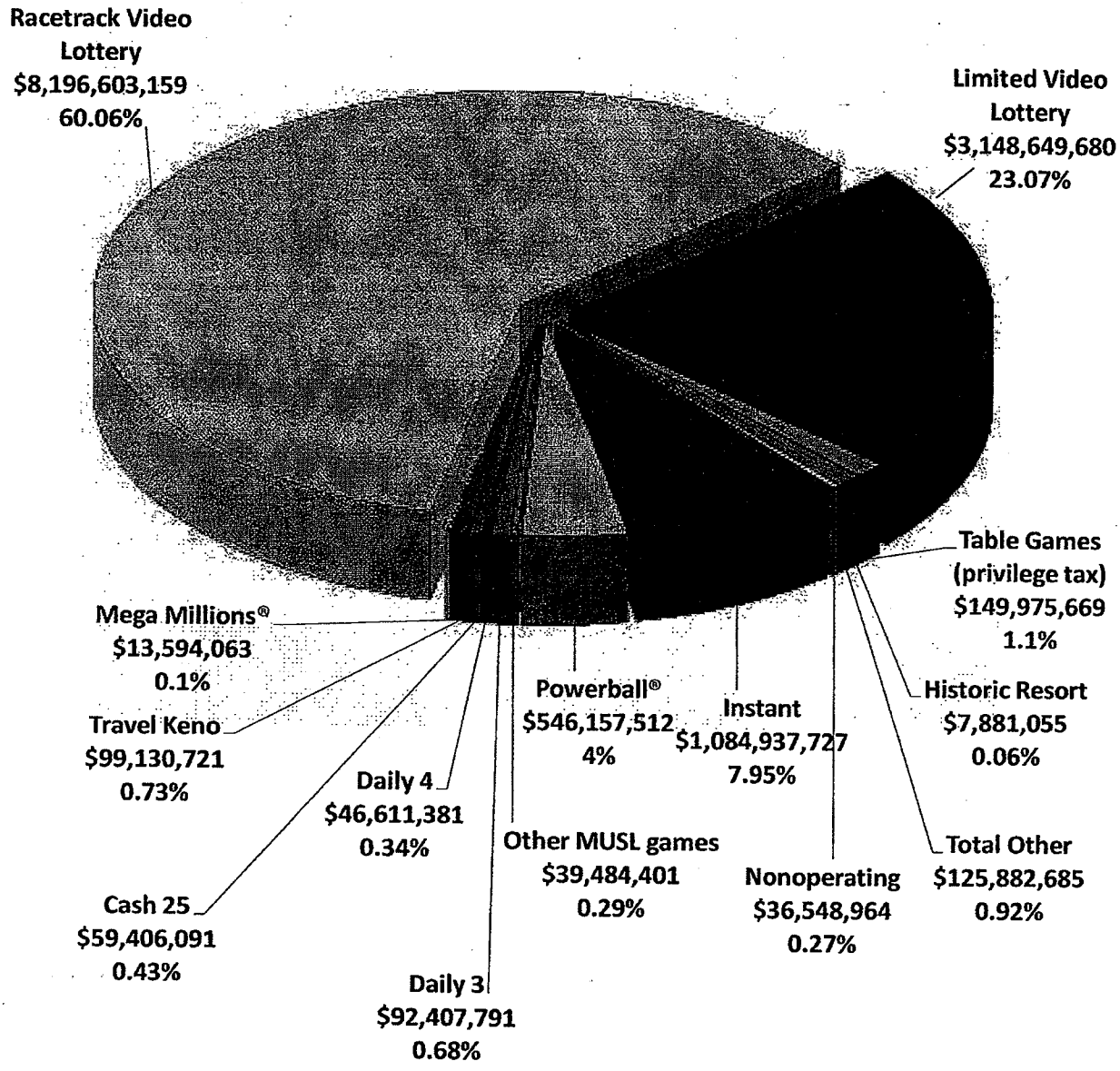
Sales By Product
Last Ten Fiscal Years
(000's)



Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

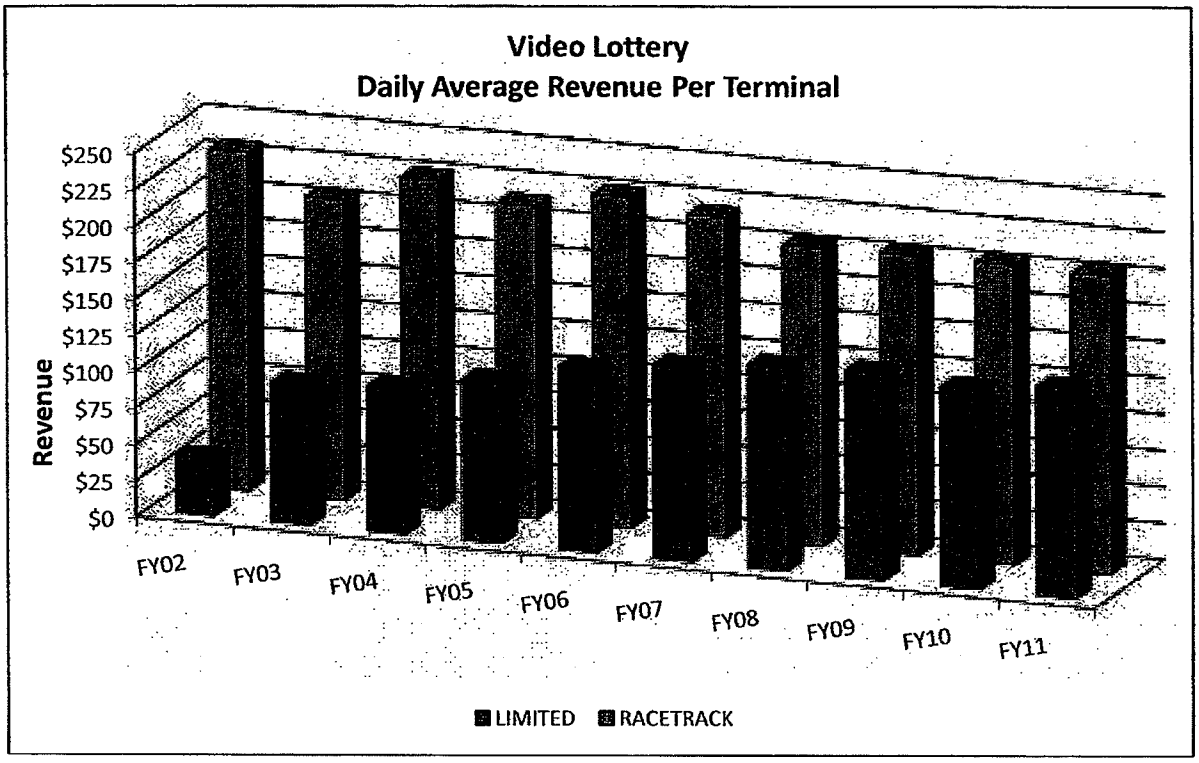
Total Revenues $13,647,270,899
Last Ten Fiscal Years

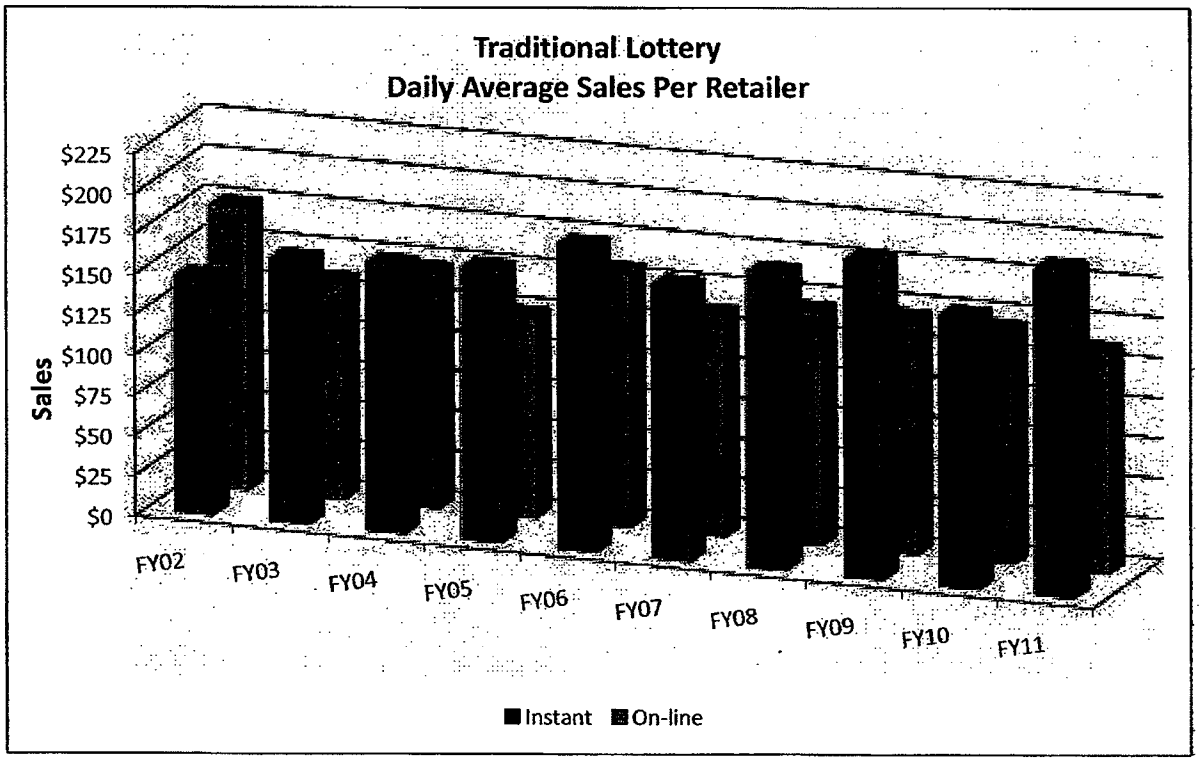


Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

Daily Averages
Last Ten Fiscal Years

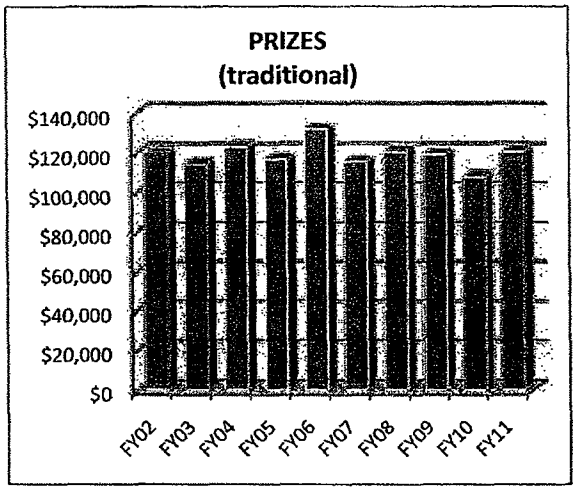


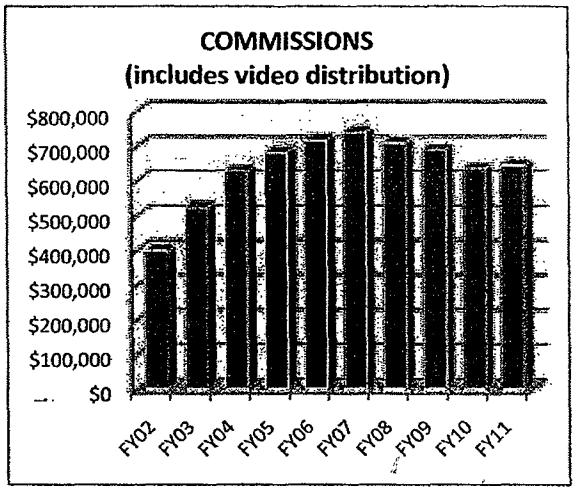


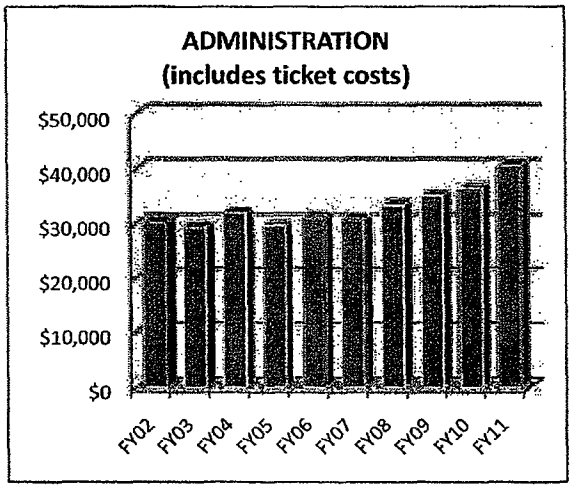
Source: West Virginia Lottery

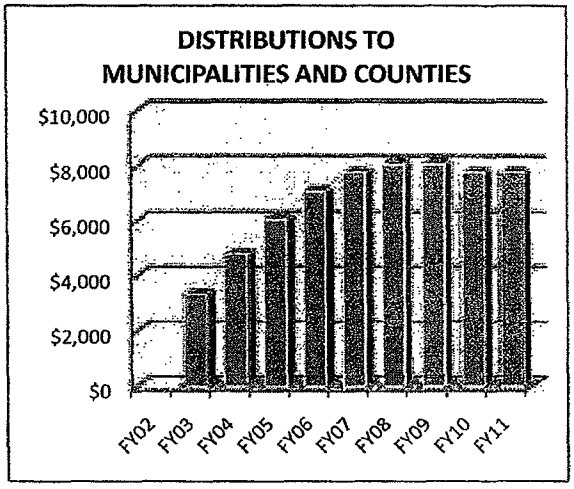
WEST VIRGINIA LOTTERY

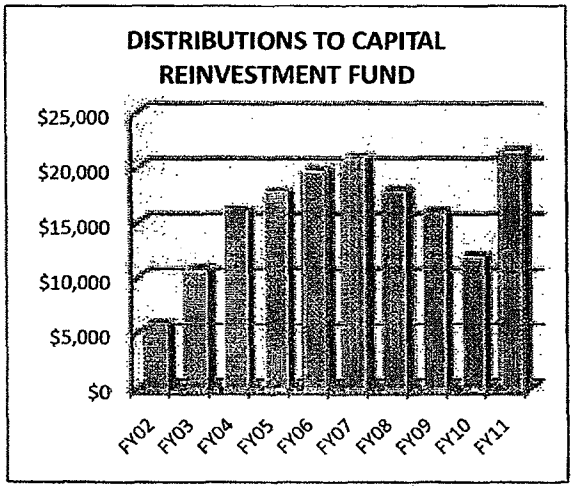
Expenses and Nonoperating Distributions
Last Ten Fiscal Years
(000's)

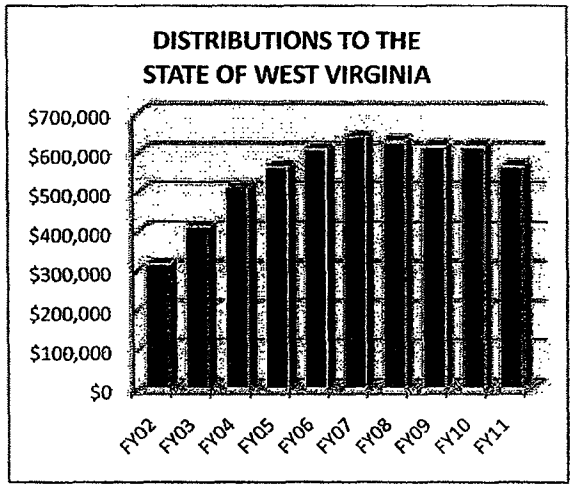








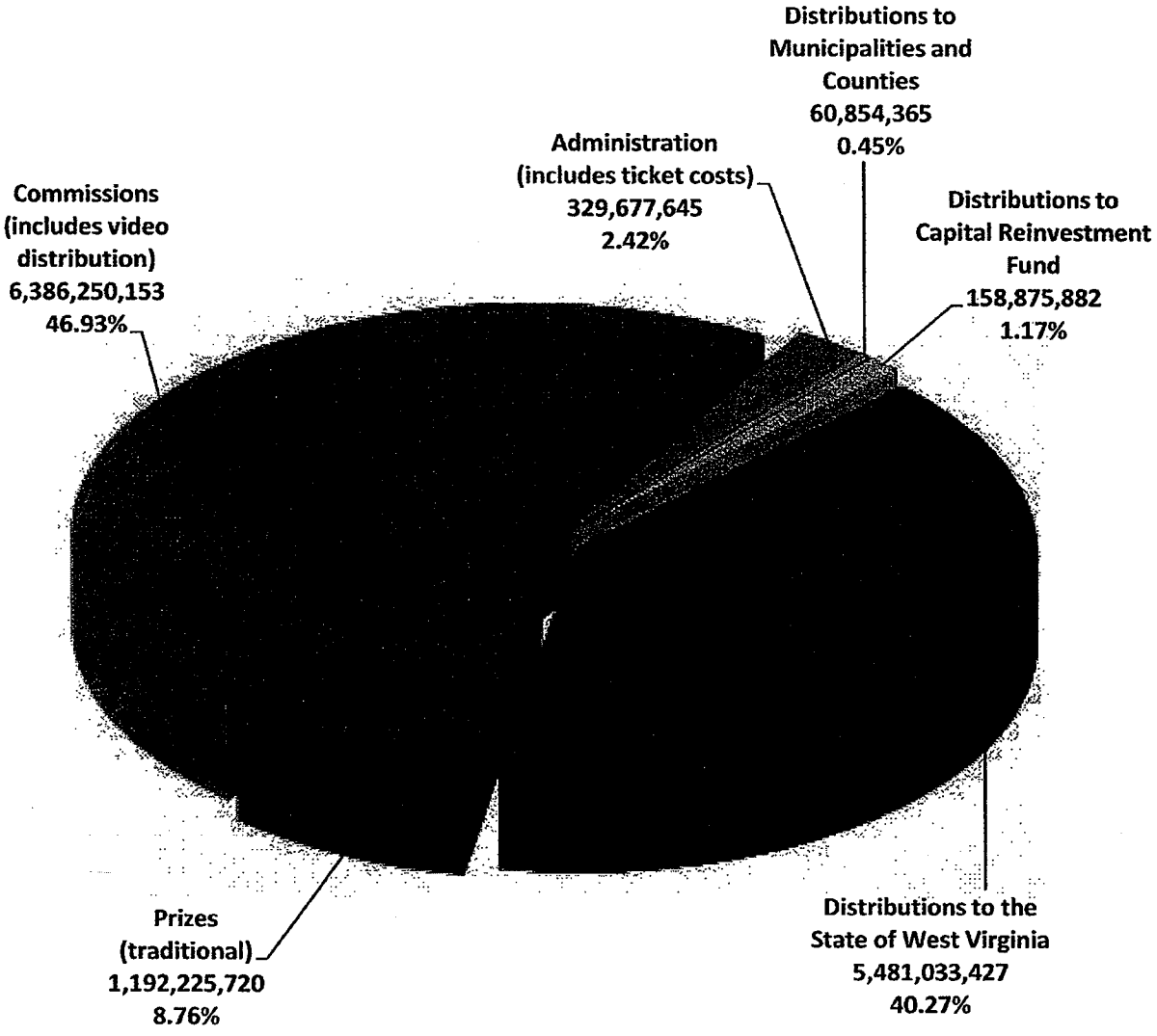




Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

Total Expenses and Nonoperating Distributions $13,608,917,192
Last Ten Fiscal Years



Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

Total Net Assets
(000's)

	2002	2003	2004	2005	2006
Net Assets					
Restricted	$ -	$ -	$ -	$ -	$ 20,000
Invested in capital assets	6,195	4,754	3,184	2,024	1,149
Unrestricted (deficit)	(5,945)	(4,504)	(2,934)	(1,774)	(899)
Total net assets	$ 250	$ 250	$ 250	$ 250	$ 20,250

	2007	2008	2009	2010	2011
Net Assets					
Restricted	$ 30,367	$ 58,487	$ 69,871	$ 8,355	$ 2,039
Invested in capital assets	1,451	5,251	3,306	23,349	30,421
Unrestricted (deficit)	11,671	747	10,011	4,679	6,612
Total net assets	$ 43,489	$ 64,485	$ 83,188	$ 36,383	$ 39,072

Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2011
Excludes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Prizes	Net Income	Population	Sales/Capita
Arizona	$583.5	$362.9	$146.3	6.7	$87.09
Arkansas	$464.0	$307.5	$156.6	2.9	$160.00
California	$3,438.6	$1,904.8	$1,128.6	37.3	$92.19
Colorado	$518.9	$323.9	$113.4	5.1	$101.75
Connecticut	$1,016.6	$620.1	$289.3	3.5	$290.46
Delaware	$124.0			0.9	$137.78
D.C. (end 6/30)	$231.3	$123.3	$64.3	0.6	$385.50
Florida	$4,008.7			18.7	$214.37
Georgia	$3,597.9	$2,120.8	$846.1	9.9	$363.42
Idaho	$147.2	$90.2	$37.5	1.6	$92.00
Illinois	$2,278.8	$1,414.6	$690.0	12.9[1]	$176.65
Indiana	$791.4	$494.5	$188.6	6.4	$123.66
Iowa	$271.4	$158.9	$112.5	3.0	$90.47
Kansas	$243.8	$142.4	$70.0	2.8	$87.07
Kentucky	$772.3	$482.9	$212.3	4.3	$179.60
Louisiana	$383.6	$168.5	$136.4	4.5	$85.24
Maine	$216.4	$134.2	$50.2	1.3	$166.46
Maryland[2,3]	$1,714.4	$1,028.0	$519.4	5.7	$300.77
Massachusetts	$4,403.3			6.6	$667.17
Michigan[1,6]	$2,364.1	$1,383.4	$731.9	9.9	$238.80
Minnesota	$504.4	$311.0	$121.9	5.3	$95.17
Missouri	$1,001.3	$621.6	$259.4	6.0	$166.88
Montana	$46.0	$24.8	$10.6	1.0	$46.00
Nebraska	$131.9	$76.9	$32.1	1.8	$73.28
New Hampshire	$228.4	$139.3	$62.3	1.3	$175.69
New Jersey	$2,636.4	$1,542.2	$890.9	8.7	$303.03
New Mexico	$135.5	$73.6	$41.3	2.0	$67.75
New York[2,3,4]	$6,758.7	$3,968.1	$3,049.2	19.6	$344.83
North Carolina	$1,461.1	$861.6	$437.4	9.5	$153.80
North Dakota	$23.0	$46.1	$92.2	0.7	$32.86
Ohio	$2,596.1	$1,550.0	$738.8	11.5	$225.75
Oklahoma	$198.2	$106.6	$69.4	3.7	$53.57
Oregon[2,3]	$317.5	$206.4	$560.0	3.9	$81.41
Pennsylvania	$3,207.9	$2,179.4	$960.0	12.6	$254.60
Rhode Island[2,3]	$230.7	$142.3	$354.9	1.1	$209.73
South Carolina	$1,047.1		$271.0	4.6	$227.63
South Dakota[2,3]	$46.6	$27.4	$105.2	0.8	$58.25
Tennessee	$1,186.6	$695.1	$293.5	6.3	$188.35
Texas[1,5]	$3,783.2	$2,425.2	$960.6	25.2	$150.13
Vermont	$95.6	$60.6	$21.4	0.6	$159.33
Virginia	$1,482.7	$881.0	$435.2	8.0	$185.34
Washington	$510.5			6.7	$76.19
West Virginia[2,3,7]	$193.6	$119.5		1.8	$107.56
Wisconsin	$502.5			5.7	$88.16
Total	$55,895.7	$27,319.6	$15,260.7	293.0	$7,565.72

2011 data source: La Fleur's Magazine/Vol. 19, No. 1 Sept/Oct 2011

[1]Estimated Sales

[2]Doesn't include VLT prizes

[3]Includes traditional and VLT profit

[4]Fiscal Year ends 3/31

[5]Fiscal Year ends 8/31

[6]Fiscal Year ends 9/30

[7]Gross sales were $1,392.5, including VLT sales of $1,128.6 and Table Games sales of $70.3

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2010
Excludes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Prizes	Net Income	Population	Sales/Capita
Arizona	$551.5	$334.5	$141.9	6.6	$83.56
Arkansas	$383.7	$251.0	$82.6	2.9	$132.31
California	$3,041.0	$1,611.4	$1,077.0	37.0	$82.19
Colorado	$501.2	$310.4	$112.9	5.0	$100.24
Connecticut	$996.8	$608.8	$285.5	3.5	$284.80
Delaware	$123.2			0.9	$136.89
D.C. (end 6/30)	$233.9	$118.5	$69.6	0.6	$389.83
Florida	$3,900.5			18.5	$210.84
Georgia	$3,645.4	$2,129.1	$883.9	9.8	$371.98
Idaho	$146.9			1.5	$97.93
Illinois	$2,216.2	$1,210.7	$657.9	12.9	$171.80
Indiana	$739.1			6.4	$115.48
Iowa	$256.3	$150.5	$57.9	3.0	$85.43
Kansas	$243.7			2.8	$87.04
Kentucky	$772.5	$484.6	$214.2	4.3	$179.65
Louisiana	$372.4	$189.7	$133.7	4.5	$82.76
Maine	$217.3		$52.2	1.3	$167.15
Maryland	$1,706.6	$1,030.9	$510.6	5.7	$299.40
Massachusetts	$4,412.1	$3,174.9	$903.5	6.6	$668.50
Michigan[1,6]	$2,348.0	$1,392.5	$704.2	10.0	$234.80
Minnesota	$499.0	$305.2	$122.6	5.3	$94.15
Missouri	$971.6	$868.1	$255.0	6.0	$161.93
Montana	$47.0	$25.9	$10.6	1.0	$47.00
Nebraska	$130.6			1.8	$72.56
New Hampshire	$233.2	$121.8	$66.0	1.3	$179.38
New Jersey	$2,605.2	$1,501.7	$893.6	8.7	$299.45
New Mexico	$143.6	$78.6	$43.6	2.0	$71.80
New York[2,4]	$6,781.1	$3,952.0	$2,666.4	19.5	$347.75
North Carolina	$1,421.3	$835.3	$430.8	9.4	$151.20
North Dakota	$24.3	$12.7	$5.8	0.6	$40.50
Ohio	$2,487.1	$1,525.2	$728.6	11.5	$216.27
Oklahoma	$199.7			3.7	$53.97
Oregon[2,3]	$320.7	$206.0	$526.1	3.8	$84.39
Pennsylvania	$3,065.7	$1,867.1	$915.7	12.6	$243.31
Rhode Island[2,3]	$234.7	$144.3	$344.6	1.1	$213.36
South Carolina	$1,007.5			4.6	$219.02
South Dakota[2,3]	$45.7	$25.5	$116.9	0.8	$57.13
Tennessee	$1,138.4	$664.0	$288.9	6.3	$180.70
Texas[5]	$3,738.4	$2,299.6	$1,007.8	24.8	$150.74
Vermont	$97.5	$61.1	$21.6	0.6	$162.50
Virginia	$1,435.1	$852.7	$430.2	7.9	$181.66
Washington	$491.0			6.7	$73.28
West Virginia[2,3,7]	$181.2	$107.1	$560.8	1.8	$100.67
Wisconsin	$480.8			5.7	$84.35
Total	$54,588.7	$28,451.4	$15,323.2	291.3	$7,469.67

2010 data source: La Fleur's Magazine/Vol. 18, No. 1 Sept/Oct 2010

[1]Estimated Sales

[2]Doesn't include VLT prizes

[3]Includes traditional and VLT profit

[4]Fiscal Year ends 3/31

[5]Fiscal Year ends 8/31

[6]Fiscal Year ends 9/30

[7]Gross sales were $1,358.1, including VLT sales of $1,144.6 and Table Games sales of $33.2

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2011
Includes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Profit	Population	Sales/Capita
Arizona	$583.54	$146.33	6.7	$87.10
Arkansas (9/28/09-6/30/10)	$464.02	$94.23	2.9	$160.01
California	$3,438.58	$1,125.82	37.3	$92.19
Colorado	$518.92	$113.40	5.1	$101.75
Connecticut	$1,016.61	$289.30	3.5	$290.46
Delaware[1]	$636.39	$287.00	0.9	$707.10
District of Columbia (9/30)[2]	$245.00	$63.00	0.6	$408.33
Florida	$4,008.72	$1,191.82	18.7	$214.37
Georgia[2]	$3,592.92	$846.11	9.9	$363.43
Idaho	$147.15	$37.00	1.6	$91.97
Illinois	$2,278.70	$689.97	12.9	$176.64
Indiana	$791.45	$188.23	6.4	$123.66
Iowa	$271.39	$68.06	3.0	$90.46
Kansas	$232.34	$70.00	2.8	$82.99
Kentucky	$772.35	$212.25	4.3	$179.62
Louisiana	$383.59	$136.36	4.5	$85.24
Maine	$216.43	$49.55	1.3	$166.48
Maryland[1]	$1,817.38	$576.57	5.7	$318.84
Massachusetts	$4,416.29	$887.91	6.6	$669.13
Michigan (9/30)	$2,346.11	$726.97	9.9	$236.98
Minnesota	$504.44	$121.89	5.3	$95.18
Missouri	$1,000.68	$259.42	6.0	$166.78
Montana	$46.02	$10.61	1.0	$46.02
Nebraska	$131.92	$32.55	1.8	$73.29
New Hampshire	$228.40	$62.20	1.3	$175.69
New Jersey	$2,636.49	$930.00	8.7	$303.04
New Mexico	$135.54	$41.30	2.0	$67.77
New York (3/31)[1]	$7,868.21	$3,049.15	19.6	$401.44
North Carolina	$1,461.11	$436.24	9.5	$153.80
North Dakota	$23.00	$5.92	0.7	$32.86
Ohio	$2,601.00	$738.81	11.5	$226.17
Oklahoma	$198.15	$69.40	3.7	$53.53
Oregon	$2,763.98	$559.90	3.9	$708.71
Pennsylvania	$3,207.91	$960.61	12.6	$254.60
Rhode Island	$1,125.60	$354.86	1.1	$1,023.45
South Carolina	$1,047.12	$271.13	4.6	$227.63
South Dakota	$630.53	$105.20	0.8	$788.16
Tennessee	$1,186.56	$293.49	6.3	$188.34
Texas (8/31)	$3,811.27	$982.09	25.2	$151.24
Vermont	$95.55	$21.40	0.6	$159.25
Virginia	$1,482.69	$444.21	8.0	$185.34
Washington	$510.46	$150.13	6.7	$76.19
West Virginia[1]	$1,322.16	$558.12	1.8	$734.53
Wisconsin	$502.65	$143.69	5.7	$88.18
Total	$64,704.35	$18,402.14	293.0	$12,845.99

2011 data source: NASPL website: www.NASPL.org

[1]Includes net VLT sales (Cash in less cash out)

[2]Includes gross VLT sales (Cash in)

[2]Lottery Estimates

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2010
Includes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Profit	Population	Sales/Capita
Arizona	$551.50	$141.90	6.6	$83.56
Arkansas (9/28/09-6/30/10)	$383.70	$82.70	2.9	$132.31
California	$3,086.16	$1,055.18	37.0	$83.41
Colorado	$501.20	$112.90	5.0	$100.24
Connecticut	$996.85	$285.50	3.5	$284.81
Delaware	$684.50	$275.50	0.9	$760.56
District of Columbia (9/30)	$232.00	$66.00	0.6	$386.67
Florida	$3,900.50	$1,247.00	18.5	$210.84
Georgia	$3,645.00	$883.90	9.8	$371.94
Idaho	$147.00	$36.50	1.5	$98.00
Illinois	$2,209.30	$657.88	12.9	$171.26
Indiana	$739.10	$188.80	6.4	$116.48
Iowa	$256.26	$57.91	3.0	$85.42
Kansas	$243.66	$69.03	2.8	$87.02
Kentucky	$772.50	$214.30	4.3	$179.65
Louisiana	$372.39	$134.08	4.5	$82.75
Maine	$216.73	$52.20	1.3	$166.72
Maryland	$1,712.04	$510.61	5.7	$300.36
Massachusetts	$4,423.00	$903.50	6.6	$670.15
Michigan (9/30)	$2,347.90	$704.20	10.0	$234.79
Minnesota	$498.97	$122.25	5.3	$94.15
Missouri	$971.05	$256.04	6.0	$161.84
Montana	$47.03	$10.61	1.0	$47.03
Nebraska	$130.58	$32.35	1.8	$72.54
New Hampshire	$233.89	$66.08	1.3	$179.92
New Jersey	$2,605.46	$924.46	8.7	$299.44
New Mexico	$143.60[1]	$43.60	2.0	$71.80
New York (3/31)	$7,813.92	$2,666.38	19.5	$400.94
North Carolina	$1,421.33	$430.75	9.4[1]	$151.21
North Dakota	$24.42	$6.33	0.6	$40.70
Ohio	$2,486.00	$728.60	11.5	$216.17
Oklahoma	$199.63	$69.97	3.7	$53.94
Oregon	$1,027.63	$516.70	3.8	$270.44
Pennsylvania	$3,065.72	$915.74	12.6	$243.31
Rhode Island	$202.40	$34.63	1.1	$183.55
South Carolina	$1,007.16	$272.49	4.6	$218.95
South Dakota	$260.99	$116.91	0.8	$326.24
Tennessee	$1,138.00	$288.90	6.3	$180.63
Texas (8/31)	$3,750.00	$1,100.00	24.8	$151.21
Vermont	$97.43	$21.64	0.6	$162.47
Virginia	$1,435.00	$430.00	8	$181.65
Washington	$491.02	$121.35	6.7	$73.29
West Virginia	$1,358.00	$568.90	1.8	$754.44
Wisconsin	$431.58	$145.10	5.7	$75.49
Total	$58,816.60	$17,877.07	291.3	$9,681.38

2010 data source: NASPL website: www.NASPL.org

[1]Includes net VLT sales (Cash in less cash out)

[2]Includes gross VLT sales (Cash in)

[3]Net Proceeds

WEST VIRGINIA LOTTERY

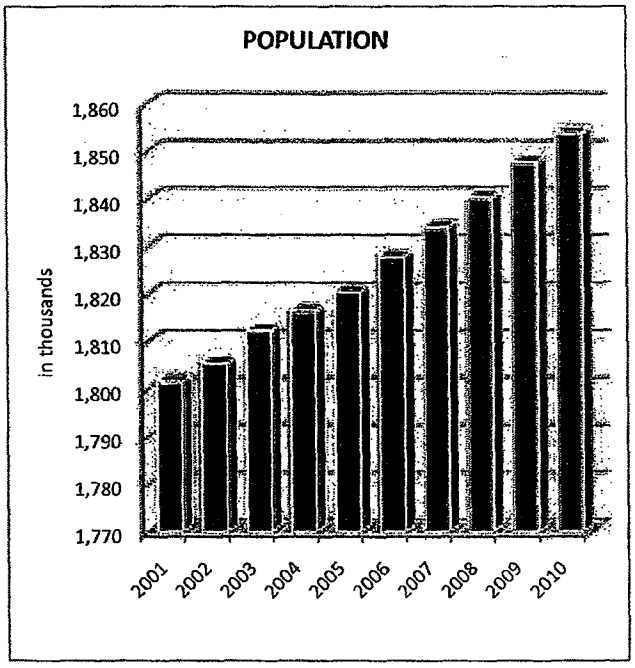
State Demographic and Economic Information

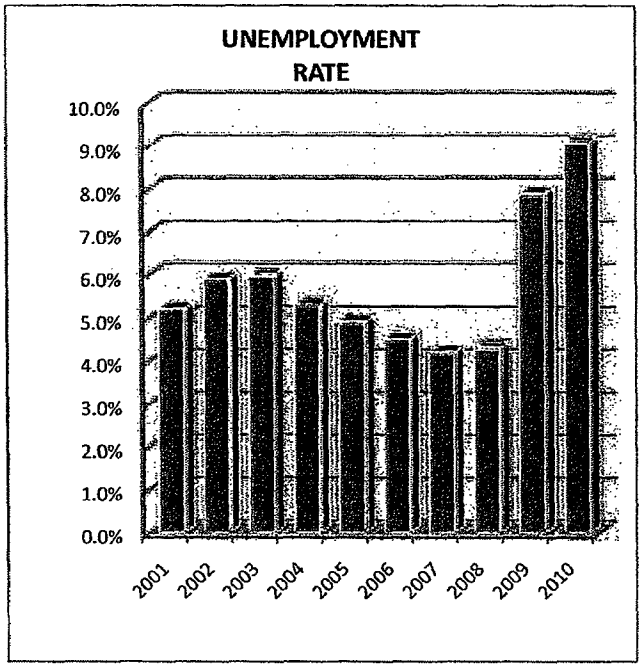
YEAR	POPULATION	PERSONAL INCOME (in millions)	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2010	1,853,978	$59,325	$31,999	9.1%
2009	1,847,775	$57,419	$31,075	7.9%
2008	1,840,310	$57,620	$31,310	4.3%
2007	1,834,052	$54,100	$29,497	4.2%
2006	1,827,912	$51,862	$28,372	4.5%
2005	1,820,492	$48,139	$26,443	4.9%
2004	1,816,438	$46,500	$25,599	5.3%
2003	1,812,295	$44,897	$24,773	6.0%
2002	1,805,414	$43,876	$24,302	5.9%
2001	1,801,481	$42,466	$23,573	5.2%

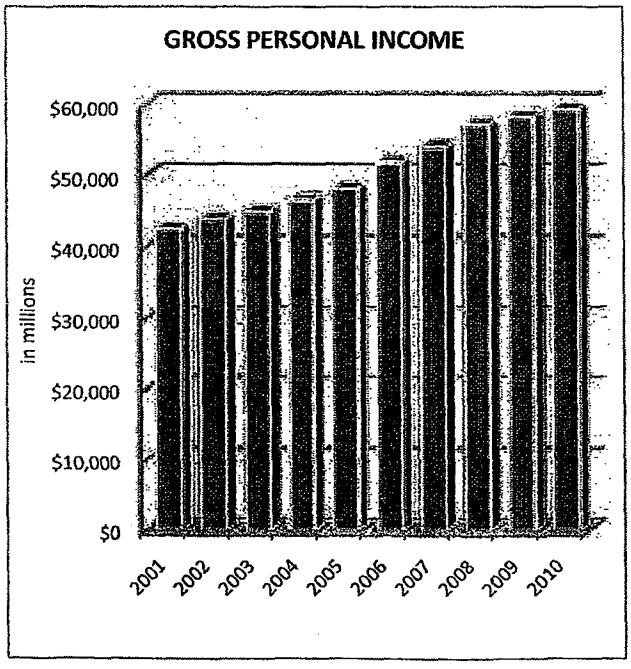
Source: Work Force West Virginia and U.S. Bureau of Economic Analysis based on calendar year.
Note: 2011 information is not available and therefore not presented.

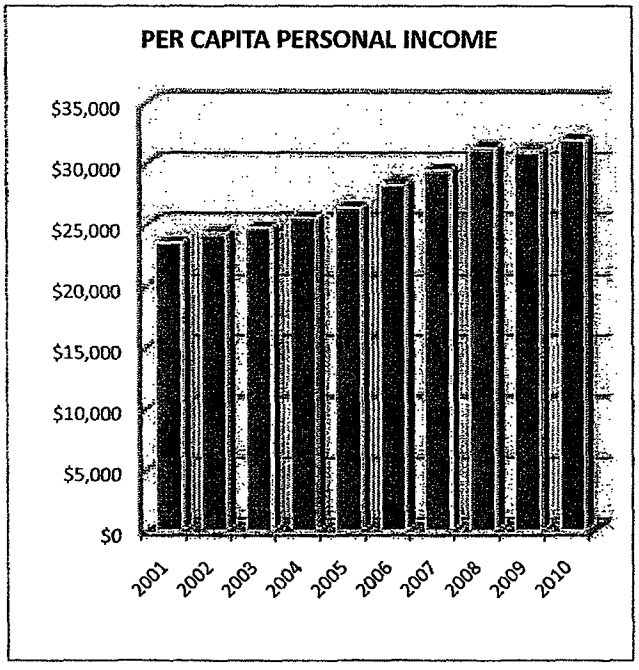
WEST VIRGINIA LOTTERY

State Demographics





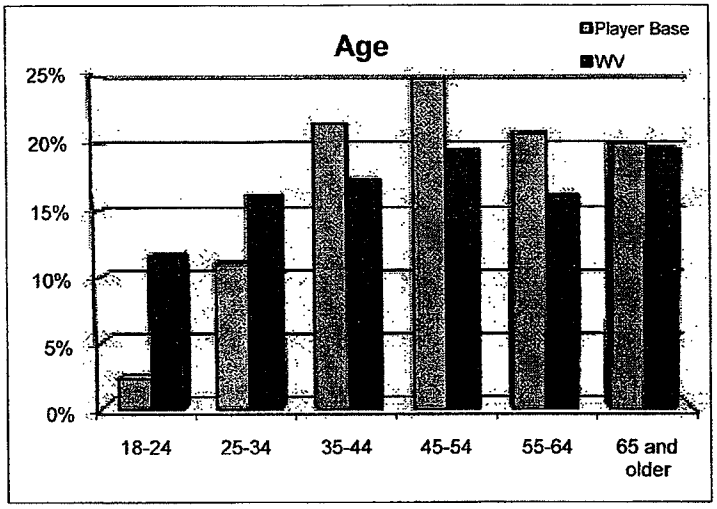


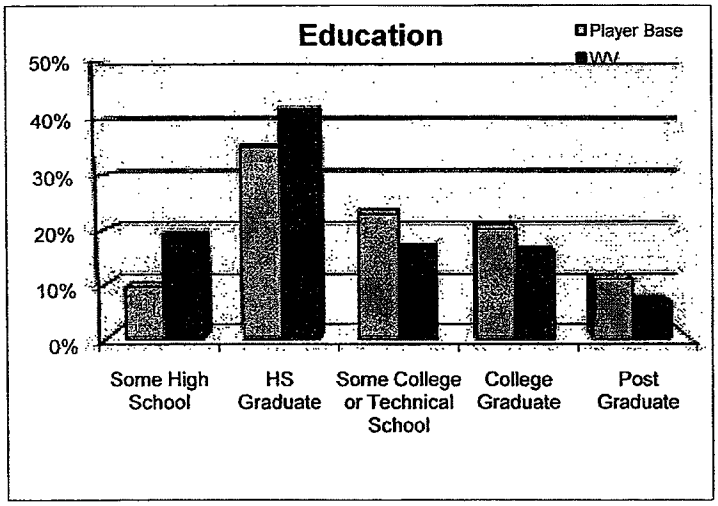


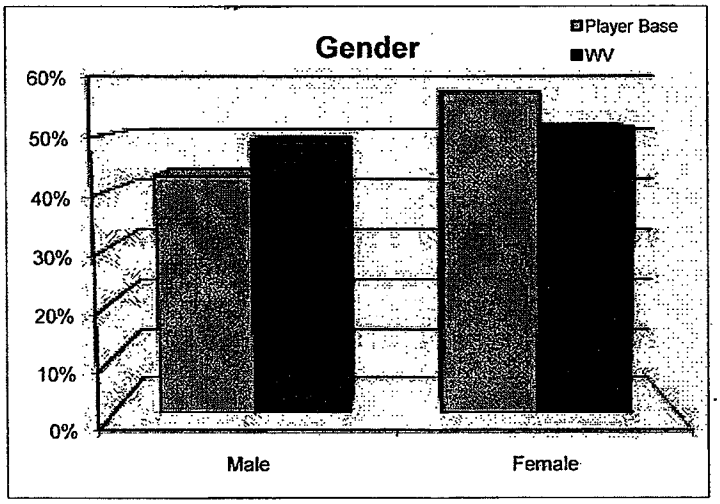
Source: Work Force West Virginia and U.S. Bureau of Economic Analysis based on calendar year.

WEST VIRGINIA LOTTERY

Player and Population Demographics





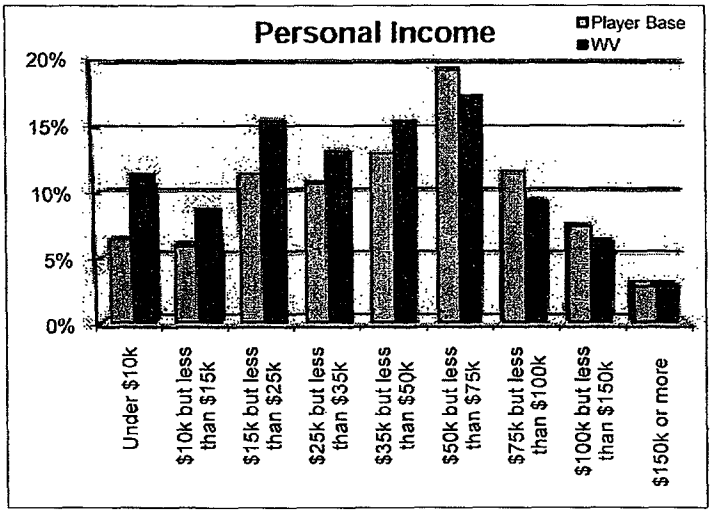


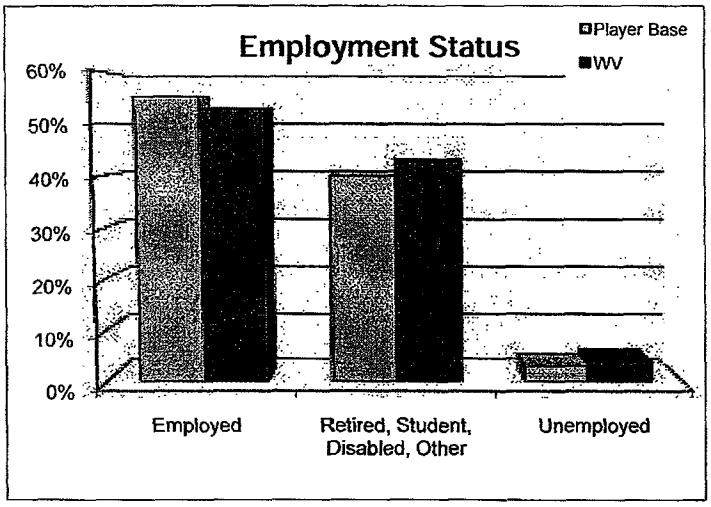
Source: West Virginia Lottery
Tracking Study, March 2009
RL Repass & Partners, Inc.

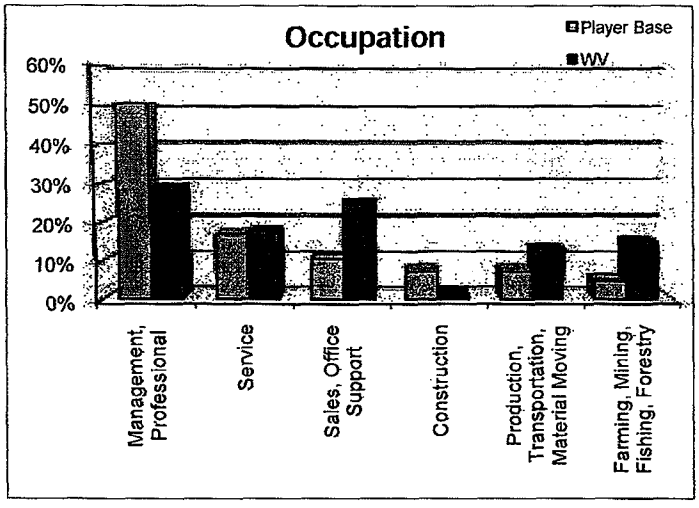
ACS Demographic and Housing Estimates: 2005-2007

WEST VIRGINIA LOTTERY

Player and Population Demographics







Source: West Virginia Lottery
Tracking Study, March 2009
RL Repass & Partners, Inc.

ACS Demographic and Housing Estimates: 2005-2007

WEST VIRGINIA LOTTERY

Number of Employees

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Executive	15	14	15	14	18	20	20	18
Finance & Administration	22	21	30	23	23	24	23	27
Marketing	8	7	7	7	7	7	7	7
Video	27	26	26	28	27	27	28	30
Security (traditional & video)	29	31	32	37	46	47	46	47
Table Games				5	39	47	51	69
Total	101	99	110	114	160	172	175	198

Source: West Virginia Lottery
Note: Only eight years of data was available.

STATE OF WEST VIRGINIA

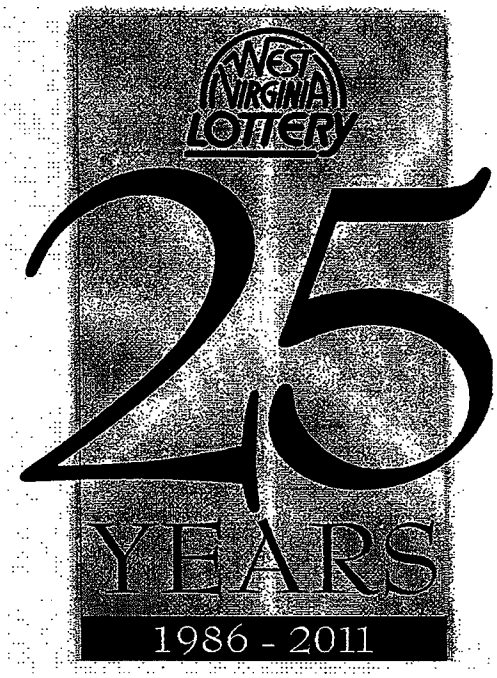
ANNUAL RANKING
TOP TEN EMPLOYERS

Business Name	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Allegheny Energy Service Corporation	10	9	10							
American Electric Power	9		7	6	6	5	6	5	5	9
Charleston Area Medical Center	3	3	2	2	3	3	3	3	3	3
Consolidation Coal Company				8	8		10	9	6	5
CSX / CSX Hotels Inc	6	6	5	5	5	8	5	8	8	
E I DuPont De Nemours & Company	7	7	8	7						
Eldercare Resources Corporation						6	7	6		
ISG Weirton Inc				10						
Kroger	5	4	4	4	4	4	4	4	4	4
Lowe's Home Centers, Inc.					7	7	8	10	7	7
Mentor Management, Inc. (Mentor Network, The)										10
Mylan Pharmaceuticals, Inc.									10	6
Pilgrim's Pride Corporation of West Virginia						9				
Res-Care Inc									9	
St. Mary's Hospital	2	10			10	10	9	7	8	8
Verizon	8	8	9	9	9					
Wal-Mart Associates, Inc.			1	1	1	1	1	1	1	1
Weirton Steel Corporation		5	6							
West Virginia University Hospitals/United Hospitals	2	2	3	3	2	2				
WV United Health System							2	2	2	2

Source: Work Force West Virginia website: www.wvbep.org
Note: Number represents the ranking of the employer for the year.



2011 West Virginia Lottery headquarters staff


WEST VIRGINIA LOTTERY
25
YEARS
1986 - 2011

West Virginia Lottery 2011 CAFR Project
An in-house production of the West Virginia Lottery

Lottery Director
John C. Musgrave

Deputy Director of Finance and Administration
and Chief Financial Officer
James M. Toney, CPA/MBA

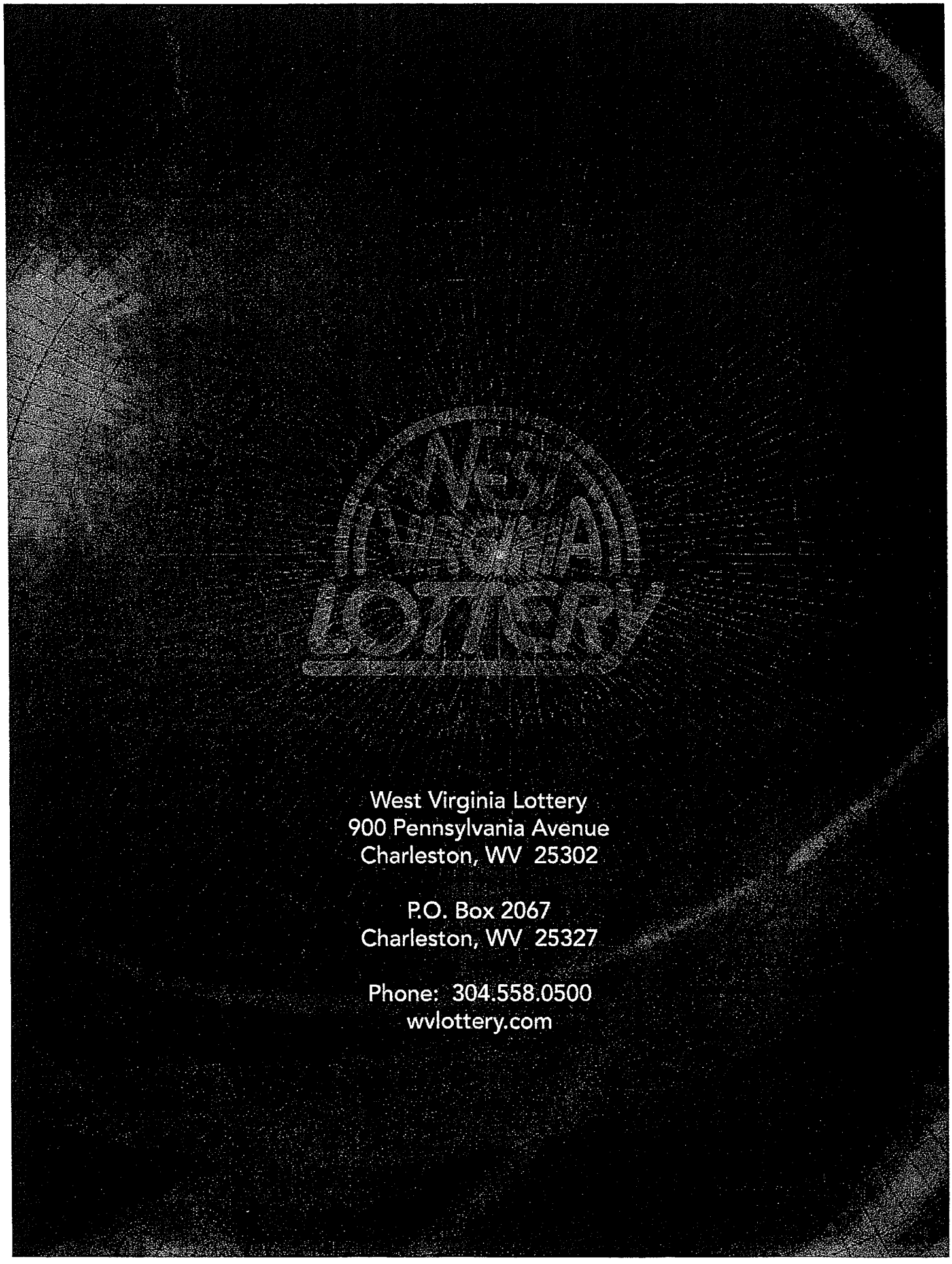
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Mike Ross

Charts and Graphs
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Lottery Commission by John Sibold
Greenbrier Resort photo Courtesy of The Greenbrier
Full Lottery headquarters staff photo by Ray Moore
Jennifer Nettles photo by Jeff Hewitt, GTECH
Some historic photos from Lottery archives



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APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS

The following is a summary of certain material terms, provisions and covenants of (i) the General Resolution adopted by the Board of Directors of the State College System on September 9, 1992, and (ii) the General Resolution adopted by the University of West Virginia Board of Trustees on September 9, 1992 (collectively, the "General Resolution"), as amended and supplemented from time to time, including as supplemented by the Sixth Consolidated Supplemental Resolution adopted by the Higher Education Policy Commission (the "Commission") on May 9, 2012, and the Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012 (the "Sixth Consolidated Supplemental Resolution", the "Seventh Consolidated Supplemental Resolution" and together with the General Resolution, collectively referred to herein as the "Resolution"). This summary makes use of terms defined in the Resolution, not all of which are defined in "Definitions," which follows. This summary does not purport to be final, complete or definitive, and is qualified by reference to the Resolution in their entirety for the complete and actual terms, provisions and covenants thereof.

DEFINITIONS OF CERTAIN TERMS

As used in this Summary, the following terms, unless the context requires otherwise, will have the meaning as set forth below. Any capitalized terms not defined below will have the same meaning as set forth in the Resolution, copies of which can be obtained by contacting the Commission.

"2012 Bonds" means, collectively, the 2012 Series A Bonds and the 2012 Series B Bonds.

"2012 Series A Bond Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Bonds" means the Commission's Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, in such aggregate principal amount not to exceed $140,000,000 as shall be set forth in the Certificate of Determination.

"2012 Series A Bond Proceeds Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Escrow Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Interest Account" means the account by that name established in the 2012 Series A Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Principal Account" means the account by that name established in the 2010 Bond Fund (Higher Education Facilities) pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Redemption Account" means the account by that name established in the 2010 Bond Fund (Higher Education Facilities) pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Bond Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Bonds" means the Commission's Revenue Bonds (Higher Education Facilities), 2012 Series B, in such aggregate principal amount not to exceed $15,000,000 as shall be set forth in the Certificate of Determination.

"2012 Series B Bond Proceeds Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Bonds Interest Account" means the account by that name established in the 2012 Series B Bonds (Higher Education Facilities) Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Principal Account" means the account by that name established in the 2012 Series B Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Redemption Account" means the account by that name established in the 2012 Series B Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"Act" means, collectively Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, Chapter 29, Article 22, Sections 18a and 18c, and Chapter 13, Article 2G of the Code of West Virginia, 1931, as the same have been and may from time to time be amended, together with Senate Concurrent Resolution No. 41.

"Additional Bonds" means any Bonds issued, executed, authenticated and delivered pursuant to the General Resolution, to finance the Costs of Projects or for any

other purpose permitted by the Act, and may include Variable Rate Bonds or Capital Appreciation Bonds, provided that, if Variable Rate Bonds, such Additional Bonds shall provide a cap upon the interest rate for such Additional Bonds and upon the interest rate to be paid to the issuer of any Credit Facility issued in connection with such Additional Bonds.

"Authorized Officer" means the Chairman and Vice Chairman, the Chancellor or Interim Chancellor, the Vice Chancellor of Administration, and the Chief Financial Officer, and the Senior Director of Facilities of the Commission, whether acting jointly or severally, as Authorized Officers of the Commission with respect to the 2012 Series Bonds.

"Board of Directors" means the Board of Directors of the State College System, a public corporation and governmental instrumentality of the State, exercising essential governmental functions for a public purpose and created by the Act, and any body, agency, board or instrumentality which shall succeed to functions of the Board.

"Board of Trustees" means the University of West Virginia Board of Trustees, a public corporation and governmental instrumentality of the State, exercising essential governmental functions for a public purpose and created by the Act, and any body, agency, board or instrumentality which shall succeed to functions of the Board.

"Bonds" means one of the bonds delivered pursuant to the General Resolution, including the 2012 Series A Bonds, the 2012 Series B Bonds, the Prior Bonds, any subsequently issued Additional Bonds and any subsequently issued Refunding Bonds issued pursuant to Article II thereof.

"Bond Counsel" means an attorney or firm of attorneys of recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Commission.

"Bond Counsel's Opinion" means an opinion signed by Bond Counsel rendered pursuant to the provisions of the Resolution.

"Bond Documents" means the documents described in the recitals to the Sixth Consolidated Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Commission and the Original Purchasers pertaining to the sale of the 2012 Bonds.

"Bond Year" means, with respect to the 2012 Bonds, the period commencing July 1 in each year and ending on June 30 of each subsequent calendar year during the term of the 2012 Bonds, except that the first Bond Year shall commence on

the Closing Date and end on June 30, 2012 (unless a different period is permitted or required by the Code).

"Certificate" means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

"Certificate of Determination" means the certificate executed by an Authorized Officer setting forth the final terms and provisions of the 2012 Bonds as provided in Section 2.03 and Section 1.02 of the Sixth Consolidated Supplemental Resolution and the Seventh Consolidated Supplemental Resolution, respectively.

"Closing Date" means the date upon which the 2012 Bonds are delivered to the Original Purchaser upon payment of the purchase price set forth in the Bond Purchase Agreement.

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

"Colleges" means, collectively, the State institutions of higher education formerly under the supervision, management and control of the Board of Directors and now under the supervision, management and control of the Commission.

"Commission" means the Higher Education Policy Commission, a commission of the State of West Virginia, and its successors and assigns. The Commission is the successor to the Board of Directors and the Board of Trustees.

"Costs of Issuance" means all items of fees and expenses, directly or indirectly payable or reimbursable by or to the Commission and related to the authorization, sale and issuance of Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Municipal Bond Commission, and any Paying Agent or Registrar, legal fees, expenses and charges, fees, expenses and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums, fees and expenses of any Credit Provider providing a Credit Facility with respect to any Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

"Credit Facility" means any letter of credit, policy of insurance, guaranty or similar instrument issued by a Credit Provider which secures the payment of the Principal, Purchase Price or Redemption Price of or interest on any Bonds, but shall not

include any Reserve Fund Credit Facility.

"Credit Provider" means any bank, trust company, national banking association, insurance company or other entity which is the issuer of a Credit Facility and, in the case of a Credit Facility for Variable Rate Bonds, which is rated in the highest short-term rating category assigned by S&P or Moody's.

"Debt Service" means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installments of such Bonds during such Fiscal Year. For purposes of computing "Debt Service," the rate of interest used to determine (i) above shall be a rate per annum equal to (1) with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with respect to any Series of Variable Rate Bonds, the rate which is equal to the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve month period.

"Debt Service/Additional Bonds" means, with respect to any Fiscal Year, an amount equal to the aggregate of (i) all interest payable during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued, plus (ii) any Principal Installments payable during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued. For purposes of computing "Debt Service/Additional Bonds," the rate of interest used to determine (i) above shall be a rate per annum equal to with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such bonds, and (ii) with respect to any Series of Variable Rate Bonds, the rate which is equal to the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve (12) month period.

"Electronic Means" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

"Event of Default" means any of the events specified in Section 9.01 of the General Resolution.

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year, or such other twelve-month period adopted as the Fiscal Year of the Commission.

"Government Agency Obligations" means bonds, votes or other evidence of indebtedness issued or guaranteed by, any agency of the United States of America.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, including but not limited to obligations issued by the Resolution Trust Corporation, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Higher Education Improvement Fund" means the special revenue fund created and existing in the State Treasury pursuant to Section 18a of the Lottery Act.

"Institutions" means those state institutions of higher education under the jurisdiction of the Commission.

"Interest Payment Date" means any date upon which interest on any Bonds is due and payable in accordance with their terms and any Related Supplemental Resolution. With respect to the 2012 Bonds, "Interest Payment Date" means each April 1 or October 1 commencing October 1, 2012.

"Lottery Act" means Chapter 29, Article 22 of the Code of West Virginia, 1931, as the same has been and may from time to time be amended.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designed by an Authorized Officer.

"Municipal Bond Commission" means the West Virginia Municipal Bond Commission or its successor, to serve as fiscal agent for the 2012 Bonds.

"Original Purchasers" means, collectively, Citigroup Global Markets Inc., acting on behalf of itself, Piper Jaffray & Co. and Crews & Associates, Inc.

"Outstanding," when used with reference to Bonds, means, as of any date, all Bonds theretofore delivered or thereupon being delivered under the General Resolution except:

(a) Any Bond canceled by the Registrar or delivered to the Registrar for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Any Bond (or portion of a Bond) deemed to be paid within the meaning of Article VIII of the General Resolution; and

(c) Any Bond in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III of the General Resolution.

"Owner," "Holder," "Bondholder," Registered Owner" or similar term when used with reference to a Bond, means any person in whose name a Bond is registered on the registration books of the Commission maintained by the Registrar.

"Paying Agent" means the Municipal Bond Commission or its successors, or a banking institution with offices within or without West Virginia or its successors, designated as a paying agency or place of payment for the 2012 Bonds in the Certificate of Determination.

"Permitted Investments" means the following:

A. The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts.

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation),

(2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

B. The following Obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or

"AAAm-G" or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

C. The value of the above investments shall be determined as follows:

(1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Citigroup Global Markets Inc. or JPMorgan Chase.

(2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(3) As to any investment not specified above: the value thereof established by prior agreement between the Issuer and the Registrar.

"Principal Installment" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Resolution of Sinking Fund Payments payable before such future date, plus (ii) any Sinking Fund Payments due on such certain future date, plus (iii) with respect to any Capital Appreciation Bonds due on such certain future date, plus (iii) with respect to any Capital Appreciation Bonds due on such certain future date, the Accredited Value of such Capital Appreciation Bonds.

"Principal Payment Date" means, with respect to any Series of Bonds, any date upon which a Principal Installment is due and payable other than a date for optional or mandatory redemption of Bonds (other than redemption from Sinking Fund Payments).

"Prior Bonds" means, collectively, as of any date, Bonds theretofore issued by the Commission or its predecessors and Outstanding as of the date of issuance of the 2012 Bonds.

"Registrar" means such banking institution with offices in West Virginia or its successors, designated as registrar for the 2012 Bonds in the Certificate of Determination.

"Revenues" means, collectively

(i) all tuition and registration fees collected at Institutions under the jurisdiction of the Commission and earnings thereon, except tuition collected at Southern West Virginia Community and Technical College, Eastern West Virginia Community and Technical College, West Virginia University at Parkersburg, West Virginia University Health Sciences Center, West Virginia University graduate level extension and graduate level off-campus courses for credit taught off the campus of West Virginia University, and West Virginia Northern Community and Technical College;

(ii) all proceeds of any Bonds

deposited with the State Treasury or the Municipal Bond Commission and earnings thereon, until expended;

(iii) all other fees, charges, rentals, grants and moneys from any source collected at Institutions under the jurisdiction of the Commission and earnings thereon, that may now or hereafter be legally available for payment of Debt Service and that are specifically pledged by resolution of the Commission for payment of any Bonds pursuant to a Supplemental Resolution;

(iv) any other funds from any source that may now or hereafter be legally pledged by the Commission and made available for payment of Debt Service and are specifically pledged by the Commission for such payment by Supplemental Resolution; and

(v) all tuition and registration fees collected at Colleges and Universities previously governed by the Board of Directors and the Board of Trustees, respectively, and now supervised by the Commission and earnings thereon.

(vi) all tuition and registration fees in effect on March 21, 2004, and pledged under the General Resolution, which after such date are a component part of the general capital fees of the Institutions.

"S&P" means Standard and Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designed by an Authorized Officer.

"Series" means all of the Bonds delivered on original issuance in a simultaneous transaction and designated as a distinct series, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter delivered in lieu of or in substitution for (but not to refund) such Bonds as

herein provided.

"Sinking Fund Payment" means, as of any particular date of calculation and with respect to a Series of Bonds, the amount required to be paid by the Commission on a certain future date for the retirement of Outstanding Bonds of such Series which mature after said future date, but does not include any amount payable by the Commission by reason of the maturity of a Bond or by call for redemption at the option of the Commission.

"Sixth Consolidated Supplemental Resolution" means the Sixth Consolidated Supplemental Resolution adopted by the Commission on May 9, 2012, as it may be amended or supplemented, and includes all exhibits and schedules thereto.

"Seventh Consolidated Supplemental Resolution" means the Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012, as it may be amended or supplemented, and includes all exhibits and schedules thereto.

"State Treasury" means the treasury of the State of West Virginia established pursuant to the Constitution and Laws of the State.

"Tax Certificate" means the Tax Compliance Certificate of the Commission to be dated as of the Closing Date, as it may be amended or supplemented.

"Tax-Exempt Bonds" means Bonds of any Series the interest on which, in Bond Counsel's Opinion, is excludable from the gross income of the recipients thereof for federal income tax purposes.

"Treasurer" means the Treasurer of the State of West Virginia.

"Universities" means, collectively, the State institutions of higher education formerly under the supervision, management and control of the Board of Trustees and now under the supervision, management and control of the Commission.

"West Virginia State Legislature" means the legislature of the State of West Virginia as it shall convene from time to time.

THE GENERAL RESOLUTION

General Resolution Constitutes Contract. The General Resolution constitutes a contract between the Commission, the Holders of their Bonds and any Credit Providers, and the pledges made in the General Resolution and the covenants and agreements therein set forth to be performed by the Commission shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as is expressly provided therein.

Bonds are Limited Obligations. The 2012 Bonds issued under the General Resolution are limited obligations of the Commission payable solely from the Revenues and excess lottery revenues deposited into the Higher Education Improvement Fund pursuant to the Lottery Act. No provisions of the General Resolution shall be construed to authorize the Commission at any time or in any manner to pledge the credit or taxing power of the State, nor shall any of the obligations or debts created by the Commission or issued under the General Resolution be deemed to be obligations of the State.

Additional Bonds. Prior to issuance of any Additional Bonds, the Commission is required by the General Resolution to deliver a Certificate to the effect that:

> (i) all payments into the respective funds and accounts provided for in the General Resolution and any Related Supplemental Resolution respecting Bonds theretofore issued and then Outstanding shall have been made in full to the date of issuance and delivery of such Additional Bonds and no Event of Default shall then be existing; and
>
> (ii) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in the General Resolution, collected by the Commission for the last Fiscal Year preceding the date of issuance of Additional Bonds have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); or
>
> (iii) the Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the

Commission for the last Fiscal Year preceding the date of issuance of such Additional Bonds, plus Projected Revenues (as defined below) have not been less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); and (b) Projected Revenues have not been greater than 20% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds). For the purposes of this subsection (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under the General Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of such Additional Bonds.

Accounts and Reports. (a) The Commission shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries are made, which shall at all reasonable times be subject to the inspection of the Registrar and the Owners of an aggregate of not less than five percent (5%) in principal amount of Bonds Outstanding or their representatives duly authorized in writing.

(b) The Commission shall annually file with the Registrar and with any Credit Provider, within one hundred twenty (120) days after the close of each Fiscal Year, a copy of an audited annual financial report as to the Revenues and their obligations under the Resolutions during such Fiscal Year, and financial statements for such Fiscal Year, setting forth in reasonable detail:

(i) A combined statement of assets, liabilities and fund balance at the end of such Fiscal Year; and

(ii) A statement of revenues collected, expenses and costs paid and changes in fund balance in accordance with the categories or classifications established by the Commission for its administrative and program purposes and showing the revenues and expenses during such Fiscal

Year.

Such financial statements shall be accompanied by an Accountant's Certificate stating whether the financial statements examined fairly present the financial position of the Commission at the end of the Fiscal Year, and whether the results of its operations and the changes in financial position for the period examined are in conformity with the State's modified basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

(c) If at any time during any Fiscal Year there shall have occurred an Event of Default referred to in subsection (a) or (b) of Section 9.01 of the General Resolution, then the Commission shall file or cause to be filed with the Registrar within sixty (60) days after the close of such Fiscal Year, a special report, accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Fund.

Debt Service Coverage. The Commission shall at all times fix and otherwise provide for the collection of Revenues in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period. To evidence its compliance with this covenant, the Commission shall, on or before November 1, deliver to the Municipal Bond Commission, any Credit Provider, any Paying Agent and each Original Purchaser of any Series of Bonds, a Certificate of an independent certified public accountant reciting that the Commission was in compliance with such coverage requirement during the preceding Budget Period and setting forth the amount of Revenues collected, the amount of Debt Service paid and the percentage of Debt Service coverage in effect for such Budget Period.

Operation and Maintenance. The Commission will, so long as any Bonds are Outstanding, cause the Colleges and Universities under their governance to maintain their facilities in good condition and operate the same in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof.

Insurance. The Commission will carry such insurance and in such amounts as is customarily carried with respect to properties similar to the facilities under its governance, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Commission will require that each of its contractors and all subcontractors maintain workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance during the construction of any Project. The Commission will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to all subcontractors as their interests may appear, during construction of any Project in the full insurable value

thereof. The proceeds of all such insurance shall be used only for the repair and restoration of the damaged or destroyed properties. The Commission will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the facilities under their governance.

Notwithstanding any of the foregoing, the Commission may provide for the insurance required by the General Resolution through the State Board of Risk & Insurance Management by any program of self-insurance which the State provides for itself and its agencies.

Funds and Accounts. The General Resolution creates the following funds to be held by the Municipal Bond Commission or a Trustee, as the case may be:

(a) A Bond Fund with respect to each Series of Bonds;

(b) A Debt Service Reserve Fund with respect to each Series of Bonds for which the Debt Service Reserve Requirement is greater than zero; and

(c) For any Series of Bonds issued in whole or in part as Variable Rate Bonds, a Purchase Fund if so specified by a Related Supplemental Resolution.

The General Resolution creates the following funds to be held by the State Treasury or by a Trustee or Paying Agent as determined by the Commission:

(a) A Bond Proceeds Fund with respect to each Series of Bonds; and

(b) A Costs of Issuance Fund for each Series of Bonds.

In addition to the foregoing funds, the Commission may establish such other funds and accounts as they may deem appropriate for any particular Series of Bonds by provisions therefor in the Related Supplemental Resolution.

Pledge of Revenues. The payment of the Debt Service on all Bonds issued under the General Resolution shall be secured equally and ratably by a first lien on the Revenues and the excess lottery revenues deposited into the Higher Education Improvement Fund as provided for in the Lottery Act, and the Commission pledges said

funds to payment of the Principal, Purchase Price and Redemption Price of and interest on the Bonds, but the existence of such pledge shall not prevent the expenditure, deposit or commingling of Revenues by the Commission so long as all required payments under the General Resolution and any Supplemental Resolution are made at the times and in the amounts specified therein. The Commission shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of such Revenues pledged under the General Resolution and all the rights of the Owners under the General Resolution against all claims and demands of all persons whomsoever.

Collection and Transfer of Revenues. Notwithstanding any other provisions of the General Resolution to the contrary, the collection and transfer of the Revenues shall be governed as follows: Beginning on September 1, 2004, and on each February 1 and September 1 thereafter the Treasurer shall prohibit any withdrawals from the capital improvement funds held by the Treasurer on behalf of each Institution until the amounts on deposit in such funds equal one-half of the Debt Service on the Bonds (the "Semi-Annual Debt Service Requirement") for the 12-month period beginning on September 1 of each year (an "Annual Payment Period") allocable to such Institution and will only release funds for such Institution's use in excess of the Institution's allocable share of the Semi-Annual Debt Service Requirement. The Treasurer shall disburse the aggregate amount retained as the Semi-Annual Debt Service Requirement from all Institutions to the Municipal Bond Commission or the Paying Agent for the Bonds, as the case may be, at the times required for making such Debt Service transfers. The Commission agrees to furnish the Treasurer with the allocable amount payable by each Institution as its Semi-Annual Debt Service Requirements for each Annual Payment Period prior to September 1 of such Annual Payment Period.

The Director of the State Lottery Commission agrees to commence transferring the excess lottery proceeds allocated to the Higher Education Improvement Fund by W.Va. Code Section 29-22-18a (the "Excess Lottery Act") to the aforementioned capital improvement funds held by the Treasurer on a monthly basis on July 28, 2011 (or as soon thereafter as the determination described in the last sentence of the following paragraph has been made) and on the 28th day of each month thereafter until the amount required by the "Excess Lottery Act", to be deposited therein in each fiscal year has been deposited to the capital improvement funds.

Bond Funds. (a) Revenues sufficient for such purposes shall be applied by the Commission in the following order of priority, and except as may otherwise be provided in a Supplemental Resolution, such deposits shall be made semiannually, on the first day of each April and October:

(i) To each Bond Fund, an amount equal to the interest which has accrued since the last Interest Payment Date for the related Series of Bonds to and

including the applicable Interest Payment Date and not previously deposited therein, plus an amount equal to one-half of the Principal which shall be due and payable on the applicable Principal Payment Date for the related Series of Bonds and not previously deposited therein;

(ii) To the Municipal Bond Commission, Registrar, Paying Agents, Credit Providers and other agents or fiduciaries for any Series of Bonds, the fees and expenses thereof, payable on or prior to such date;

(iii) On each Interest Payment Date for a Series of Bonds, to the applicable Bond Fund, any deficiency in the amount necessary to pay the interest due on such Interest Payment Date;

(iv) To each Principal Payment Date for a Series of Bonds, to the applicable Bond Fun, any deficiency in the amount necessary to pay the Principal due on such Principal Payment Date;

(v) To each Debt Service Reserve Fund, the amount required to be deposited therein pursuant to Section 7.04(a) of the General Resolution, or the Related Supplemental Resolution authorizing such Series of Bonds; and

(vi) To the applicable Bond Fund, the amount designated by the Commission for the optional or mandatory redemption of the related Series of Bonds (other than Sinking Fund Payments).

(b) In the event the Revenues are insufficient during any semiannual or other period to make all of the deposits required by the foregoing for all Bonds issued under the General Resolution, the Commission shall make payments pro-rata, in accordance with the respective Debt Service Requirements for each Series of

Bonds issued under the General Resolution.

(c) As indicated above (see "Collection and Transfer of Revenues" herein), notwithstanding any other provisions in the General Resolution to the contrary, the collection and transfer of the Revenues shall be governed as follows: Beginning on September 1, 2004, and on each February 1 and September 1 thereafter the Treasurer shall prohibit any withdrawals from the capital improvement funds held by the Treasurer on behalf of each Institution until the amounts on deposit in such funds equal one-half of the Semi-Annual Debt Service Requirement for the 12-month Annual Payment Period beginning on September 1 of each year allocable to such Institution and will release funds for such Institution's use in excess of the Institution's allocable share of the Semi-Annual Debt Service Requirement. Such ability of the Treasurer to release funds for each Institution's use in excess of the Institution's respective allocable share of the Semi-Annual Debt Service Requirement in effect amends subsections (a)(iii), (a)(iv) and (a)(vi) above.

Costs of Issuance Funds. The Commission shall deposit into the Costs of Issuance Fund relating to a Series of Bonds the amount required to be deposited therein in the Related Supplemental Resolution. The State Treasury is authorized by the General Resolution to make disbursements from a Costs of Issuance Fund upon receipt of a Requisition signed by an Authorized Officer of the Commission.

Creation of Additional Funds, Accounts and Subaccounts. The Municipal Bond Commission shall, at the written request of the Commission, establish such additional funds, accounts and subaccounts within or in addition to any of the funds established under the General Resolution as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from such funds, accounts and subaccounts; but the establishment of any such additional funds, accounts or subaccounts shall not alter or modify any of the requirements of the General Resolution with respect to the deposit or use of moneys in any fund, account or subaccount established thereunder.

Investment of Certain Funds. Any fund or account held by the Commission or on behalf of the Commission by the Municipal Bond Commission, the State Treasury or a Trustee, may be invested an reinvested or deposited in Permitted Investments having yields and maturities as determined by an Authorized Officer. Subject to the right of an Authorized Officer to direct the investment or deposit of funds under the General Resolution, moneys in any fund or account established by the General Resolution and held by the Municipal Bond Commission, the State Treasury or a Trustee shall be continuously invested and reinvested or deposited and redeposited by the Municipal Bond Commission, the State Treasury or a Trustee in the highest yield Permitted Investments that may be reasonably known to the Municipal Bond Commission, the State Treasury or a Trustee, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. An

Authorized Officer shall consult with the Municipal Bond Commission and the State Treasury from time to time as to the investment of amounts in the funds and accounts held by the Municipal Bond Commission or the State Treasury. An Authorized Officer may direct the Municipal Bond Commission, the State Treasury or a Trustee to, or in the absence of direction, the Municipal Bond Commission, the State Treasury or a Trustee shall, invest and reinvest the moneys in all funds and accounts in Permitted Investments so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with the times at which moneys are needed to be so expended. The Permitted Investments purchased shall be held by the Municipal Bond Commission, the State Treasury or a Trustee and shall be deemed at all times to be part of such fund or account, and the Municipal Bond Commission, the State Treasury or a Trustee shall keep the Commission advised as to the details of all such investments.

Valuation and Sale of Investments. Except as may be provided in a Related Supplemental Resolution with respect to funds and accounts relating to the applicable Series of Bonds, in computing the amount in any fund or account, Permitted Investments shall be valued at the lower of the cost or market price, exclusive of accrued interest. With respect to all funds and accounts except a Debt Service Revenue Fund, valuation shall occur annually. All Debt Service Reserve Funds shall be valued semiannually, except in the event of a withdrawal from such Debt Service Reserve Fund, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in any Debt Service Reserve Fund shall at any time be less than the applicable Debt Service Reserve Requirement, such deficiency shall be made up from first available moneys after required deposits to the Related Bond Fund.

Defeasance. (a) If the Commission shall pay or cause to be paid to the Owners of the Bonds the Principal, Purchase Price or Redemption Price, if applicable, and interest on all other amounts due or to become due thereon, at the times and in the manner stipulated therein and in the applicable General Resolution, then the pledge of the Revenues, payments made by such Commission in satisfaction of covenants contained herein and other moneys, securities and funds hereby pledged and all other rights granted thereby shall thereupon cease, terminate and become void and be discharged and satisfied. If the Commission shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series the Principal, Purchase price or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then such Bonds shall cease to be entitled to any lien, benefit or security and all covenants, agreements and obligations of the Commission to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Payments of Principal and interest on Bonds made by a Credit Provider pursuant to a Credit Facility shall not be deemed to have been paid within the meaning of Article VIII of the General Resolution and such payments shall continue to be due and owing under the applicable General Resolution until paid by the Commission within the meaning of this provision and any agreement pursuant to the terms of which such Credit Facility is

delivered.

Bonds for the payment of which moneys or securities shall have been set aside and held in trust by the Municipal Bond Commission, the State Treasury or an escrow trustee designated by the applicable Commission (through deposit by such Commission of funds for such payment or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Commission shall have given to the Municipal Bond Commission, the State Treasury or escrow trustee, in form satisfactory to it, irrevocable instructions to give notice of redemption of such Bonds (other than Bonds which have been delivered to the Registrar by the Commission and cancelled by the Registrar as provided in the paragraph next following prior to the mailing of such notice of redemption) on said date as provided in Article V of the General Resolution, (ii) there shall have been deposited with the Municipal Bond Commission or escrow trustee, Defeasance Obligations (including any Defeasance Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Municipal Bond Commission or escrow trustee at the same time, shall be sufficient to pay when due the Principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Commission shall have given the Municipal Bond Commission or escrow trustee, in form satisfactory to it, irrevocable instructions to mail, by first class mail, postage prepaid, as soon as practicable, a notice to the Owners of such Bonds as of the date of such deposit that the deposit required by (ii) above has been made and that said Bonds are deemed to have been paid in accordance with Article VIII of the General Resolution and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Principal or Redemption Price of and interest on said Bonds (other than Bonds which have been delivered to the Registrar by the Commission and cancelled by the Registrar as provided in the following paragraph prior to the mailing of the notice of redemption referred to in (i) above).

If at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with the preceding paragraph which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in the preceding paragraph with respect to Bonds deemed to have been paid in accordance with the preceding paragraph which are to be redeemed on any date prior to their maturity, the Commission purchases or otherwise acquires any such Bonds and delivers such Bonds to the Registrar prior to their maturity date or the date of mailing notice of redemption, as the case may be, the Registrar shall immediately cancel all such Bonds so delivered. Such delivery of Bonds to the Registrar shall be accompanied by directions

from an Authorized Officer to the Registrar specifying the portion, if any, of such Bonds to be applied against the obligation of the Municipal Bond Commission or escrow trustee to pay Bonds deemed paid in accordance with the preceding paragraph upon their maturity date and the portion, if any, of such Bonds to be applied against the obligation of the Municipal Bond Commission or escrow trustee to redeem Bonds deemed paid in accordance with the preceding paragraph on any date prior to their maturity.

Defaults and Remedies. Each of the following events is an "Event of Default" under the General Resolution:

(a) Failure by the Commission to make payment of the Principal or Redemption Price, if any, of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) Failure by the Commission to make payment of interest on any of the Bonds when and as the same shall become due;

(c) Failure or refusal by the Commission to comply with the provisions of the General Resolution or any Supplemental Resolution, or default by the Commission in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in the Bonds, and the continuance of such failure, refusal or default for a period of sixty (60) days after written notice thereof by the Municipal Bond Commission, a Credit Provider or the Owners of not less than fifty (50%) in Principal amount of the applicable Outstanding Bonds;

(d) A decree or order by a court of competent jurisdiction shall have been entered adjudging the Commission bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Commission under the United States Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of ninety (90) days; or a decree or order of a court of competent jurisdiction for the appointment of a

receiver or trustee or assignee in bankruptcy or insolvency of the Commission or of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days;

(e) The Commission shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under United States Bankruptcy Code or any other similar application federal or state law, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of its or of its property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(f) Any event of default under any Supplemental Resolution.

Remedies. (a) Upon the happening and continuance of any Event of Default, any Credit Provider or the Owners of not less than fifty percent (50%) in principal amount of the Bonds Outstanding under the General Resolution may, by written notice to the Commission and each Credit Provider, declare the entire Principal of such Bonds to be due and payable, and upon such declaration, the same shall become due and payable, anything in the General Resolution or such Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the Principal of such Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as in the General Resolution provided, (i) the Commission pays or deposits with the Municipal Bond Commission a sum sufficient to pay all interest due upon all such Bonds and the Principal and premium, if any, of all such Bonds that shall have become due otherwise than by acceleration (with interest on overdue interest and on such Principal and premium, if any, at the rate specified in the Related Supplemental Resolution) and the expenses of the Municipal Bond Commission, the Registrar and the Paying Agent, (ii) any and all Events of Default under the General Resolution, other than the nonpayment of Principal of and accrued interest on such Bonds that shall have become due by acceleration, shall have been remedied, and (iii) each Credit Facility is fully reinstated to the coverage amount provided in the Related Supplemental Resolution, such Owners shall, with the consent of each Credit Provider, waive all Events of Default

and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon. The Owners shall not have the right to waive any Event of Default under the General Resolution, if, at the time of such Event of Default, a Credit Facility is in effect with respect to any Series of Bonds, without the written consent of the Credit Provider to such waiver.

(b) Upon the happening and continuance of any Event of Default, and in addition to the remedy provided in (a) above, the Owners of not less than fifty percent (50%) in aggregate Principal amount of the Bonds Outstanding under the General Resolution, may proceed to protect and enforce the rights of the Owners by such of the following remedies, which are then permitted by law, as they shall deem most effectual to protect and enforce such rights:

(i) By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners, including the right to require the Commission to receive and collect Revenues adequate to enable the Commission to carry out any of the covenants or agreements with Owners and to perform its duties as prescribed by law;

(ii) By bringing suit upon the Bonds;

(iii) By action or suit in equity, to require the Commission to account as if it were the trustee of an express trust for the Owners of the Bonds; or

(iv) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Notwithstanding any provision to the contrary, neither the Municipal Bond Commission nor the Owners of the Bond for which a Credit Facility has been provided may undertake any remedies without the prior written consent of the applicable Credit Provider.

Limitation on Rights of Owners. No Owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Resolution, for the protection or enforcement of any right under the General Municipal Bond Commission written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than fifty percent (50%) in Principal amount of the Bonds Outstanding shall have made written request of such Commission and the Municipal Bond Commission after the right to exercise such powers or right of action, as the case may be, shall have accrued.

Right of Credit Providers. In the event that the Commission provides for the securing of payment of the Principal, Redemption Price of or interest on the Bonds of one or more Series by obtaining a Credit Facility with respect to Debt Service, the Commission by Supplemental Resolution or an Authorized Officer by contract with the Credit Provider is authorized to provide appropriate remedies for the Credit Provider upon payment of Debt Service, including, but not limited to, the right to be deemed and treated as the Owner of any Bonds secured by such Credit Facility for all purposes of the General Resolution and for purposes of being given notices or giving directions or consents.

Supplemental Resolutions Without Owner Consent. For any one or more of the following purposes at any time or from time to time, the Commission may adopt, execute and deliver a Supplemental Resolution, without notice to or the consent of the Owners of Bonds:

(a) To close the applicable General Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in such General Resolution on the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) To add to the covenants and agreements of the Commission in the General Resolution and other covenants and agreements to be observed by the Commission which are not contrary to or inconsistent with the General Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in the General Resolution other limitations and restrictions to be observed by the Commission which are not contrary to or inconsistent with the General Resolution as theretofore in effect;

(d) To surrender any right, power or privilege

reserved to or conferred upon the Commission by the terms of the General Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Commission contained in the General Resolution;

(e) To subject to the lien and pledge created or to be created by, the General Resolution any other revenues or assets other than the Revenues;

(f) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the General Resolution;

(g) To insert such provisions clarifying matters or questions arising under the General Resolution as are necessary or desirable and are not contrary to or inconsistent with the General Resolution as theretofore in effect;

(h) To modify any of the provisions of the General Resolution in any respect whatsoever, if such modification shall be, and be expressed to be, effective only after all Bonds Outstanding and affected thereby at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding;

(i) To authorize the issuance of additional Series of Bonds and to prescribe the terms and conditions upon which such Bonds may be issued;

(j) To provide for the issuance of Bonds in such form as permitted by the General Resolution, and to make such other provisions as are necessary to provide for Bonds issued in such form;

(k) To modify, alter, amend or supplement the General Resolution in such manner as may be necessary or appropriate to qualify the General Resolution under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statue hereafter enacted;

(l) To modify, alter, amend or supplement the General Resolution in connection with the issuance of a

Series of Bonds which by its terms affects only the proposed Series of Bonds and/or Bonds issued after the date of such Supplemental Resolution, which modification, alteration, amendment or supplement does not change the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon, or reduce the percentages or otherwise affect the classes of Outstanding Bonds, the consent of the Owners of which is required to effect modifications, alterations, amendments, or supplements to the General Resolution;

(m) To impose a book-entry system for one or more Series of Bonds;

(n) To modify, alter, amend or supplement the General Resolution in any manner which is deemed necessary in Bond Counsel's Opinion to maintain the excludability from gross income of interest on any Tax-Exempt Bonds for federal income tax purposes;

(o) To modify, alter, amend or supplement the General Resolution in any manner which, in Bond Counsel's opinion does not materially adversely affect the interests of the Owners of the applicable Bonds or any Credit Provider; or

(p) To modify, alter amend or supplement the General Resolution or any Related Supplemental Resolution in any manner which affects only a Series of Bonds which are subject to optional or mandatory tender for purchase, after giving the notice for the period set forth in the Related Supplemental Resolution, if after receipt of such notice, the Owners have the opportunity to tender their Bonds for mandatory or optional tender at the time specified in the Related Supplemental Resolution.

Supplemental Resolution With Owner Consent. (a) Any modification of or amendment to the General Resolution and of the rights and obligations of the Commission and of the Owners of the Bonds thereunder other than as permitted by the foregoing section, in any particular, may be made by a Supplemental Resolution, with the written consent (i) of the Owners of at least fifty percent (50%) in Principal amount of the Bond Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bond Outstanding are affected by the modification or amendment, of the Owners of at least fifty percent (50%) in Principal amount of the Bonds, if any, of such

Series so affected and Outstanding at the time such consent is given, and (iii) in case less than all maturities of a Series of Bonds are affected by the modification or amendment, of the Owners of at least fifty percent (50%) in Principal amount of the Bonds of each maturity so affected and Outstanding at the time such consent is given; provided, however that to the extent any of the Bonds are secured by a Credit Facility, only the consent of the Credit Provider, and not the consent of the Owners of such Bonds, shall be required. If any such modification or amendment will not take effect until certain Bonds shall no longer remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 10.02 of the General Resolution.

(b) No such modifications or amendment shall permit a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Municipal Bond Commission of any Credit Provider without its written consent thereto. For the purposes of Section 10.02 of the General Resolution, a Series shall be deemed to be affected by a modification or amendment of the General Resolution if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Commission may, in its sole discretion, determine whether or not Bond or any particular Series or maturity would be affected by any modification or amendment made in accordance with the foregoing powers of amendment, provided however, that it first obtain a Bond Counsel's Opinion to such effect. Any such determination shall be binding and conclusive on all Owners of Bonds.

Modifications by Unanimous Consent. The terms and provisions of the General Resolution and the rights and obligations of the Commission and of the Commission and of the Owners of the Bonds may be modified or amended in any respect upon the adoption and filing by the applicable Commission of a Supplemental Resolution and the consent of the Owners of all the Bonds Outstanding and that of any Credit Provider for such Bonds.

Immunity of Individuals. No recourse shall be had for the payment of the Principal of, Redemption Price or interest on any of the Bonds or for any claim based thereon or upon any obligations, covenant or agreement contained in the General Resolution against any past, present or future officer, member, employee or agent of the Commission, whether directly or indirectly and all such liability of any such individual as such is expressly waived and released and a condition of and in consideration for the execution of the General Resolution and the issuance of the Bonds.

SIXTH CONSOLIDATED SUPPLEMENTAL RESOLUTION AND SEVENTH CONSOLIDATED SUPPLEMENTAL RESOLUTION

Authorization for Issuance of Bonds. The Sixth Consolidated Supplemental Resolution authorizes the issuance of not to exceed $140,000,000 in aggregate principal amount of the Commission's 2012 Series A Bonds to advance refund a portion of the 2004 Series B Bonds and to pay the costs associated with the issuance of the 2012 Series A Bonds, and the issuance of not to exceed $7,500,000 in aggregate principal amount of the Commission's 2012 Series B Bonds to finance new capital improvement projects for state colleges and universities and to pay the costs associated with the issuance of the 2012 Series B Bonds. Pursuant to the Seventh Consolidated Supplemental Resolution, the Commission approved an increase in the aggregate principal amount of 2012 Series B Bonds to be issued by the Commission from an aggregate principal amount not to exceed $7,500,000 as approved by the Sixth Consolidated Supplemental Resolution, to an aggregate principal amount not to exceed $15,000,000.

Pledge of Excess Lottery Proceeds. Pursuant to the authorization contained in Senate Bill 612 and under the provisions of Section 2.08 of the Sixth Consolidated Supplemental Resolution, the Commission confirmed its pledge of the excess lottery revenues under WV Code § 29-22-18a deposited on or after July 1, 2004 in the Higher Education Improvement Fund created under WV Code § 29-22-18a to the payment of the 2012 Bonds and the Prior Bonds. The Treasurer shall deposit such funds described in Section 2.08 of the Sixth Consolidated Supplemental Resolution into the capital improvement funds held for State Institutions of Higher Education.

Funds and Accounts. The Sixth Consolidated Supplemental Resolution creates the following funds and accounts to be established with the Trustee (if any), Registrar and Paying Agent in connection with the 2012 Series A Bonds:

(i) A 2012 Series A Bond Fund, and therein:

(a) A 2012 Series A Interest Account; and

(b) A 2012 Series A Principal Account; and

(c) A 2012 Series A Redemption Account.

The Sixth Consolidated Supplemental Resolution creates the following funds to be established with the Trustee, Registrar and Paying Agent in connection with the 2012 Series A Bonds:

(i) A 2012 Series A Bond Proceeds Fund;

(ii) A 2012 Series A Costs of Issuance Fund; and

(iii) A 2012 Series A Escrow Fund.

The Sixth Consolidated Supplemental Resolution creates the following funds and accounts to be established with the Trustee (if any), Registrar and Paying Agent in connection with the 2012 Series B Bonds:

(i) A 2012 Series B Bond Fund, and therein:

(a) A 2012 Series B Interest Account; and

(b) A 2012 Series B Principal Account; and

(c) A 2012 Series B Redemption Account.

The Sixth Consolidated Supplemental Resolution creates the following funds to be established with the Trustee, Registrar and Paying Agent in connection with the 2012 Series B Bonds:

(i) A 2012 Series B Bond Proceeds Fund; and

(ii) A 2012 Series B Costs of Issuance Fund.

Application of 2012 Proceeds. The net proceeds of the sale of the 2012 Series A Bonds shall initially be deposited in the 2012 Series A Bond Proceeds Fund to be held by the Trustee (if any), and if none by the Municipal Bond Commission. Thereafter, such proceeds or portions thereof shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission, as follows:

(i) All amounts, if any, paid as accrued interest on the 2012 Series A Bonds from their date to the date of delivery of the 2012 Series A Bonds shall be deposited in the 2012 Series A Interest Account; and

(ii) A sum equal to the Costs of Issuance of the 2012 Series A Bonds shall be deposited in the 2012 Series A Costs of Issuance Fund; and

(iii) The balance of the proceeds of 2012 Series A Bonds shall be deposited in the 2012 Series A Escrow Fund.

The net proceeds of the of the sale of the 2012 Series B Bonds shall initially be deposited in the 2012 Series B Bond Proceeds Fund to be held by the Trustee (if any), and if none by the Municipal Bond Commission. Thereafter, such proceeds or portions thereof shall be applied by the Trustee (if any), and if none by the Municipal

Bond Commission, as follows:

(i) All amounts, if any, paid as accrued interest on the 2012 Series B Bonds from their date to the date of delivery of the 2012 Series B Bonds shall be deposited in the 2012 Series B Interest Account;

(ii) A sum equal to the Costs of Issuance of the 2012 Series B Bonds shall be deposited in the 2012 Series B Costs of Issuance Fund; and

(iii) The balance of the proceeds of the 2012 Series B Bonds shall be deposited in the 2012 Series B Bond Proceeds Fund.

Flow of Funds. So long as any 2012 Bonds are Outstanding, amounts deposited and to be deposited in the funds and accounts established by Section 3.01 of the Sixth Consolidated Supplemental Resolution shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission in the manner and order of priority as set forth in the Sixth Consolidated Supplemental Resolution and in Article VII of the General Resolution.

Disbursements. The proceeds of the 2012 Series A Bonds deposited in the 2012 Series A Escrow Fund shall be disbursed immediately to the Escrow Trustee. The proceeds of the 2012 Series A Bonds deposited in the 2012 Series A Costs of Issuance Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon requisition by an Authorized Officer. Any funds remaining in the 2012 Series A Costs of Issuance Fund 180 days after the initial issuance of the 2012 Series A Bonds shall be transferred to the 2012 Series A Interest Account. The proceeds of the 2012 Series B Bonds deposited in the 2012 Series B Bonds Proceeds Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon proper requisition by an Authorized Officer for payment of costs of the projects included on the Project List. The proceeds of the 2012 Series B Bonds deposited in the 2012 Series B Costs of Issuance Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon requisition by an Authorized Officer. Any funds remaining in the 2012 Series B Costs of Issuance Fund 180 days after the initial issuance of the 2012 Series B Bonds shall be transferred to the 2012 Series B Interest Account.

General Resolution. The Sixth Consolidated Supplemental Resolution and the Seventh Consolidated Supplemental Resolution are both supplemental to the General Resolution and all provisions of said General Resolution, unless clearly inapplicable or altered hereby, shall apply to the 2012 Bonds, the Sixth Consolidated Supplemental Resolution, the Seventh Consolidated Supplemental Resolution and matters relating thereto as if set forth verbatim therein. In the event of any conflict between the General Resolution and the Sixth Consolidated Supplemental Resolution, the Sixth Consolidated Supplemental Resolution shall control. In the event of any conflict between the General Resolution and the Seventh Consolidated Supplemental Resolution, the Seventh

Consolidated Supplemental Resolution shall control. The Sixth Consolidated Supplemental Resolution, the Seventh Consolidated Supplemental Resolution, the General Resolution and the Certificate of Determination, to the extent applicable, shall and must be read as a single document and shall supersede all prior resolutions, orders and understandings, both written and oral, by the Commission, with respect to the subject matter hereof.

OTHER AMENDMENTS TO THE GENERAL RESOLUTION

Consolidation of Financings. Under the provisions of Section 2.10 of the First Consolidated Supplemental Resolution adopted by the Commission on June 4, 2004, the Commission consolidated the financings previously issued by the Board of Trustees and the Board of Directors and the Commission as the successor thereto, as authorized by Section 10.08 of the General Resolution.

Amendment to Definition of "Revenues". Pursuant to Section 1.01 of the Second Consolidated Supplemental Resolution adopted by the Commission on July 29, 2004, the Commission amended the General Resolution by adding to the definition of "Revenues" a new clause (vi) to read as follows:

(vi) all of the tuition and registration fees in effect as of March 21, 2004, and pledged under the General Resolution, which after such date are a component part of the required education and general capital fees of the Institutions.

Further, pursuant to the provisions of Section 1.02 of the Second Consolidated Supplemental Resolution, the Commission covenanted and agreed that the Revenues described in clause (vi) of the definition thereof may not be reduced until all the Bonds payable from such Revenues are no longer Outstanding under the General Resolution.

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APPENDIX H

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF SPILMAN THOMAS & BATTLE, PLLC]

June __, 2012

West Virginia Higher Education Policy Commission
Charleston, West Virginia

The Bank of New York Mellon
Woodland Park, New Jersey

West Virginia Municipal Bond Commission
Charleston, West Virginia

Re: $_____ State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and $_____ State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B

Ladies and Gentlemen:

We have served as bond counsel to the West Virginia Higher Education Policy Commission (the "Issuer") in connection with the issuance of its $_____ Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds") and $_____ Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds" and collectively with the 2012 Series A Bonds, the "Bonds"), both dated as of June __, 2012. We have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined an unauthenticated specimen of a 2012 Series A Bond and a 2012 Series B Bond. Capitalized terms used and not otherwise defined herein shall have the respective meanings given them in the Resolution (as hereinafter defined).

The Issuer, a commission of the State of West Virginia (the "State"), is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees (collectively, the "Boards") and is empowered and authorized to issue bonds pursuant to Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, and Chapter 13, Article 2G, and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act") in furtherance of the public

purposes as found and determined by the Legislature of West Virginia as set forth in the Act. The Bonds are issued pursuant to the Act and other applicable laws, and in accordance with a General Resolution adopted by each of the Boards on September 9, 1992 (the "General Resolutions"), as amended and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Issuer adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Issuer adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution" and together with the General Resolutions and the Sixth Consolidated Supplemental Resolution, collectively, the "Resolution").

Proceeds of the 2012 Series A Bonds will be used for the purpose of advance refund a portion of the Issuer's Revenue Refunding Bonds (Higher Education Facilities), 2004 Series B and to pay costs associated with the issuance of the 2012 Series A Bonds. Proceeds of the 2012 Series B Bonds will be used to finance a portion of the costs of capital improvements at state institutions of higher education and to pay costs associated with the issuance of the 2012 Series B Bonds.

Under the Resolution, the Issuer has pledged the revenues which are comprised of (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of the Bonds held in the various funds and accounts created under the Resolution and permitted, in accordance with the Resolution, to be credited to any such fund, (ii) the component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004 and (iii) excess lottery revenues deposited in the Higher Education Improvement Fund as provided for in Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (collectively, the "Revenues") for the payment of principal of, premium (if any) and interest on the Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of Bruce R. Walker, Esquire, as counsel to the Issuer, dated of even date herewith, with respect to (i) the power and authority of the Issuer to enter into the Bond Purchase Agreement dated June __, 2012, by and between Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (the "Bond Purchase Agreement"), (ii) the due authorization, execution and delivery by the Issuer of the Bond Purchase Agreement and (iii) the binding effect and enforceability of the Bond Purchase Agreement upon the Issuer. No opinion as to such matters is expressed herein.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Issuer with respect to certain facts relevant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer has

covenanted to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents providing for the issuance of the Bonds (the "Covenants"). The opinions herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties.

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

1. The Issuer is a commission of the State of West Virginia (the "State") with power to adopt the Resolution, to execute and deliver the bond documents, and to perform the agreements on its part contained therein and to issue the Bonds.

2. The Resolution has been duly adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

3. The Resolution creates the valid pledge which it purports to create on the Revenues (as defined therein), and other funds and accounts pledged under the Resolution, subject to the terms thereof.

4. The Escrow Agreement dated as of the date hereof between the Issuer and the West Virginia Municipal Bond Commission has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with the terms thereof.

5. The Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

6. The Bonds are limited obligations of the Issuer payable solely out of the Revenues, and other funds and accounts pledged under the Resolution. The State is not obligated to pay the principal or redemption price of or interest on the Bonds. The Bonds shall not constitute or give rise to a general obligation or other indebtedness of the Issuer or the State within the meaning of any constitutional limitation.

7. Under the Act, the Bonds and the interest thereon are exempt from all taxation by the State, or by any county, school district, municipality, or political subdivision thereof.

8. Under current law, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The preceding opinion is subject to the condition that all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes are so satisfied, and therefore failure by the Issuer to comply with the Covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. Except as set forth in this Paragraph 8, we express no opinion regarding any other tax consequences of the ownership of or receipt or accrual of interest on the Bonds. Furthermore, we express no opinion as to the effect on the excludability of the interest on the Bonds from gross income of (a) any event for which the Resolution requires the obtaining of an opinion of Bond Counsel or (b) any amendment of the Resolution or waiver of the terms thereof.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Resolution and the liens and pledges set forth therein are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), or regarding the perfection or priority of the lien on Revenues or other funds created by the Resolution except as provided in the Act. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest on the Bonds.

Very truly yours,

Spilman Thomas & Battle, PLLC

APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") dated as of June __, 2012, is by and between the West Virginia Higher Education Policy Commission (the "Commission") and The Bank of New York Mellon (the "Dissemination Agent"), in connection with the issuance of the $116,945,000* West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, and the $9,085,000* West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B (collectively, the "2012 Series Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article IV hereof. The Commission agrees as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Commission and the Dissemination Agent for the benefit of the holders and beneficial owners of the 2012 Series Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Bond Purchase Agreement, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Lottery, provided at least annually, of the type included in those sections of the final official statement with respect to the 2012 Series Bonds entitled "Revenues, Debt Service Coverage and Select Financial Information," and Appendix F, which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Lottery's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2012 Series Bonds (including persons holding 2012 Series Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean The Bank of New York Mellon and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

* Preliminary, subject to change.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"Lottery" shall mean the West Virginia Lottery.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriters" shall mean the original underwriters of the 2012 Series Bonds who are required to comply with the Rule in connection with offering of the 2012 Series Bonds.

"Purchase Contract" shall mean the Bond Purchase Agreement dated June 5, 2012, among Citigroup Global Markets Inc., on behalf of Crews & Associates, Inc., Piper Jaffray & Co. and itself (collectively, the "Underwriters"), and the Commission, by which the Underwriters agreed to purchase the 2012 Series Bonds from the Commission upon the terms set forth therein.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"2012 Series Bonds" shall mean the $116,945,000* West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, and the $9,085,000* West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

* Preliminary, subject to change.

SECTION 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Lottery's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2012, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Commission shall provide the Dissemination Agent with a copy of each report filed under this Agreement. If the Lottery's fiscal year changes, the Commission shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Commission shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent (if other than the Commission). If the Commission is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Commission shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Commission certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic formant and shall be accompanied by identifying information as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. Within two hundred seventy (270) days of the Commission's 2012 Fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Commission for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to

be given, notice of the occurrence of any of the following events, if applicable, with respect to the 2012 Series Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2012 Series Bonds, or other events affecting the tax status of the 2012 Series Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the 2012 Series Bonds;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Commission[1];

13. the consummation of a merger, consolidation or acquisition involving the Commission, or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

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[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Commission promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Commission shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Commission determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Commission received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Commission shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Commission determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Commission shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Commission. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Commission's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2012 Series Bonds. If such termination occurs prior to the final maturity of the 2012 Series Bonds, the Commission shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Bank of New York Mellon is hereby appointed as Dissemination Agent. The Commission may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Commission pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Commission and the Dissemination Agent may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Commission with respect to the 2012 Series Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2012 Series Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2012 Series Bonds in the same manner as provided in the Indenture for amendments to the Indenture, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2012 Series Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Commission shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Commission chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Commission shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Commission to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the 2012 Series Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Commission to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and, to the extent permitted by law, the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2012 Series Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Commission:	West Virginia Higher Education Policy Commission 1018 Kanawha Boulevard, East, Suite 700 Charleston, WV 25301
To the Dissemination Agent:	The Bank of New York Mellon 385 Rifle Camp Road, 3rd Floor West Paterson, New Jersey 07424

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Commission, the Dissemination Agent, the Underwriters and holders and beneficial owners from time to time of the 2012 Series Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Commission agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs,

attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Commission.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

IN WITNESS WHEREOF, the Commission and the Dissemination Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

THE BANK OF NEW YORK MELLON, as Dissemination Agent

By: _____

Its: _____

Date: June __, 2012

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Virginia Higher Education Policy Commission

Name of Bond Issues: $116,945,000* West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and $9,085,000* West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B

Name of Borrower: West Virginia Higher Education Policy Commission

Date of Bond Issue: June __, 2012

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-named Series 2012 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of June __, 2012, to be provided. The Commission anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

The Bank of New York Mellon, as Dissemination Agent
on behalf of the Commission

cc: Commission

* Preliminary, subject to change.

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APPENDIX J

BOOK-ENTRY ONLY SYSTEM

DTC Supplied Disclosure of Book Entry Only System

The following information about the book-entry-only system applicable to the 2012 Series Bonds has been supplied by The Depository Trust Company ("DTC"), New York, New York. DTC. Neither the Issuer, the Registrar nor Paying Agent makes any representations, warranties or guarantees with respect to its accuracy or completeness.

1. DTC will act as securities depository for the 2012 Series Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2012 Series Bonds, in the aggregate principal amount of the 2012 Series Bonds and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of 2012 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to

receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2012 Series Bonds, except in the event that use of the book-entry system for the 2012 Series Bonds is discontinued.

4. To facilitate subsequent transfers, all 2012 Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012 Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2012 Series Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Series Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2012 Series Bonds may wish to ascertain that the nominee holding the 2012 Series Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2012 Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012 Series Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2012 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the 2012 Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the

payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 2012 Series Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the 2012 Series Bonds at any time by giving reasonable notice to the Issuer or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this exhibit concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

No Assurances Regarding DTC Practices

The Issuer, the Paying Agent and the Registrar cannot and do not give any assurances that the DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the 2012 Series Bonds (1) payments of principal of or interest and premium, if any on the 2012 Series Bonds, (2) confirmations of beneficial interest in the 2012 Series Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2012 Series Bonds, or that they will do so on a timely basis, or that DTC, DTC participants or Indirect Participants will serve and act in the same manner as described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of the DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer, the Paying Agent nor the Registrar shall have any authority or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or other person with respect to (1) the accuracy of any records maintained by the DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price or interest on the 2012 Series Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the 2012 Series Bonds Resolution to be given to the Bondholders; or (4) the selection of the Beneficial Owners to receive payment in excess of any partial redemption of the

2012 Series Bonds.

NEW ISSUE – Book-Entry-Only **(See "RATINGS" herein)**

In the opinion of Spilman Thomas & Battle, PLLC ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2012 Series Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2012 Series Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of calculating the corporate alternative minimum taxable income. In addition, under the Act, the 2012 Series Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof. See "TAX MATTERS" herein for a description of certain provisions of the Code which may affect the tax treatment of interest on the 2012 Bonds for certain bondholders.

$132,165,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

$124,190,000
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

$7,975,000
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Dated: Date of Delivery **Due: April 1, as shown on the inside cover**

The State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds") and the State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds" and, together with the 2012 Series A Bonds, the "2012 Series Bonds") are issued to provide funds to (i) advance refund a portion of the outstanding principal amount of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2004 Series B (the "2004 Series B Bonds"), (ii) fund the 2012 Projects, and (iii) pay the costs of issuing the 2012 Series Bonds. The 2012 Series Bonds are being issued by the State of West Virginia Higher Education Policy Commission (the "Commission") pursuant to the Prior General Resolution, the Sixth Consolidated Supplemental Resolution, the Seventh Consolidated Supplemental Resolution, the provisions of Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (the "Lottery Act"), and Chapter 13, Article 2G, as applicable, together with Senate Concurrent Resolution No. 41 adopted by the West Virginia Legislature on March 13, 2010.

The 2012 Series Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Series Bonds. Purchases of the 2012 Series Bonds will be made only in book-entry form through DTC Participants in the principal amount of $5,000 and integral multiples thereof and no physical delivery of the 2012 Series Bonds will be made to purchasers. Unless otherwise provided herein, payments of the principal, interest and premium, if any, will be made to purchasers by DTC through its participants. See "THE 2012 SERIES BONDS - Book-Entry Only System." The West Virginia Municipal Bond Commission, Charleston, West Virginia, will act as the Paying Agent, and The Bank of New York Mellon, Woodland Park, New Jersey, will act as the Registrar.

The maturities, interest rates and yields of the 2012 Series Bonds are shown on the inside cover hereof. Interest on the 2012 Series Bonds will be payable on each April 1 and October 1, commencing October 1, 2012. **The 2012 Series Bonds are subject to redemption prior to maturity in the manner set forth herein.**

The 2012 Series Bonds Debt Service is payable solely from the Revenues (as described herein). The 2012 Series Bonds are secured ratably by a first lien on all Revenues, which is on parity as to lien and source of payment with the Prior Bonds and Additional Bonds issued under the General Resolution. See "SECURITY FOR THE 2012 SERIES BONDS."

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED TO SECURE THE 2012 SERIES BONDS. THE COMMISSION HAS NO TAXING POWER.

This cover page contains certain summary information regarding the 2012 Series Bonds and is not a complete summary of the 2012 Series Bonds or the security pledged therefor. Investors should read the entire Official Statement, including "INVESTMENT CONSIDERATIONS" (and the Appendices), to obtain information necessary to make an informed decision. The capitalized terms not otherwise defined in this cover page have the same meaning as that meaning assigned to them elsewhere in this Official Statement.

The 2012 Series Bonds will be offered when, as and if issued and are subject to the approving opinion of Spilman Thomas & Battle, PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon by Bruce R. Walker, Esq., Charleston, West Virginia, general counsel to the Commission, and by Goodwin & Goodwin, LLP, Charleston, West Virginia, counsel to the Underwriters. It is expected that the 2012 Series Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about June 26, 2012.

Citigroup Crews & Associates, Inc. Piper Jaffray & Co.

Dated: June 12, 2012

$132,165,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE OR YIELDS

$124,190,000 Revenue Refunding Bonds (Higher Education Facilities)

2012 Series A

Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.*	Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.*
2013	$1,425,000	2.000%	0.490%	95639REF2	2022	$5,260,000	5.000%	2.870%	95639REP0
2015	3,740,000	5.000%	1.100%	95639REG0	2023	5,520,000	5.000%	3.020%**	95639REQ8
2016	3,925,000	5.000%	1.270%	95639REH8	2024	5,800,000	5.000%	3.170%**	95639RER6
2017	4,125,000	5.000%	1.530%	95639REJ4	2025	6,085,000	5.000%	3.280%**	95639RES4
2018	4,325,000	5.000%	1.830%	95639REK1	2026	6,395,000	5.000%	3.370%**	95639RET2
2019	4,545,000	5.000%	2.130%	95639REL9	2027	6,710,000	5.000%	3.440%**	95639REU9
2020	4,775,000	5.000%	2.450%	95639REM7	2028	7,050,000	5.000%	3.510%**	95639REV7
2021	5,010,000	5.000%	2.720%	95639REN5	2029	7,400,000	5.000%	3.580%**	95639REW5

$42,100,000 4.000% 2012 Series A Term Bond due April 1, 2034 at a yield of 4.150% CUSIP No. 95639REX3*

$7,975,000 Revenue Bonds (Higher Education Facilities)

2012 Series B

Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.*	Maturity Year (April 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.*
2013	$200,000	2.000%	0.550%	95639REY1	2022	$340,000	2.750%	2.870%	95639RFG9
2014	235,000	3.000%	0.920%	95639RFR5	2023	350,000	3.000%	3.100%	95639RFH7
2015	275,000	3.000%	1.100%	95639REZ8	2024	360,000	3.200%	3.300%	95639RFJ3
2016	280,000	3.000%	1.270%	95639RFA2	2025	375,000	3.375%	3.500%	95639RFK0
2017	285,000	3.000%	1.530%	95639RFB0	2026	385,000	3.500%	3.600%	95639RFL8
2018	300,000	3.000%	1.830%	95639RFC8	2027	400,000	3.600%	3.750%	95639RFM6
2019	305,000	4.000%	2.130%	95639RFD6	2028	410,000	3.700%	3.770%	95639RFN4
2020	315,000	4.000%	2.450%	95639RFE4	2029	430,000	3.750%	3.870%	95639RFP9
2021	330,000	2.625%	2.720%	95639RFF1					

$2,400,000 4.000% 2012 Series B Term Bond due April 1, 2034 at a yield of 4.150% CUSIP No. 95639RFQ7*

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* CUSIP numbers have been assigned by an independent company not affiliated with the Commission and are included on this cover page solely for the convenience of the Owners of the 2012 Series Bonds only at the time of issuance of the 2012 Series Bonds. Neither the Underwriters nor the Commission makes any representation with respect to the accuracy of such CUSIP numbers as indicated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2012 Series Bonds.

** Priced to the first optional redemption date of April 1, 2022

REGARDING THE USE OF THIS OFFICIAL STATEMENT

YOU SHOULD MAKE YOUR OWN DECISION WHETHER THIS OFFERING MEETS YOUR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. THE WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE ISSUER IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT DO NOT REFLECT HISTORICAL FACTS, BUT REFLECT FORECASTS AND "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION ACT OF 1995, THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMMISSION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR UNFORSEEN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

THE INFORMATION UNDER THE HEADINGS "THE COMMISSION" AND "WEST VIRGINIA HIGHER EDUCATION" HAS BEEN OBTAINED FROM THE COMMISSION. OTHER INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE STATE LOTTERY COMMISSION ("LOTTERY COMMISSION"), PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES THAT ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE COMMISSION OR THE UNDERWRITERS. THE INFORMATION AND EXPRESSIONS OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMMISSION, THE WEST VIRGINIA LOTTERY OR THE LOTTERY COMMISSION SINCE THE DATE HEREOF. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS, OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACTS.

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE COMMISSION OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, IN CONNECTION WITH THE OFFERING OF THE 2012 SERIES BONDS, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE 2012 SERIES BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE 2012 SERIES BONDS HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMMISSION, THE WEST VIRGINIA LOTTERY, THE LOTTERY COMMISSION, THE PROJECTS OR OTHER MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

THE 2012 SERIES BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE GENERAL RESOLUTION (AS DEFINDED HEREIN) HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE 2012 SERIES BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2012 SERIES BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A

RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2012 SERIES BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMMISSION, THE WEST VIRGINIA LOTTERY, THE LOTTERY COMMISSION AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

IN CONNECTION WITH THE OFFERING OF THE 2012 SERIES BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2012 SERIES BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

MEMBERS OF THE STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

DAVID K. HENDRICKSON, ESQ. – Chairman

DR. BRUCE BERRY – Vice Chairman

KATHY G. EDDY – Secretary

JENNY ALLEN

BOB BROWN, Ex-Officio, Chair, West Virginia Council for Community and Technical College Education

JOHN ESTEP

KAY H. GOODWIN, Ex-Officio, Secretary of Education and the Arts

DR. JOHN LEON

DR. JOREA MARPLE, Ex-Officio, State Superintendent of Schools

DAVID RICHARD TYSON, ESQ.

ADMINISTRATIVE OFFICERS

DR. PAUL HILL, Chancellor of Higher Education for West Virginia

ROB ANDERSON, Executive Vice Chancellor for Administration

RICHARD B. DONOVAN, Senior Director of Facilities

DR. ED MAGEE, Vice Chancellor for Finance

BRUCE RAY WALKER, General Counsel

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SUMMARY

The Summary is only intended to provide a brief summary of certain information contained in the Official Statement. It does not purport to be a complete description or explanation of the information contained in the Official Statement. Investors should read the entire Official Statement (including the cover page and Appendices) to obtain information necessary to make an informed decision. The capitalized terms not otherwise defined in this Summary have the same meaning as that meaning assigned to them elsewhere in this Official Statement.

The Issuer	State of West Virginia Higher Education Policy Commission (the "Commission"). See "The Commission."
The Offering	The Commission is offering its State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, in an aggregate principal amount of $124,190,000 (the "2012 Series A Bonds") and its State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B, in an aggregate principal amount of $7,975,000 (the "2012 Series B Bonds", and, together with the 2012 Series A Bonds, the "2012 Series Bonds"). See "THE 2012 SERIES BONDS."
Authority	The Commission adopted its Sixth Consolidated Supplemental Resolution on May 9, 2012, and its Seventh Consolidated Supplemental Resolution on May 30, 2012, which authorized the issuance of the 2012 Series Bonds (collectively, the "2012 Series Resolution"). The 2012 Series Resolution supplemented that certain General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and that certain General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, both of which remain in effect as amended, consolidated and supplemented from time to time and are collectively referred to as the "Prior General Resolution." The Prior General Resolution, as supplemented by the 2012 Series Resolution, is collectively referred to herein as the "General Resolution." The 2012 Series Bonds are being issued pursuant to the General Resolution and under Chapter 18, Articles 12B and Chapter 18B, Articles 1 and 10 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, as amended (the "Lottery Act"), and Chapter 13, Article 2G of the Code of West Virginia, together with Senate Concurrent Resolution No. 41 adopted by the West Virginia Legislature on March 13, 2010, as applicable, and other applicable provisions of law. A list of the various resolutions that comprise the General Resolution, as well as a list of the bonds that were respectively issued thereunder, is included in APPENDIX D –"INFORMATION

CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION."

Plan of Finance

The 2012 Series Bonds are being issued to provide funds to (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund the 2012 Projects, and (iii) pay the costs associated with the issuance of the 2012 Series Bonds.

Security and Source of Payment

The principal of, premium, if any, and interest on the 2012 Series Bonds (the "2012 Series Bonds Debt Service") is payable solely from the Revenues. The 2012 Series Bonds are secured ratably by a first lien on Revenues, which is on parity as to lien and source of payment with the 1998 University Bonds, the 2000A University Bonds, the 2004 Series B Bonds that remain outstanding, the 2007 Series A Bonds, the 2010 Series A Bonds (Tax-Exempt), the 2010 Series B Bonds (Federally Taxable - Issuer Subsidy - Build America Bonds) and the 2010 Series C Bonds (Taxable) (collectively, the "Prior Bonds"), and any Additional Bonds issued under the General Resolution. See "PLAN OF FINANCE", "SECURITY FOR THE 2012 SERIES BONDS" and APPENDIX D – "INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION,"

The Revenues are comprised of: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the Institutions, as listed in APPENDIX A – "STATE INSTITUTIONS OF HIGHER EDUCATION", that constituted registration and tuition fees in effect as of March 21, 2004 (the "Pledged Educational and General Capital Fees"); and (iii) excess lottery revenues deposited into the higher education improvement fund as provided for in the Lottery Act, as hereafter defined (the "Pledged Excess Lottery Revenues"). See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION." Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended is referred to herein as the "Lottery Act."

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE

STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED TO SECURE THE 2012 SERIES BONDS. THE COMMISSION HAS NO TAXING POWER.

Additional Bonds

Under the terms of the General Resolution, the Commission may issue Additional Bonds on parity as to lien and source of payment with the 2012 Series Bonds and the Prior Bonds, collectively referred to as the "Bonds," assuming certain conditions are met. See "SECURITY FOR THE 2012 SERIES BONDS – Additional Bonds" and APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS." The Commission may also issue other obligations subordinate as to lien and source of payment with the Bonds.

Revenue Covenant

The Commission has covenanted to fix and otherwise provide for the collection of Revenues, in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period, as those terms are defined in the General Resolution and the 2012 Series Resolution. See APPENDIX G - "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Redemption of Bonds:

The 2012 Series Bonds are subject to optional and mandatory redemption prior to their stated maturities as set forth in "THE 2012 SERIES BONDS – Redemption."

Ratings

Moody's: "Aa3"
Standard & Poor's: "A+"

Tax Matters

In the opinion of Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes, is not treated as a specific preference item for purposes of the alternative minimum income tax imposed on individuals and corporations under the Code, though such interest is included in adjusted current earnings of certain corporations for purposes of calculating the federal corporate alternative minimum tax. In addition, the 2012 Series Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof. Interest on the 2012 Series Bonds shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof.

Continuing Disclosure

Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, generally prohibits an underwriter from purchasing or selling municipal securities in an initial offering unless it has determined that the issuer of such securities has committed to provide, annually, certain information, including audited financial information, and notice of various events, if material. To enable the Underwriters to comply with the provisions of Rule 15c2-12, the Commission will enter into a Continuing Disclosure Agreement to provide continuing disclosure regarding the 2012 Series Bonds. See "CONTINUING DISCLOSURE."

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available from the Commission. The offering of the 2012 Series Bonds is made only by the entire Official Statement, including all of its Appendices. No person is authorized to make offers to sell, or solicit offers to buy, the 2012 Series Bonds unless the entire Official Statement is delivered in connection therewith.

Information

Information regarding the 2012 Series Bonds is available by contacting the West Virginia Higher Education Policy Commission, 1018 Kanawha Blvd., East, Suite 700, Charleston, WV 25301, (304) 558-2101, or the Representative of the Underwriters, Citigroup Global Markets Inc., 390 Greenwich Street, 2nd Floor, New York, NY 10013, (212) 723-7093, Attention: Municipal Syndicate.

OFFICIAL STATEMENT

Relating to

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

$124,190,000
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

$7,975,000
Revenue Bonds
(Higher Education Facilities)
2012 Series B

INTRODUCTION

The Introduction is furnished solely to provide limited introductory information about the 2012 Series Bonds. It is not a summary of the Official Statement. Terms used in this Introduction and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement.

This Official Statement of the Commission, including the cover page and appendices, is provided for the purpose of furnishing information concerning the Commission and 2012 Series Bonds.

The Commission adopted the 2012 Series Resolution on May 9, 2012 and May 30, 2012. The 2012 Series Resolution supplemented the Prior General Resolution.

The 2012 Series Bonds are being issued pursuant to the General Resolution, the Act, the Lottery Act and other applicable provisions of law. A list of the various resolutions that comprise the General Resolution, as well as a list of the bonds that were respectively issued thereunder, is included in APPENDIX D – "INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION."

The proceeds of the 2012 Series Bonds will be used, together with other available funds, to: (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund the 2012 Projects, and (iii) pay the costs associated with the issuance of the 2012 Series Bonds.

The principal of, premium, if any, and interest on the 2012 Series Bonds ("the 2012 Series Bonds Debt Service") is payable solely from the Revenues.

The Revenues are comprised of: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the Institutions, as listed in APPENDIX A – "STATE INSTITUTIONS OF HIGHER EDUCATION", that constituted registration and tuition fees in effect as of March 21, 2004 (the "Pledged Educational and General Capital Fees"); and (iii) excess lottery revenues deposited into the higher education improvement fund as provided for in

the Lottery Act, as hereafter defined (the "Pledged Excess Lottery Revenues"). See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION." Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended is referred to herein as the "Lottery Act."

Following revisions to the Act that reclassified the fees that Institutions could charge to their students, the registration and tuition fees included in clause (i) of the description of Revenues above are no longer separately collected, but are now designated and imposed as Pledged Educational and General Capital Fees. Nevertheless, these registration and tuition fees remain pledged as security for the Bonds. The Commission is unaware of any plans by any West Virginia Institutions of Higher Education (each an "Institution" and collectively, the "Institutions") to impose any registration and tuition fees in the future. The current practice of not imposing registration and tuition fees does not, however, affect the legal validity of the pledge of such fees as security for the Bonds. Accordingly, if registration and tuition fees are imposed in the future, they will constitute a source of funds available for payment of debt service on the Bonds in addition to the fees currently being imposed. Nevertheless, the Pledged Educational and General Capital Fees and the Pledged Excess Lottery Revenues are presently the sole sources of funds available for payment of debt service on the Bonds.

The 2012 Series Bonds are secured ratably by a first lien on Revenues, which is on parity as to lien and source of payment with the Prior Bonds, as previously defined, and with the 2012 Series Bonds and any Additional Bonds (collectively, the "Bonds") as such Prior Bonds are individually defined in APPENDIX D – "INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION." See also "PLAN OF FINANCE", "SECURITY FOR THE 2012 SERIES BONDS" and "THE COMMISSION – History and Experience of Commission in the Issuance of Bonds."

The Commission is the successor to the University of West Virginia Board of Trustees (the "Board of Trustees") and the Board of Directors of the State College System (the "Board of Directors"). The Commission is responsible for developing, overseeing and implementing a higher education public policy agenda and other duties as specifically set forth in the Act. The Commission has the authority to assess each State Institution of Higher Education for payment of the debt service on the Bonds, including the 2012 Series Bonds. See "THE COMMISSION."

Pursuant to Senate Bill 448, effective March 13, 2004, the Legislature separated the State's community and technical college institutions from the baccalaureate and graduate institutions, created independent, accredited community and technical colleges in every region of the State, and directed the universities, colleges and community and technical colleges to have focused missions, individual points of distinction and quality and strong links with the educational, economic and social revitalization of their regions and provide greater access and capacity to deliver technical education, workforce development and other higher education services to place-bound adults to improve the general levels of post-secondary educational attainment and literacy.

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR

LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED TO SECURE THE 2012 SERIES BONDS. THE COMMISSION HAS NO TAXING POWER.

All capitalized terms used in this Official Statement that are defined in the General Resolution shall have the respective meanings set forth therein. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS" herein. The references to and summaries and descriptions of the Act, the Lottery Act, the General Resolution, the 2012 Series Bonds, and the other statutes, instruments and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by references to the appropriate statute, instrument or document.

THE 2012 SERIES BONDS

General

The 2012 Series Bonds will be dated the date of delivery and will bear interest from such date. Ownership interests in the 2012 Series Bonds will be in denominations of $5,000 or any integral multiple thereof. Interest with respect to the 2012 Series Bonds will be computed using a year of 360 days comprised of twelve 30-day months and is payable on April 1 and October 1 of each year, commencing October 1, 2012. The 2012 Series Bonds will mature on the dates and in the principal amounts, and bear interest at the rates, all as set forth on the inside cover page of this Official Statement.

Book-Entry Only System

The 2012 Series Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Series Bonds. Purchases of the 2012 Series Bonds will be made only in book-entry form through DTC Participants in the principal amount of $5,000 and integral multiples thereof and no physical delivery of the 2012 Series Bonds will be made to purchasers. Unless otherwise provided herein, payments of the principal, interest and premium, if any, will be made to purchasers by DTC through its participants.

Except as otherwise provided herein or APPENDIX J – "BOOK-ENTRY ONLY SYSTEM", each actual purchaser of each 2012 Series Bonds ("Beneficial Owner") will not be or be considered to be, and will not have any rights as, owners or holders of the 2012 Series Bonds under the General Resolution. For additional information about DTC and the book-entry-only system see APPENDIX J – "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption of the 2012 Series Bonds. The 2012 Series Bonds maturing on or after April 1, 2023 are subject to redemption at the option of the Commission, prior to maturity, on and after April 1, 2022, in whole or in part at any time from amounts deposited with the paying agent by the Commission and from other funds available therefor at a redemption price of par, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption of the Bonds. The 2012 Series A Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$7,775,000
2031	$8,085,000
2032	$8,405,000
2033	$8,745,000
2034	$9,090,000

The 2012 Series B Bonds maturing April 1, 2034 shall be subject to mandatory annual sinking fund redemption of principal on April 1, in the years and in the amounts set forth below, without premium, plus interest accrued to the dates of such redemption.

Year	Principal
2030	$440,000
2031	$460,000
2032	$480,000
2033	$500,000
2034	$520,000

Notice of Redemption. Notice of redemption of the 2012 Series Bonds will be given by the Registrar by mailing a copy of such notice to DTC, as the registered owner of the 2012 Series Bonds, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date. See "Summary" herein.

Negotiable Instruments

The Act provides that the 2012 Series Bonds shall constitute negotiable instruments under the West Virginia Uniform Commercial Code.

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SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds:

Sources	
Principal amount of the 2012 Series A Bonds	$124,190,000.00
Principal amount of the 2012 Series B Bonds	7,975,000.00
Transfers from 2004 Series A Bonds Bond Proceeds Fund	42,766.03
Transfers from 2004 Series B Bonds Bond Proceeds Fund	2,027,749.48
Net Original Issue Premium (Discount)	11,130,550.00
Total	$145,336,065.51
Uses	
Deposit to Escrow Fund	$136,469,598.89
Deposit to Bond Proceeds Fund	7,997,173.54
Costs of Issuance Fund[(1)]	899,293.08
Total	$145,336,065.51

(1) Includes underwriters' discount, legal fees, printing and miscellaneous costs relating to the issuance of the 2012 Series Bonds.

PLAN OF FINANCE

Proceeds of the 2012 Series Bonds will be applied to provide funds to (i) advance refund a portion of the 2004 Series B Bonds, (ii) fund the 2012 Projects and (iii) pay the costs associated with the issuance of the 2012 Series Bonds.

A portion of the proceeds of the 2012 Bonds will be applied to advance refund the 2004 B Bonds maturing April 1, 2015 through 2024, April 1, 2029 and April 1, 2034, through the acquisition of the Escrow Funds (described below), being direct obligations of the United States or obligations, the principal and interest of which are guaranteed by the United States and the principal of and interest on which when due will provide moneys sufficient to pay principal and interest on the 2004 Series B Bonds as they come due on their principal and interest payment dates, with final redemption on April 1, 2014.

The proceeds of the 2012 Bonds, in an amount sufficient to redeem the 2004 Series B Bonds in full on the Redemption Date ("Escrow Funds"), as described in the immediately preceding paragraph of this Plan of Finance section, will be deposited with the Municipal Bond Commission, as Escrow Agent (the "Escrow Agent") in trust for the payment of the principal of, premium, if any, and the interest on (the Redemption Price) the 2004 Series B Bonds pursuant to the terms of an Escrow Agreement dated as of June 1, 2012, between the Commission and the Municipal Bond Commission, as paying agent (the "Escrow Agreement"). Upon the deposit of the Escrow Funds in trust, the 2004 Series B Bonds will be deemed paid under the terms of the 2004 B General Resolution, and the covenants, agreements and other obligations of the Commission to the 2004

Series B Bondholders under the 2004 B General Resolution shall be discharged and satisfied. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

All Bonds issued under the General Resolution shall be payable from and equally and ratably secured by the Revenues in the manner set forth in General Resolution. See "SECURITY FOR THE 2012 SERIES BONDS."

The 2012 Projects consist of the new construction and facility improvements and renovations described more fully in Appendix B hereto. The 2012 Projects will be constructed with monies deposited in the Bond Proceeds Fund, along with amounts contributed by the Institutions for their specific projects. Funds on deposit in the Bond Proceeds Fund will be expended before any other monies or funds available for construction of the 2012 Projects.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each year as indicated, the amounts required annually for the payment of existing debt service on the Prior Bonds and the payment of principal and interest for the 2012 Series Bonds.

Year Ending	2012 Series Bonds			Existing Debt	
(June 30)	Principal	Interest	Debt Service	Service[1,2,3]	Total
2013	$1,625,000	$4,601,406	$6,226,406	$22,677,205	$28,903,611
2014	235,000	5,991,159	6,226,159	22,677,517	28,903,676
2015	4,015,000	5,984,109	9,999,109	18,910,631	28,909,739
2016	4,205,000	5,788,859	9,993,859	18,908,049	28,901,908
2017	4,410,000	5,584,209	9,994,209	17,726,110	27,720,319
2018	4,625,000	5,369,409	9,994,409	17,722,563	27,716,972
2019	4,850,000	5,144,159	9,994,159	17,718,962	27,713,121
2020	5,090,000	4,904,709	9,994,709	17,714,775	27,709,483
2021	5,340,000	4,653,359	9,993,359	17,719,575	27,712,933
2022	5,600,000	4,394,196	9,994,196	17,727,150	27,721,346
2023	5,870,000	4,121,846	9,991,846	17,722,925	27,714,771
2024	6,160,000	3,835,346	9,995,346	17,723,625	27,718,971
2025	6,460,000	3,533,826	9,993,826	17,723,275	27,717,101
2026	6,780,000	3,216,920	9,996,920	17,052,000	27,048,920
2027	7,110,000	2,883,695	9,993,695	17,055,312	27,049,007
2028	7,460,000	2,533,795	9,993,795	15,614,153	25,607,948
2029	7,830,000	2,166,125	9,996,125	11,796,241	21,792,366
2030	8,215,000	1,780,000	9,995,000	11,797,588	21,792,588
2031	8,545,000	1,451,400	9,996,400	11,797,397	21,793,797
2032	8,885,000	1,109,600	9,994,600	4,996,482	14,991,082
2033	9,245,000	754,200	9,999,200	4,998,108	14,997,308
2034	9,610,000	384,400	9,994,400	4,996,778	14,991,178
2035				4,997,243	4,997,243
2036				4,999,006	4,999,006
2037				4,996,570	4,996,570
2038				4,999,687	4,999,687
2039				4,997,610	4,997,610
2040				4,996,805	4,996,805
Total	**$132,165,000**	**$80,186,726**	**$212,351,726**	**$372,763,338**	**$585,115,064**

(1) Interest is net of the 35% Build America Bond subsidy on the 2010 Series B Bonds.

(2) Debt service reflects the release of the Interest Subsidy Reserve Fund on the 2010 Series B Bonds at the final maturity

(3) Represents Debt Service on all Prior Bonds that are on parity with the 2012 Series Bonds. Amounts do not include debt service associated with the Commission's 2009 Series A Community and Technical Colleges Capital Improvement Revenue Bonds which are not secured by the Revenues pledged herein.

SECURITY FOR THE 2012 SERIES BONDS

Pledge of Revenues

The debt service on the Bonds is payable solely from the Revenues. The 2012 Series Bonds are secured ratably by a first lien on the Revenues, which is on parity as to lien and source of payment with the Prior Bonds and any Additional Bonds. See "PLAN OF FINANCE."

The Revenues are comprised of: (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of Bonds held in the various funds and accounts created under the General Resolution and permitted, in accordance with the General Resolution, to be credited to any such fund; (ii) the component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004; and (iii) the Pledged Excess Lottery Revenues. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION."

Following revisions to the Act that reclassified the fees that Institutions could charge to their students, the registration and tuition fees included in clause (i) of the description of Revenues above are no longer separately collected. Nevertheless, these registration and tuition fees remain pledged as security for the Bonds. The Commission is unaware of any plans by any Institution to impose any registration and tuition fees in the future. The current practice of not imposing registration and tuition fees does not, however, affect the legal validity of the pledge of such fees as security for the Bonds. Accordingly, if registration and tuition fees are imposed in the future, they will constitute a source of funds available for payment of debt service on the Bonds in addition to the fees currently being imposed. Nevertheless, the Pledged Educational and General Capital Fees and the Pledged Excess Lottery Revenues are presently the sole sources of funds available for payment of debt service on the Bonds.

THE 2012 SERIES BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE REVENUES. THE 2012 SERIES BONDS SHALL NOT BE DEEMED TO BE OBLIGATIONS OR DEBTS OF THE STATE OF WEST VIRGINIA OR THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, AND THE CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA SHALL NOT BE DEEMED PLEDGED THEREFOR. THE COMMISSION HAS NO TAXING POWER.

Flow of Funds

Under the Act there have been created capital improvement funds in the State Treasury for each West Virginia Institution of Higher Education (each an "Institution.") Under the General Resolution, the Commission has created and established certain funds including a Bond Fund for each Series of Bonds to be held by the Municipal Bond Commission or a corporate trustee. All Revenues available for the payment of debt service on Bonds issued by the Commission and its predecessors pursuant to the General Resolution shall be deposited in the respective capital improvement funds and the debt service on the Bonds will be transferred semiannually to the Municipal Bond Commission or a corporate trustee and is pledged for the payment of the Bonds.

Under the Lottery Act, a special revenue fund named the State Excess Lottery Revenue Fund has been created in the State Treasury (the "Excess Lottery Revenue Fund.") The Excess Lottery Revenue Fund receives its revenues, primarily from two sources: (1) the Racetrack Video Lottery; and (2) the Limited Video Lottery. The Lottery Act provides that funds on deposit in the Excess Lottery Revenue Fund be disbursed by the Lottery Commission to certain funds, including the Higher Education Improvement Fund ("Higher Education Improvement Fund"), in the order of priority specified therein. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION – Pledged Excess Lottery Revenues" herein.

Pursuant to the Tenth University Supplemental Resolution and a Memorandum of Understanding, as amended (the "MOU") among the Commission, the Director of the West Virginia Lottery Commission and the Treasurer of the State of West Virginia, the Treasurer has agreed to prohibit any withdrawals from the capital improvement fund held by the Treasurer on behalf of each Institution on and after each September 1 and February 1, beginning September 1, 2004, until the balance of such fund is equal to one-half of the debt service on the Bonds for the twelve-month period beginning on September 1 of each year allocable to such Institution and the MOU provides further that the Treasurer will only release funds for each Institution's use in excess of the amount necessary for such Institution's allocable portion of debt service. The Commission shall, on or prior to September 1 of each year, furnish to the Treasurer the allocable amount payable by each Institution. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Revenue Covenant

The Commission has covenanted to fix and otherwise provide for the collection of Revenues in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period, as those terms are defined in the General Resolution and the 2012 Series Resolution. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Additional Bonds

The Commission has covenanted, other than with respect to a Series of Additional Bonds, not to issue any other obligations payable from the Revenues having priority to or being on parity with the lien of the Bonds issued from time to time pursuant to the General Resolution. The 2012 Series Bonds are authorized to be issued under the 2012 Series Resolution. The issuance of the 2012 Series Bonds meets the test for the issuance of a Series of Additional Bonds (including refunding bonds) as set forth in the General Resolution.

Such Additional Bonds may be issued in one or more Series under the General Resolution only upon certification by an Authorized Representative that:

(i) all payments into the respective funds and accounts provided for in such General Resolution and any Related Supplemental Resolution respecting Bonds theretofore issued and then Outstanding shall have been made in full to the date of issuance and delivery of such Additional Bonds and no Event of Default thereunder shall then be existing; and

(ii) Revenues constituted solely of Pledged Educational and General Capital

Fees collected by the Commission for the last Fiscal Year preceding the date of issuance of such Additional Bonds shall have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); or

(iii) (a) all Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the Commission for the last Fiscal Year preceding the date of issuance of such Additional Bonds, plus Projected Revenues (as defined below) shall have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); and (b) Projected Revenues shall not have been greater than 20% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds). For the purposes of this paragraph (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under this Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of such Additional Bonds.

REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION

Pledged Educational and General Capital Fees

As previously discussed, the Pledged Educational and General Capital Fees are part of the Revenues pledged to secure the Bonds and consist of the portion of the required educational and general capital fees that constituted registration and tuition fees in effect as of March 21, 2004. The required educational and general capital fees are only a portion of the overall student fees charged to students enrolled in Institutions.

In general, the student fees that are regularly charged to and collected from students enrolled at Institutions are comprised of three distinct components: (1) tuition and required educational and general fees; (2) auxiliary and auxiliary capital fees; and (3) required educational and general capital fees (the "Educational and General Capital Fees") .

Pursuant to Senate Bill 448, effective March 13, 2004, the Legislature separated the State's community and technical college institutions from the baccalaureate and graduate institutions. The Institutions included in each category can be seen in APPENDIX A – "STATE INSTITUTIONS OF HIGHER EDUCATION" hereto.

The Pledged Educational and General Capital Fees do not constitute all of the Educational and General Capital Fees collected by the Institutions, but only those Educational and General Capital Fees that constituted registration and tuition fees in effect on March 21, 2004. Furthermore, the following fees are not part of the Revenues pledged for the payment of the Bonds: (i) fees constituting tuition fees collected at West Virginia University Health Sciences Center; (ii) fees constituting tuition and registration fees collected from students enrolled in West Virginia University graduate level extension and graduate level off-campus courses for credit taught off the campus of West Virginia University; (iii) fees constituting tuition fees collected at Eastern West Virginia Community and Technical College; Southern West Virginia Community and Technical College; West Virginia Northern Community and Technical College; Potomac State College of

West Virginia University; and West Virginia University at Parkersburg.

Collection of Educational and General Capital Fees

Pursuant to the Act, each Board of Governors is required to collect the Educational and General Capital Fees from students enrolled at their respective Institutions and deposit those fees into separate "capital improvement funds" maintained in the State Treasury.

Full-time students enrolled at each Institution are required by the Act to pay Education and General Capital Fees. For all part-time students and for all summer students, a prorated fee, calculated in direct proportion to the number of credit hours taken, is imposed. For fee purposes, a full-time undergraduate student is enrolled for 12 or more credit hours, and a full-time graduate student is enrolled for 9 or more credit hours. However, no additional Educational and General Capital Fees are collected from students taking more than 12 credit hours or from graduate students taking more than 9 hours.

The Commission has covenanted to diligently enforce and collect the Pledged Educational and General Capital Fees from all students enrolled for credit at any of the Institutions.

Each Board of Governors is empowered to fix the Educational and General Capital Fees to be imposed upon students at their respective Institutions. The Board of Governors of each Institution may increase the registration fee and tuition fee component of the Educational and General Capital Fees now or hereafter in effect pursuant to the Act. Any increase in fees over five percent (5%) is subject to the approval of the Commission, or, in the case of community and technical college education offered by the public higher education institutions, subject to the approval of the Council for Community and Technical College Education ("the Council"). Though the Council is now responsible for approving tuition and fees for institutions under its jurisdiction, the Commission remains responsible for debt repayment and capital project initiatives and all previous revenues pledged remain under the Commission's control.

Each Board of Governors may, pursuant to the Act, waive fees for certain students or classes of students, or may establish preferential fee rates for certain students or classes of students, provided, however, that such waivers or preferential fee rates shall not cause the Revenues to be reduced below a level equal to 1.00 times the aggregate principal and interest due on Bonds in the ensuing fiscal year.

Student Enrollment Statistics

Data in the following table illustrates the historical pattern of both end of term Fall head-count and FTE enrollment for all Institutions over the past five years, as well as projections through end of term, Fall 2011. Both resident and non-resident enrollment data are provided, since student fees for non-residents are substantially higher than for in-state students. Nevertheless, various factors may contribute to material fluctuations in head-counts and FTE enrollment statistics in the future, which may materially impact the Commission's ability to pay debt service on the Bonds. See "WEST VIRGINIA HIGHER EDUCATION – Student Enrollment."

Higher Education Policy Commission
Council for Community and Technical College Education

Summary of All Institutions

Combined Headcount

Fall Semester (End of Term)	Resident	Non Resident	Total
2006	66,086	20,886	86,972
2007	66,280	21,996	88,276
2008	66,070	23,210	89,280
2009	71,068	23,884	94,952
2010	71,556	24,999	96,555
2011	70,894	25,679	96,573
2012 Projected	69,804	25,818	95,622

Combined FTE

Fall Semester (End of Term)	Resident	Non Resident	Total
2006	52,009	19,388	71,397
2007	51,657	20,473	72,130
2008	51,578	21,652	73,230
2009	54,687	22,240	76,927
2010	56,034	23,163	79,197
2011	54,936	23,753	78,689
2012 Projected	54,540	23,374	77,914

To project the Fall 2012 end of term Headcount and FTE enrollments, the Fall 2011 census data enrollments were divided by the Fall 2010 census data enrollments. The results were multiplied by the Fall 2011 end of term enrollments.

Source: West Virginia Higher Education Policy Commission

Pledged Excess Lottery Revenues

As previously discussed, the Pledged Excess Lottery Revenues are part of the Revenues pledged to secure the Bonds. The Pledged Excess Lottery Revenues consist of funds from the State Excess Lottery Revenue Fund that are required to be deposited into the Higher Education Improvement Fund, subject to availability, as provided in the Lottery Act.

This explanation of the Pledged Excess Lottery Revenues, the State Excess Lottery Revenue Fund and the Lottery contained in this section does not purport to be a complete description or explanation of the information contained in the Official Statement. Investors should read APPENDIX E – "WEST VIRGINIA LOTTERY" and APPENDIX F – "FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY" to obtain the

necessary information to make an informed evaluation of the Pledged Excess Lottery Revenues.

The West Virginia Lottery was constitutionally authorized on November 6, 1984. The Lottery Act was enacted during the 1985 legislative session of the West Virginia Legislature. The Lottery Act created the Lottery Commission, which sets policy and direction for the Lottery.

Chapter 29, Article 22 of the Code of West Virginia, 1931, as amended (the "Lottery Act"), Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended, and Chapter 29, Article 22B, Code of West Virginia, 1931, as amended, together provide a system by which a portion of profits from Racetrack Video Lottery and from Limited Video Lottery as well as Limited Video Lottery licensing, permit and other fees are transferred to the State Excess Lottery Revenue Fund. The Lottery Act requires the Lottery Commission to disburse the remaining funds from the State Excess Lottery Revenue Fund to certain other funds, including the Higher Education Improvement Fund, in the order of priority set forth in the Lottery Act.

Under the General Resolution, the Commission has included the Higher Education Improvement Fund as security for the payment of the Bonds. Revenues include all amounts contained in the Higher Education Improvement Fund and the Pledged Educational and General Capital Fees. Revenues do not include, however, moneys on deposit in the State Excess Lottery Revenue Fund or the State Lottery Fund that have not been transferred by the Lottery Commission into the Higher Education Improvement Fund.

Under the Lottery Act, a special revenue fund named the State Excess Lottery Revenue Fund has been created in the State Treasury (the "State Excess Lottery Revenue Fund"). The State Excess Lottery Revenue Fund receives its revenues from two sources, the Limited Video Lottery and the Racetrack Video Lottery, as described herein. The Lottery Act also creates a special revenue fund in the State Treasury named the State Lottery Fund (the "State Lottery Fund"). The State Lottery Fund receives the State's share of net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and a portion of the net terminal income from the Racetrack Video Lottery. The Lottery Act requires that revenues on deposit in the State Excess Lottery Revenue Fund serve as the principal source of funding for the Higher Education Improvement Fund, while revenues on deposit in the State Lottery Fund, if available, serve as a backup source of funding for the Higher Education Improvement Fund in years where revenues on deposit in the State Excess Lottery Revenue Fund are insufficient to pay the debt service on bonds payable from the revenues thereof, but only to the extent such revenues of the State Lottery Fund are not otherwise needed to pay debt service on bonds secured thereby.

The Lottery Act provides that funds on deposit in the State Excess Lottery Revenue Fund shall be transferred to certain funds, including the Higher Education Improvement Fund, in the order of priority specified therein. The Lottery Act and the transfers of funds from the State Excess Lottery Revenue Fund required therein are subject to amendment by the State Legislature.

In the fiscal years, 2008 through 2011, the revenues of the State Excess Lottery Revenue Fund have been $407,707,840, $385,961,096, $335,385,048, and $328,979,057, respectively. See APPENDIX F – "FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY."

Future funding for the State Excess Lottery Revenue Fund is subject to the following risks, among others: (i) competition from lotteries and other gaming facilities in West Virginia and the surrounding states; (ii) changes in legislation affecting the funding of or allocation or distribution of funds from the State Excess Lottery Revenue Fund; and (iii) the dissolution of the West Virginia Lottery. See APPENDIX E – "WEST VIRGINIA LOTTERY."

State Excess Lottery Revenue Fund

The Lottery Act creates the "State Excess Lottery Revenue Fund" as a special revenue fund in the State Treasury. The State Excess Lottery Revenue Fund receives the State's share of net profits from two sources: (1) Racetrack Video Lottery, and (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery.

The Racetrack Video Lottery Act, as set forth in Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended, and the Limited Video Lottery Act, as set forth in Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended, together provide a system through which a portion of the net profits from Racetrack Video Lottery and from Limited Video Lottery, as well as Limited Video Lottery licensing, permit and other fees, are transferred to the State Excess Lottery Revenue Fund.

The Racetrack Video Lottery Act establishes two permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438.1 million. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). No deposit to the State Excess Lottery Revenue Fund occurs until the benchmarks for a given racetrack are exceeded during the respective fiscal year.

Transfers from the State Excess Lottery Revenue Fund are prescribed by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the State Excess Lottery Revenue Fund is transferred to West Virginia Department of Revenue for the purpose of providing funding for a senior citizen tax credit for real estate taxes paid on the first $20,000 of assessed value of the taxpayer's owner-occupied dwelling (the "Refundable Credit"). The Refundable Credit totaled $7,371,723 for the year ended June 30, 2009, $8,370,988 for the year ended June 30, 2010, and $9,553,377 for the year ended June 30, 2011. The Lottery Commission projects that the annual Refundable Credit will be approximately $10,000,000 during each of the next three fiscal years.

Second Priority Transfers: Second, a portion of the State Excess Lottery Revenue Fund is then transferred to the following eight funds: [1]

General Purpose Account	$65 million
Education Improvement Fund (Promise Scholarship Fund)	$29 million
Economic Development Project Fund	$19 million
Excess Lottery School Building Debt Service Fund	$19 million
West Virginia Infrastructure Fund	$46 million
Higher Education Improvement Fund	$15 million
State Park Improvement Fund	$ 5 million
Thoroughbred Development Fund	$ 2 million

If, after funding the Refundable Credit, the remaining funds in the State Excess Lottery Revenue Fund are insufficient to fund all of the foregoing eight transfers, the remaining funds on deposit in the State Excess Lottery Revenue Fund, will be transferred in the following priority:

(1) *First*, a transfer of approximately $19 million to the Economic Development Project Fund to pay debt service on the $249,895,000 West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable), Series 2004 (the "EDA - Excess Lottery Grant Bonds") coming due in a particular year, as certified to the Lottery Director, which shall be transferred by the Lottery Director to the Economic Development Project Fund in one-tenth increments on a monthly basis.

[1]Prior to the issuance of bonds payable from revenues of the State Excess Lottery Revenue Fund, the Lottery Act does not prescribe the timing or manner in which the Lottery Director must make the transfers to these eight funds in years when the revenues of the State Excess Lottery Revenue Fund are sufficient to make all such transfers. Following the issuance of bonds, however, the Lottery Act provides that the Lottery Director shall, on a monthly basis, *first* transfer to the Economic Development Project Fund one-tenth of the projected annual principal, interest and coverage requirements coming due on the EDA Excess Lottery Grant Bonds in a particular year, as certified to the Lottery Director, and *second* transfer to the fund or funds from which debt service is paid on bonds issued for the School Building Authority, infrastructure, Commission and park improvements in an amount equal to one-tenth of the projected annual principal, interest and coverage requirements coming due on those respective bonds in a particular year, as certified to the Lottery Director. Presently, this second required transfer is only made to the Higher Education Improvement Fund and the Excess Lottery School Building Debt Service Fund to pay such amounts coming due in a particular year. In years when revenues of the State Excess Lottery Revenue Fund are sufficient to make all of the transfers to these eight funds, the Lottery Act does not prohibit the Lottery Director from making transfers to funds from which debt service is not payable in the manner he deems appropriate following the one-tenth transfers referred to above. For a discussion of the priority in which transfers must be made from the State Excess Lottery Revenue Fund in years where revenues are insufficient to make all transfers required by the Lottery Act, see discussion in (2) of this section, below.

(2) *Second*, transfers to such of the other six funds from which debt service is payable in amounts necessary to pay the respective debt service on such bonds coming due in a particular year, as certified to the Lottery Director, which shall be transferred to such funds in one-tenth increments on a monthly basis; provided that, to the extent that sufficient State Excess Lottery Revenues are not available to pay debt service on all such revenue bonds, transfers will be made on a pro rata, parity basis. Presently, the second-priority, parity transfers include a $15 million transfer to the Higher Education Improvement Fund to pay debt service on bonds issued by the Commission and a transfer to the Excess Lottery School Building Debt Service Fund of $19 million to pay debt service on bonds issued by the School Building Authority of West Virginia. Additional second-priority, parity transfers may be required in the future as a result of the issuance of revenue bonds the debt service on which is payable out of the West Virginia Infrastructure Fund or the State Park Improvement Fund.

(3) Third, transfers to the Education Improvement Fund.

(4) Fourth, transfers to the General Purpose Account.

(5) Last, transfers to the remaining Funds.

The West Virginia Legislature authorized the issuance of two new series of bonds, that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The Lottery is currently transferring $6,000,000 each fiscal year to the West Virginia Infrastructure Fund for deposit into the West Virginia Infrastructure Lottery Revenue Debt Service Fund. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

Third Priority Transfers: Last, the remaining funds on deposit in the State Excess Lottery Revenue Fund are required to be transferred to the State Lottery Fund in amount equal to those amounts that were transferred from the State Lottery Fund to the State Excess Lottery Revenue Fund to pay debt service on bonds payable from revenues of the State Excess Lottery Revenue Fund.

NO PORTION OF THE STATE EXCESS LOTTERY REVENUE FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. ONLY AMOUNTS ON DEPOSIT IN THE EXCESS LOTTERY HIGHER EDUCATION IMPROVEMENT FUND CONSTITUTE PLEDGED REVENUES.

State Lottery Fund

The Lottery Act creates the "State Lottery Fund" as a special revenue fund in the State Treasury. The State Lottery Fund receives the State's share of net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and a portion of the net terminal income from the Racetrack Video Lottery.

A minimum annual average of forty-five percent of the gross amount received from each lottery is allocated and disbursed as prizes, and not more than fifteen percent of the gross amount received from each lottery can be allocated to and disbursed, as necessary, for fund operation and administrative expenses. The excess of the gross amount received from the lotteries described above over the sum of the amount distributed for prizes and administrative expenses shall be allocated as net profit. Thirty percent of net terminal income up to the Net Benchmark from the Racetrack Video Lottery is also transferred to the State Lottery Fund each fiscal year.

Transfers from the State Lottery Fund are required by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the net profits of the State Lottery Fund is transferred monthly to the School Building Debt Service Fund established under the Lottery Act to pay the annual principal, interest and coverage requirement on all revenue bonds and refunding bonds issued, or to be issued on or after April 1, 1994, payable from revenues of the State Lottery Fund (the "SBA Lottery Bonds").

Second Priority Transfers: Second, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Education, Arts, Sciences and Tourism Debt Service Fund established under the Lottery Act as necessary to pay debt service on revenue bonds issued and payable from such source pursuant to the Lottery Act (the "EAST Lottery Bonds"). The maximum monthly amount cannot exceed $1,000,000 and the total allocation of net profits cannot exceed the lesser of the principal and interest required to be annually paid or $10,000,000. The EAST Lottery Bonds matured by their terms on July 1, 2010. Pursuant to HB 113 enacted by the State Legislature in the First Special Session of 2009 ("HB 113"), the authority to issue revenue bonds payable from funds deposited into the Education, Arts, Sciences and Tourism Debt Service Fund (the "EAST Fund") from the State Lottery Fund was transferred from the State Building Commission to the West Virginia Economic Development Authority. The West Virginia Economic Development Authority issued bonds payable from funds on deposit in the EAST Fund in August 2010 (the "New EAST Lottery Bonds"). The New EAST Lottery Bonds were issued in an amount that will fully leverage the $10,000,000 allocation of revenues deposited into the EAST Fund from the State Lottery Fund.

Third Priority Transfers: Third, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Community and Technical College Capital Improvement Fund to pay the annual principal, interest and coverage ratio requirements on all revenue bonds payable from the Community and Technical College Capital Improvement Fund pursuant to the Lottery Act (the "CTC Lottery Bonds"). The maximum monthly amount cannot exceed $500,000 and the total allocation cannot exceed the lesser of the principal and interest required to be annually

paid or $5,000,000. The current annual principal and interest on the CTC Lottery Bonds is approximately $5,000,000 and these bonds mature by their terms in 2039. Upon the maturity of the CTC Lottery Bonds, the $5,000,000 allocated annually to the Community and Technical College Capital Improvement Fund shall become available for debt service on additional CTC Lottery Bonds ("Additional CTC Lottery Bonds"). The priority of the transfer of $5,000,000 from the State Lottery Fund to the Community and Technical College Capital Improvement Fund to pay debt service on Additional CTC Lottery Bonds, if issued, vis-à-vis the priority of the transfer of up to $10,000,000 from the State Lottery Fund to the Education, Arts, Sciences and Tourism Debt Service Fund to pay debt service on any bonds payable therefrom shall be determined as provided in the Lottery Act at the time of issuance of the Additional CTC Lottery Bonds.

Fourth Priority Transfers: Fourth, after first satisfying the requirements for funds dedicated to retire the SBA Lottery Bonds, the EAST Lottery Bonds and the CTC Lottery Bonds or Additional CTC Lottery Bonds, as the case may be, the remaining net profits of the State Lottery Fund are then made available to pay debt service in connection with any bonds issued pursuant to Section 18a of the Lottery Act (that is bonds payable from revenues of the State Excess Lottery Revenue Fund) if and to the extent needed for such purpose from time to time.

Fifth Priority Transfers: Last, subject to certain limitations described in this paragraph, the remaining net profits of the State Lottery Fund may be appropriated by the West Virginia Legislature annually, in such proportions as it deems beneficial, to (i) the Lottery Education Fund; (ii) the School Construction Fund; (iii) the Lottery Senior Citizens Fund; and (iv) the Division of Natural Resources and West Virginia Development Office; provided, however, these fifth priority payments may only be made if: (i) a default does not exist with respect to the debt service on the bonds issued by the School Building Authority, the State Building Commission, the Higher Education Policy Commission, the Economic Development Authority, or bonds that are otherwise secured by lottery proceeds; and (ii) the net profits of the State Lottery Fund for the preceding twelve months is equal to at least 150% of the debt service on bonds issued by the School Building Authority, the State Building Commission or the Higher Education Policy Commission, which are secured by the net profits of the lottery.

NO PORTION OF THE STATE LOTTERY FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. AS DESCRIBED ABOVE, HOWEVER, REVENUES OF THE STATE LOTTERY FUND IN EXCESS OF THE AMOUNT OF REQUIRED TRANSFERS TO THE SCHOOL BUILDING DEBT SERVICE FUND, THE EDUCATION, ARTS, SCIENCES AND TOURISM DEBT SERVICE FUND AND THE COMMUNITY AND TECHNICAL COLLEGE CAPITAL IMPROVEMENT FUND TO PAY DEBT SERVICE ON BONDS SECURED THEREBY SHALL BE MADE AVAILABLE FOR TRANSFER TO THE STATE EXCESS LOTTERY REVENUE FUND TO PAY DEBT SERVICE ON BONDS REFERRED TO IN SECTION 18A OF THE LOTTERY ACT TO THE EXTENT THAT REVENUES IN THE STATE EXCESS LOTTERY REVENUE FUND ARE INSUFFICIENT TO PAY ALL SUCH DEBT SERVICE.

Debt Service Coverage

The following Table, prepared by the Commission, shows: (i) the historical coverage of Annual Debt Service resulting from a historical comparison of the Revenues to the Annual Debt Service for the three prior fiscal years; and (ii) the projected Coverage of Annual Debt Service resulting from a comparison of forecasted Revenues and forecasted Annual Debt Service for the 2012 fiscal year. The forecasted Annual Debt Service for 2012 includes Debt Service on Outstanding Bonds.

The West Virginia Higher Education Fund (the "Fund"), through the Commission, does not as a matter of course make public projections as to future revenues, increase in net assets, or other results. However, the Commission has prepared the prospective financial information set forth below to present projected Annual Debt Service Coverage information. The accompanying prospective financial information was prepared for internal management purposes and was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Commission, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the Commission's knowledge and belief, the expected course of action and the expected future financial performance of the Fund. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Fund's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Higher Education Policy Commission
Summary of Actual/Forecasted Pledged Revenues and Expenditures
Higher Education Facilities Bonds - Pledged Revenues

Total	Period Ending 2009	Period Ending 2010	Period Ending 2011	Forecasted Period Ending 2012	
Pledged Educational and General Capital Fees	$44,427,487	$45,495,567	$48,558,244	$50,588,364	(1)
Investment Earnings	318,446	67,443	53,701	56,000	(2)
Pledged Excess Lottery Revenues	10,000,000	10,000,000	15,000,000	15,000,000	
Total Revenues	$54,745,933	$55,563,010	$63,611,945	$65,644,365	
Annual Debt Service	28,292,562	28,252,315	29,595,395	31,663,657	(3)
Coverage of Annual Debt Service	1.93	1.97	2.15	2.07	

(1) To project the fiscal year 2012 pledged educational and general capital fees, collections were an average for the college system and a projected trend for the university system.

(2) This estimate is based on the assumption that invested balances will not change significantly from the previous year.

(3) Debt service for fiscal year 2012 is net of the 35% Federal Subsidy on the 2010 Series B Bonds.

THE COMMISSION

In General

The Commission is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees. The Commission was formed in June of 2000 as part of a restructuring of higher education.

The Commission is responsible for developing and overseeing the implementation of a higher education public policy agenda. The Commission is responsible for the development of public policy for higher education and other duties as specifically set forth in the Act, including preparation of the statewide budgets for higher education. Additional powers and duties include, but are not limited to, the duty to develop a master plan for each institution, the power to approve certain increases in tuition and other fees of the institutions, and the power to prescribe institutions' budget request. The Commission has the authority to assess each Institution for payment of debt service of the 2012 Series Bonds.

Members

The Commission is comprised of ten members. The ex-officio members are the Chairman of the Council for Community and Technical College Education, the Secretary of Education and the Arts, and the State Superintendent of Schools. The other seven members shall be citizens of the State, appointed by the Governor, with the advice and consent of the Senate. The terms of the members appointed by the Governor shall be for overlapping terms of four (4)

years. The Governor shall appoint a member to fill any vacancy among the seven members of the Commission appointed by the Governor. The member appointed to fill such vacancy shall serve for the unexpired term of the vacating member. The Governor shall fill the vacancy within thirty days of the occurrence of the vacancy. The current members of the Commission are as follows:

David K. Hendrickson, Esq., Chairman

David K. Hendrickson is the Founding Managing Partner of Hendrickson and Long, P.L.L.C. He graduated from West Virginia University in 1979 with a Bachelor of Arts, cum laude, and Juris Doctorate from the West Virginia University College of Law in 1982. He is a veteran, leaving active duty after completing a four-year tour of service as a Captain in the United States Army. Mr. Hendrickson is a new inductee into the International Academy of Trial Lawyers. He has also been recognized by several national publications including Chambers, USA, Best Lawyers in America, and Litigation Magazine in the area of Corporate Litigation. While at West Virginia University, Mr. Hendrickson served as the student body president and was the second ever student voting member on the West Virginia Board of Regents. He is a past president of the West Virginia University Alumni Association and was named Outstanding Alumnus of the Year, 2004. Mr. Hendrickson served as the legal correspondent to the Charleston, ABC affiliate, WCHS-TV and conducted a news segment titled "The Legal Pad." He currently serves on the Boards of several charitable, civic and social organizations.

Dr. Bruce Berry, Vice Chairman

Bruce Berry, M.D., of Morgantown, currently serves as the medical director at Colombo & Stuhr P.L.L.C. where he oversees risk management and quality assurance. For nearly thirty years, Dr. Berry practiced medicine at a private practice in Charleston. Dr. Berry also served as a clinical instructor, clinical assistant professor, and clinical associate professor at West Virginia University's School of Medicine campus at Charleston Area Medical Center. In addition to his work with WVU, Dr. Berry served as a clinical associate professor with the West Virginia School of Osteopathic Medicine. Dr. Berry graduated with an A.B. in biology, M.S. in embryology, and a M.D. from West Virginia University.

Kathy G. Eddy, Secretary

Kathy G. Eddy, CPA is a shareholder in McDonough, Eddy, Parsons & Baylous, A.C., located in Parkersburg, West Virginia. Ms. Eddy joined the firm in 1974 and became a shareholder in 1981. She is a graduate of Marshall University with B.A. in accounting. She became a Certified Public Accountant in 1978. She has been active in her profession at the national level, serving as Chairman of the Board of Directors of the 340,000 member professional organization, the American Institute of Certified Public Accountants (AICPA). She was awarded the AICPA Gold Medal for Distinguished Service. In addition to her service to her profession at the national level she has served the accounting profession in West Virginia including the West Virginia Society of CPAs and the West Virginia Board of Accountancy by holding all offices, including President of both organizations. Until her recent appointment to the Higher Education Policy Commission she was a member of Marshall University's Lewis College of Business Board of Advisors and the Accounting Curriculum and Accreditation Committee.

She is the recipient of the Marshall Distinguished Alumni Award and a member of the Lewis College of Business Hall of Fame. She has been involved in many community organizations and continues to serve on the Board of Directors of Camden Clark Memorial Hospital.

Jenny Allen

Jenny Allen, of Shepherdstown, has served as vice chair of the nearly completed $20 million Create the Future campaign for Shepherd University, the institution's first comprehensive fundraising initiative. She is currently the vice president of the board of the Contemporary American Theater Festival at Shepherd, a significant driver of the Eastern Panhandle economy that brings thousands of visitors to West Virginia each summer. From 2005-2010 she was a member of the West Virginia Public Broadcasting Foundation board. She has been a trustee of North Country School and Camp Treetops in Lake Placid, NY, since 2006. Ms. Allen earned a B.A. from Hampshire College in Amherst, Mass., an M.A. from the University of Georgia, and recently completed the Executive Certificate program in Nonprofit Management at Georgetown University.

Bob Brown, Ex-Officio, Chair, West Virginia Council for Community and Technical College Education

Bob Brown is Executive Director of the West Virginia School Service Personnel Association, AFT/AFL-CIO. Brown resides in Charleston, West Virginia, is Chair of the West Virginia Public Employee Grievance Board; Chair of the West Virginia Community and Technical College Council; a member of the West Virginia Workforce Investment Council; a member of the Teachers Retirement System Committee of the West Virginia Investment Management Board; a Commissioner for the Malden Public Service District; a member of the West Virginia Attorney General's Citizen Advisory Committee; and is Senior Vice President of the West Virginia AFL-CIO. Brown is a Marine Corps veteran of the Vietnam War and was educated in Kanawha County public schools, West Virginia Institute of Technology, and West Virginia University.

John Estep

John Estep is a graduate of West Virginia State College (now University) and earned his Master of Science degree from West Virginia University. A resident of Richwood, Mr. Estep formerly taught and coached in Greenbrier, Wyoming and Nicholas County Schools. He currently is employed as a staff representative for the American Federation of Teachers (AFT) – West Virginia. He served as a member of the Governor's Higher Education Transition Team and is active in his community as a member of the board of directors of the Cherry Hills Country Club and the board of trustees of the First Baptist Church of Richwood.

Kay H. Goodwin, Ex-Officio, Secretary of Education and the Arts

Kay Huffman Goodwin, of Ripley, serves as West Virginia Secretary of Education and the Arts. She is responsible for six government agencies in her role as Secretary. Previously, she served as chair of the University System of West Virginia Board of Trustees. She is a former member of the state Educational Broadcasting Authority, and former instructor at West Virginia

University, West Virginia State College, and the Department of Defense Information School. Secretary Goodwin is a former member of the Board of Directors of West Virginia University Hospitals and the United Health System, and a member of the Board of Directors of the Clay Center for the Arts and Sciences. She earned a B.A. and an M.A. from West Virginia University.

Dr. John Leon

John Leon, MD was born in Steubenville, Ohio and grew up in Wellsburg, West Virginia. He attended the University of Notre Dame in South Bend, Indiana, where he played varsity football and received a BA in Psychology. After receiving his MD from West Virginia University School of Medicine in Morgantown, he completed an internship and residency. Dr. Leon is board certified in Diagnostic Radiology with Special Competence in Nuclear Medicine. He joined Radiological Physician Associates in July of 1988 and now serves as president of the corporation. He is also Chief of Radiology at Fairmont General Hospital and is past president of the Marion County Medical Society.

Dr. Jorea Marple, Ex-Officio, State Superintendent of Schools

Dr. Jorea M. Marple became West Virginia's 27th State Superintendent of Schools on March 1, 2011. As superintendent, Dr. Marple oversees West Virginia's public school system, which includes 55 individual school districts, serving about 282,000 students in preschool through 12th grade.

Dr. Marple, who has a doctorate in education administration from West Virginia University, has more than 35 years of experience as a classroom teacher, reading specialist, university instructor, principal, assistant county superintendent, county superintendent, assistant state superintendent and deputy state superintendent. She earned her bachelor's degree in elementary education at Fairmont State and a master of arts in reading from WVU. She also is a published author on effective school leadership. She has experience in West Virginia schools in Marion, Monongalia, Greenbrier and Kanawha counties.

As a principal at Tiskelwah Elementary School in Kanawha County, Dr. Marple helped students significantly improve their standardized test scores, which earned Tiskelwah a National Blue Ribbon School distinction. As an assistant state superintendent and deputy state superintendent, she has helped guide the state's journey to create a responsive and accountable 21st century school system.

Dr. Marple's responsibilities have included working to create the state's 21st century learning program, "Global 21: Students deserve it. The world demands it." The plan, which has garnered West Virginia national and international attention, includes increased rigor and relevance and incorporated real-world learning and performance skills, such as problem solving and creative thinking, into state standards. She also has been involved in the state Department of Education's work with pre-K programs, school technology implementation, school leadership development programs, reading initiatives and teacher quality efforts.

On the national front, Dr. Marple served as a leader within the National Urban and Suburban School Association. She was invited to participate in both the Columbia and Harvard

universities' superintendent academies. She has worked with the U.S. Department of Education, Partnership for 21st Century Skills, Council of Chief State School Officers, other state departments of education, the State Educational Technology Directors Association, the National Association of Test Directors, the National Association of Special Education Teachers and the National Staff Development Council. She also has been honored as a YWCA Woman of Achievement.

David Richard Tyson, Esq.

David Tyson, of Huntington, is the managing partner in the law firm Tyson & Tyson. He is a graduate of West Virginia University and California Western School of Law. He previously served on the West Virginia Board of Regents as a student representative in 1975. Other higher education experience includes serving as adjunct professor at Marshall University, President of the Huntington Chapter of the West Virginia University Alumni Association, and member of the West Virginia University Extension Service Board. Mr. Tyson was appointed to the President's Advisory Committee for the Arts by President George W. Bush in 2002, and formerly served as State Chairman of the Republican State Executive Committee of West Virginia. Mr. Tyson is very active in community affairs and serves on numerous boards, including the Y.M.C.A. Board of Directors, the Huntington Chamber of Commerce, and the Huntington Visitors and Convention Bureau.

Administration

In order to assist the Commission with carrying out its directives, duties and responsibilities, a system Chancellor is employed by the Commission. The Chancellor works with the Commission to evaluate policy options and develop policy. The Chancellor serves as the chief executive officer. The offices of the Chancellor and other Commission staff are located in Charleston, West Virginia. Below are the biographies of the administrative staff of the Commission:

Dr. Paul Hill, Chancellor of Higher Education for West Virginia

Dr. Paul L. Hill serves as Chancellor for the Commission. Prior to becoming Chancellor in May 2012, Dr. Hill served as Vice Chancellor for the Division of Science and Research at the Commission, a position he began in 2007, and as Interim Chancellor beginning in January 2012. As such, Dr. Hill oversaw the receipt and administration of more than $50 million in federal research funding and $76 million in state research investment. He served as executive director of the West Virginia Experimental Program to Stimulate Competitive Research (WVEPSCoR), a state infrastructure program of the National Science Foundation (NSF), and helped create and manage a number of competitive research programs with academic institutions throughout the state, including: the West Virginia Research Trust Fund, commonly known as "Bucks for Brains," the West Virginia Research Challenge Fund, and West Virginia Eminent Scholars initiative. He formerly held a position at West Virginia University in Research and Economic Development and served as adjunct faculty in biology at the University of Charleston. Before joining WVEPSCoR in 2001, he was chairman and CEO of the U.S. Chemical Safety Board, appointed by President Bill Clinton and confirmed by the U.S. Senate.

Dr. Hill has more than 25 years of experience in academic research, grant administration, public policy and management, and has held CEO positions in state, federal and private organizations. In addition, he is active in numerous state and federal committees, boards and commissions, including the West Virginia Science and Research Council; West Virginia Commission on International Education; EPSCoR Program Directors Council (past chairman); national EPSCoR/IDeA Foundation Board (chairman); EPSCoR 2030 Workshop (project chair); Mid-Atlantic Technology, Research, and Innovation Center (MATRIC) Board of Directors; Hawaii EPSCoR State Committee; Iowa EPSCoR State Committee; Hawaii EPSCoR Monitoring and Assessment Panel (past chairman); A Vision Shared-West Virginia Technology-Based Economic Development (TBED) Council; Marshall University Research Corporation; West Virginia Commission on Science, Technology, Engineering and Mathematics Graduate Education; and West Virginia University College of Engineering Visiting Committee (2004-2007).

Dr. Hill has been a U.S. delegate to the Organization for Economic and Community Development in Europe and served on both the New York City Environmental Protection Council and the U.S. EPA's Council on the Clean Air Act. He was an invited participant in the development of the NSF EPSCoR 2020 Report and has provided congressional testimony on science and technology policy on numerous occasions. He is a member of the American Association for the Advancement of Science (AAAS), the Association of University Technology Managers (AUTM) and the Coalition on the Public Understanding of Science (COPUS).

A native West Virginian, Dr. Hill holds degrees from Marshall University (B.S. and M.S.) and the University of Louisville (Ph.D.) in biology and chemistry. He studied at the University of Louisville's Systems Science Institute, where his research emphasis was environmental chemistry and ecological systems.

Rob Anderson, Executive Vice Chancellor for Administration

Rob Anderson currently serves as Executive Vice Chancellor for Administration for the Commission and the Community and Technical College System of West Virginia. Prior to becoming Interim Executive Vice Chancellor for Administration in September 2011, he served as Senior Director of Policy and Planning for more than four years. His career in West Virginia's higher education system has focused on the areas of administration, public policy, research, and strategic planning. His scholarly focus has been in the areas of student access and financial aid policy with a particular interest in merit aid programs and their impact on institutional and student outcomes.

Previously, Mr. Anderson served as Director of Research and Planning for the Tennessee Higher Education Commission in Nashville, Tennessee, and as an administrator and instructor at Montreat College in Montreat, North Carolina. Mr. Anderson received his B.A. in English from The Citadel and a M.Div. from The Southern Baptist Theological Seminary. He has completed coursework and comprehensive exams for his Ph.D. in Higher Education Administration within the Institute of Higher Education at the University of Georgia.

Richard B. Donovan, Senior Director of Facilities

Richard Donovan has been employed by West Virginia's higher education governing and policy boards since 1980 and has served in various positions in the Division of Finance and Facilities. He has served as the Assistant Director of Facilities since 1991, and from November 2006 as Co-Interim Director of Finance and Facilities along with the Assistant Director of Finance. In March 2009, he was appointed Chief Financial Officer of the Commission. As of January 2012, Mr. Donovan serves as Senior Director of Facilities. Mr. Donovan holds a bachelor's degree in business administration from Shepherd College.

Dr. Ed Magee, Vice Chancellor for Finance

Edward Magee is the Vice Chancellor for Finance of the Commission. He has leadership responsibilities for accounting, budgeting and financial reporting. His duties include the analysis and presentation of financial data for the Commission, Community and Technical College Council, and governmental officials, coordination of the annual audit, and the oversight of the Commission's financial operations. In addition, he has oversight responsibility for public higher education facilities planning and budgeting. Prior to joining the Commission, he served as the Vice President for Administration and Finance at Shepherd University. He is a CPA with a doctoral degree in educational leadership studies and masters degree in business administration from West Virginia University. In addition, he received a bachelor's degree in accounting from Wheeling Jesuit University.

Bruce Ray Walker, Esq., General Counsel

Bruce Ray Walker has served as general counsel for higher education since 1991. Prior to that time he spent eight years with the West Virginia Attorney General's office as an assistant and later deputy attorney general. He received a B.A. degree from Michigan State University and a J.D. from Washington and Lee University College of Law. As general counsel, Mr. Walker is responsible for legal advice to the higher education governing boards, the higher education office and to the public institutions of higher education.

History and Experience of Commission in the Issuance of Bonds

The Commission and its predecessor, the Board of Directors of the State College System and the University of West Virginia Board of Trustees, have 8 series of bonds, representing an aggregate principal amount of $393,560,868 outstanding. The Prior Bonds outstanding include those issues shown in the chart below:

Series Name	Original Principal	Amount of Bonds Outstanding as of June 12, 2012	Revenues from Which Debt Service is Paid
Series 1998 Bonds University System Bonds	$ 55,025,000	$ 40,475,000	Student Fees and Pledge of Excess Lottery Revenues
Series 2000A University System Bonds	36,590,868	36,590,868	Student Fees and Pledge of Excess Lottery Revenues
2004 Series B Higher Education Facilities Bonds	167,260,000	11,235,000	Student Fees and Pledge of Excess Lottery Revenues
2007 Series A Revenue Refunding Bonds	25,915,000	22,060,000	Student Fees and Pledge of Excess Lottery Revenues
2009 Series A Community and Technical College Improvement Revenue Bonds	78,295,000	75,510,000	Lottery Revenues
2010 Series A Revenue Bonds	16,520,000	16,520,000	Student Fees and Pledge of Excess Lottery Revenues
2010 Series B Revenue Bonds	50,265,000	50,265,000	Student Fees and Pledge of Excess Lottery Revenues
2010 Series C Revenue Bonds	10,080,000	8,740,000	Student Fees and Pledge of Excess Lottery Revenues
2012 Series A Revenue Refunding Bonds	124,190,000	124,190,000	Student Fees and Pledge of Excess Lottery Revenues
2012 Series B Revenue Bonds	7,975,000	7,975,000	Student Fees and Pledge of Excess Lottery Revenues

The CTC Lottery Bonds, as defined herein, were issued under a separate indenture and do not constitute a lien on the Revenues from which the 2012 Series Bonds are payable.

Capital Budgeting and Planning

West Virginia funds the capital needs of its colleges and universities almost entirely through regular student fees and excess lottery appropriations rather than general tax appropriations. Funding through this means has contributed to meeting facility needs that might not otherwise have been possible when relying solely on State general tax appropriations.

Among the duties of the Commission is the development of an appropriation request for the State system of higher education. The appropriation request includes the operating budgets for all State institutions of higher education. In addition to the institutional operating budget and incentive funding, the Commission is responsible for allocating the funds appropriated to it among the institutions based on institutional progress toward meeting compact goals and other standards.

Under West Virginia Code, the Commission has the authority to transfer funds pledged for the repayment of Bonds from the accounts of Institutions if an Institution fails to transfer funds to the Commission in a timely manner.

State Appropriations for Higher Education

The State has a policy of utilizing its general fund revenues to meet a major portion of the educational and general operating expenses of its State institutions of higher education. For the combined West Virginia Public Higher Education System in the fiscal year that ended June 30, 2011, state appropriations and state fiscal stabilization funds of $503,136,000 represented almost 30% of total revenues of $1,683,451,000 with the balance coming from grants and contracts (27%), student fees (29%), auxiliary revenues (12%) and other income (2%).

Student Enrollment

Data reported in the Table under the caption "Student Enrollment Statistics" above, relates to recent enrollment at Commission and Council institutions. Enrollment data are generally collected and reported in two categories – head-count and full-time equivalent (FTE). Whereas head-count enrollment is an indicator of the total number of individual students attending at a given time, FTE enrollment converts each individual student's credit hour load into a standard measure of effort, depending upon the student's enrollment category. For example, an undergraduate student enrolling for fifteen credit hours or a graduate student enrolled for twelve credit hours in a given semester would be counted as one head-count and one FTE student. An undergraduate student taking three credit hours as a part-time student would be counted as one head-count student, but only as .20 FTE because he/she is taking only one-fifth of what might be considered as the normal undergraduate load. An undergraduate student taking eighteen credit hours would be considered a full-time student but be counted as 1.20 FTE since he/she is taking one-fifth more credit hours than what is considered to be a normal load. Although each of these indicators is useful in terms of describing enrollment, FTE enrollment would normally be the more relevant measure in analyzing historic and projected fee revenues since it more closely approximates the relationship between students and charges assessed to them.

As is the case in other states, student enrollment in West Virginia is influenced by a number of factors, not all of which are readily controllable or entirely possible to predict. Economic and demographic considerations such as birth rate, number of high school graduates, migration patterns, education attainment level of parents and/or other family members, and college-going rate for both traditional and non-traditional students residing in the State often influence college attendance. Other factors such as student retention rates, student fee levels, and the amount and configuration of student financial assistance appear to influence enrollment levels.

High school graduation rates in West Virginia are projected to decline for the next decade, which will decrease the number of traditional students generally attending higher education. This downturn is the result of demographic trends in the State. However, the economic downturn, aggressive marketing, a GEAR-UP grant that targets underrepresented counties, and a new adult learner campaign entitled RBA Today should ensure moderate gains. In addition, the potential exists for further growth in the rate of college participation by West Virginians before the market is saturated. Also, substantial numbers of non-traditional students are returning to higher education for additional degrees or professional certifications. This trend is expected to continue. West Virginia institutions also continue to attract students from surrounding states, which are projecting increasing numbers of high school graduates in the coming years. Thus, enrollment projections are relatively stable.

Accredited institutions with a wide range of academic programs and support services, tuition and fee levels, and enhanced efforts in student recruitment and retention, are among the factors which place the institutions of the Higher Education Policy Commission and Council for Community and Technical College Education in a position of growing importance to the State and its residents. Enrollment data from recent years indicate that West Virginians view quality programs of higher education as the key to their personal future as well as that of the State.

Select Financial Information of West Virginia Higher Education Fund

The audited financial statements of the West Virginia Higher Education Fund for the Fiscal Years ended June 30, 2011, and June 30, 2010, are set forth in APPENDIX C – "FINANCIAL STATEMENTS OF THE COMMISSION."

The following table sets forth certain historical financial information relating to the West Virginia Higher Education Fund, which is comprised of ten four-year public colleges and universities, ten community and technical colleges, and two administrative units.

The following table sets forth selected combined financial data. The Commission derived its selected combined financial data as of and for the years ended June 30, 2011 and 2010 from its combined financial statements. The Commission derived its selected combined financial data as of and for the years ended June 30, 2011, 2010, 2009, 2008 and 2007 from its combined financial statements. The historical selected financial data may not be indicative of future performance and should be read in conjunction with "Management's Discussion and Analysis" and "Risk Factors" in the financial statements included in APPENDIX C - "FINANCIAL STATEMENTS OF THE COMMISSION."

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007, 2008, 2009 , 2010 AND 2011
(Dollars in thousands)

	2007	2008	2009	2010	2011
OPERATING REVENUES:					
Student tuition and fees — net of scholarship allowance	376,390	406,818	447,080	467,933	488,616
Federal and local land grants	8,825	9,439	9,853	9,760	11,335
Contracts and grants:					
Federal	195,722	203,772	135,781	149,728	178,099
State	62,736	64,729	64,583	58,500	45,924
Local	1,114	1,211	1,425	1,455	3,103
Private	58,885	59,656	70,172	66,316	66,297
Interest on student loans receivable	998	876	896	1,154	1,168
Sales and services of educational activities	18,803	18,760	20,183	23,471	25,519
Auxiliary enterprise revenue — net of scholarship allowance	165,104	184,238	190,468	195,447	204,587
Other operating revenues	20,723	22,866	23,447	22,983	26,273
Total operating revenues	909,300	972,365	963,888	996,747	1,050,921
OPERATING EXPENSES:					
Salaries and wages	611,065	645,769	698,667	733,485	761,623
Benefits	174,286	214,021	221,412	294,569	299,223
Supplies and other services	303,158	325,562	340,115	346,927	365,517
Utilities	44,283	44,646	47,865	49,335	55,955
Student financial aid — scholarships and fellowships	75,730	79,349	89,674	117,365	134,091
Depreciation	74,461	78,642	82,113	89,780	92,108
Other operating expenses	9,130	8,127	11,314	6,060	4,166
Total operating expenses	1,292,113	1,396,116	1,491,160	1,637,521	1,712,683
OPERATING LOSS	(382,813)	(423,751)	(527,272)	(640,774)	(661,762)
NONOPERATING REVENUES (EXPENSES):					
State appropriations	423,858	536,101	483,534	449,305	474,805
State fiscal stabilization funds (federal)				21,944	28,331
Federal Pell grants[1]			80,668	133,211	154,887
Payments on behalf of West Virginia Higher Education Fund		18,000	10,864	0	0
Gifts	15,902	19,548	21,092	21,548	21,961
Investment income (loss)	28,235	17,426	(961)	10,947	13,032
Interest on indebtedness	(34,921)	(36,181)	(36,504)	(40,328)	(45,882)
Payments to other institutions	(15,346)	(18,222)	(20,492)	(14,915)	(15,382)
Other nonoperating expenses — net	(2,804)	(1,838)	(215)	(1,625)	778
Net nonoperating revenues	414,924	534,834	537,986	580,087	632,530
LOSS (INCOME) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	32,111	111,083	10,714	(60,687)	(29,232)
CAPITAL GRANTS AND GIFTS	77,912	78,174	43,633	43,126	63,375
CAPITAL BOND PROCEEDS FROM THE STATE					25,784
STATE CAPITAL GRANTS (FEDERAL)				4,242	11,994
DECREASE (INCREASE) IN NET ASSETS BEFORE CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE[2]	110,023	189,257	54,347	(13,319)	71,921
NET ASSETS — Beginning of year	0	110,023	361,138	415,962	402,643
CUMULATIVE EFFECT OF ADOPTION OF ACCOUNTING PRINCIPLE[2][3]		61,858	477		
NET ASSETS – Beginning of year as adjusted for cumulative effect		171,881	361,615		
NET ASSETS — End of year	$ 110,023	$ 361,138	$ 415,962	$ 402,643	$ 474,564

See notes to combined financial statements.

[1]Effective FY 2009, Federal Pell grants moved to Non-operating Revenue (Expenses)

[2]Adopted Accounting Principle in FY 2008 is GASB 45 as it relates to Other Post Employment Benefits (OPEB)

[3]Adopted Accounting Principle in FY 2009 is GASB 52 as it relates to land held as an investment.

INVESTMENT CONSIDERATIONS

The purchase of the 2012 Series Bonds involves certain investment risks that are discussed throughout this Official Statement. Certain of these risks are described below. Accordingly, each prospective bond purchaser should make an independent evaluation of all of the information presented in this Official Statement, including the risk factors described below, in order to make an informed investment decision.

Competition

The West Virginia Lottery (the "Lottery") faces potential competition from gaming within West Virginia and increasing competition from states surrounding West Virginia that may introduce new lottery games or gaming facilities or otherwise enhance existing lottery games or gaming facilities comparable to those in West Virginia. While there is no way of currently assessing the effect of the introduction of games and/or gaming facilities by such states upon the amount of Pledged Revenues received, the introduction of such games and/or gaming facilities by such states could have a material adverse effect upon the amount of Pledged Excess Lottery Revenues received. See "Competition from Surrounding States" herein.

Competition within West Virginia

During the 1999 Legislative Session, a new law was enacted to permit casino gaming at a historic resort hotel such as the Greenbrier Resort in White Sulphur Springs, West Virginia. This gaming was to be regulated by the Lottery. The law requires that the residents of the resort hotel's host county must approve casino gaming by referendum before the casino may open. An unsuccessful vote occurred in Greenbrier County on November 7, 2000. A subsequent successful vote occurred in Greenbrier County on November 4, 2008, at which time Greenbrier County voters approved casino gaming at the Greenbrier Resort. The State Legislature enacted Senate Bill 575 during the 2009 Regular Session of the Legislature that established more uniformity among casinos operated by the State's pari-mutuel racetracks and the casino authorized to be operated at the Greenbrier Resort. The Greenbrier Resort began limited casino gaming operations on October 1, 2009, and full casino gaming operations in a permanent casino on July 2, 2010.

Management of the Lottery believes that casino gaming at the Greenbrier Resort will not compete with other Lottery products because it is limited to hotel overnight guests, non-hotel guests registered for hotel conventions and events, and residents of surrounding properties on the hotel grounds and their guests.

On March 8, 2007, the West Virginia Legislature enacted the West Virginia Lottery Racetrack Table Games Act (the "Table Games Act"), which became effective as of June 6, 2007. The Table Games Act authorizes the West Virginia Lottery Commission to issue up to four racetrack table games licenses to racetracks located in West Virginia that hold racetrack video lottery licenses and licenses to conduct horse or dog racing after the citizens of the respective counties in which the racetracks are located approve racetrack table games by referendum. Referenda for approving racetrack table games were conducted in Jefferson, Hancock, Ohio and Kanawha Counties in West Virginia in 2007. In 2007, voters in Jefferson County rejected the referendum, while voters in Hancock, Ohio and Kanawha Counties approved

the referenda. In December 2009, however, voters in Jefferson County approved a second referendum authorizing racetrack table games in Jefferson County. Accordingly, racetrack table games are now authorized under the Table Games Act at Mountaineer Casino Racetrack & Resort in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack in Wheeling, West Virginia, Mardi Gras Casino & Resort in Nitro, West Virginia, and Hollywood Casino at Charles Town Races (formerly Charles Town Races & Slots) in Charles Town, West Virginia. The Lottery Commission has issued racetrack table games licenses to Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel-Casino-Racetrack, Mardi Gras Casino & Resort and Charles Town Races & Slots. Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack began operating table games in October 2007, Mardi Gras Casino & Resort (formerly Tri-State Casino & Resort) began operating table games in October 2008, and Hollywood Casino at Charles Town Races began operating table games on July 1, 2010. The tax rate for each racetrack participating in this new form of legal gaming is thirty five percent of adjusted gross receipts. Fifteen and 96/100% of a total rate of thirty-five percent is earmarked by statute for the reduction of state debt and unfunded liabilities.

NO REVENUES GENERATED FROM CASINO GAMING AT THE GREENBRIER RESORT OR FROM RACETRACK TABLE GAMES ARE DEPOSITED INTO THE STATE EXCESS LOTTERY REVENUE FUND OR THE STATE LOTTERY FUND. NO PORTION OF REVENUES GENERATED BY CASINO GAMING AT THE GREENBRIER RESORT OR BY RACETRACK TABLE GAMES WILL BE DEPOSITED INTO THE EXCESS LOTTERY SCHOOL BUILDING DEBT SERVICE FUND AND, THERFORE, ARE NOT PART OF THE PLEDGED REVENUES THAT SECURE THE 2012 SERIES BONDS.

There exists no constitutional or legislative mandate that future revenues generated from new lottery games of other gaming enterprises, e.g., riverboats, non-racetrack based casinos, etc., be included in the calculation of net profits or be otherwise available for deposit into the State Excess Lottery Revenue Fund or the State Lottery Fund.

West Virginia currently has no Native American reservations or treaty lands. In order for land to be converted to Indian lands upon which a tribal council could decide to construct a casino, land would need to be offered to the United States Secretary of the Interior, and the Secretary has the option to accept it for the purpose of conversion to a reservation. If the Secretary accepted the conveyance, the State's Governor would also have the option to accept. Management of the Lottery Commission believes that such an occurrence is improbable in West Virginia.

In 2010, the State Legislature enacted SB 577, which made it a felony for charitable raffle licensees and others to offer electronic versions of raffle games. Targeted versions of such games look and play like video lottery terminals, and have flourished in other states.

Competition from Surrounding States

Pennsylvania In early July 2004, Governor Ed Rendell signed the Pennsylvania Race Horse Development and Gaming Act (HB2330) providing for up to seven slot machine licenses for existing and planned horseracing facilities (Category 1), up to five slot machine licenses for non-racing venues (Category 2) and up to two slot machine licenses for existing resort hotels

with at least 275 rooms each (Category 3). When fully exercised, fourteen licensees could operate as many as 61,000 slot machines. As of May 31, 2012, the eleven licensees operated 26,812 machines.

At the end of calendar year 2007, the Pennsylvania Gaming Control Board ("PGCB") approved permanent licenses for six Category 1 racetrack slot machine applicants which may operate a maximum of 5,000 slot machines each at existing horse racing facilities:

- Chester Downs and Marina, LLC (*Harrah's Chester Downs*, Delaware County). The racino in Chester, Pa., opened in January 2007. As of May 31, 2012, it operated 2,821 slot machines with authority to operate 3,000 machines.
- Downs Racing, LP (*Mohegan Sun*, Luzerne County). The casino at Pocono Downs near Wilkes-Barre was the first to begin operations in Pennsylvania, opening on November 14, 2006, with 1,099 slot machines. As of May 31, 2012, it operated 2,332 machines.
- Greenwood Gaming and Entertainment Inc. (*Parx*, Bucks County). The racino opened December 19, 2006. As of May 31, 2012, it operated 3,536 machines.
- Mountainview Thoroughbred Racing Association (*Penn National*, Dauphin County). The racino near Harrisburg opened in February 2008. As of May 31, 2012, it operated 2,483 machines.
- Presque Isle Downs, Inc. (*Presque Isle*, Erie County). The racino located outside of Erie opened with 1,600 slot machines in operation in February 2007. As of May 31, 2012, it operated 2,068 machines.
- Washington Trotting Association, Inc. (*The Meadows*, Washington County). The racino opened in June 2007. As of May 31, 2012, it operated 3,317 slot machines.

The PGCB also approved five Category 2 licenses for stand-alone slots facilities, which may operate a maximum of 5,000 slot machines each:

- HSP Gaming, LP. HSP's *SugarHouse Casino* is located along the Delaware River near the Girard Avenue exit of Interstate 95 in Philadelphia. As of May 31, 2012, it operated 1,602 slot machines.
- Philadelphia Entertainment & Development Partners, LP. Philadelphia Entertainment's *Foxwoods Casino Philadelphia* may be located in South Philadelphia along the Delaware River or in Center City Philadelphia. It will be operated by Foxwoods Development and may include approximately 3,000 slot machines. Following numerous delays, construction of the *Foxwoods Casino Philadelphia* has not yet commenced. An opening date cannot be projected.
- PITG Gaming, LLC. *The Rivers Casino* is operated in Pittsburgh by owner Majestic Star. It is located on the North Shore west of Heinz Field and the Carnegie Science Center. As of May 31, 2012, it operated 2,955 slot machines.
- Mount Airy #1, LLC (*Mount Airy Casino,* Monroe County). Based at the Mount Airy resort in Paradise Township in the Poconos, the *Mount Airy Casino* opened in October 2007. As of May 31, 2012, it operated 2,074 slot machines.
- Sands Bethworks Gaming, LLC (*Sands Bethlehem*, Northampton/Lehigh Counties). The *Sands Bethlehem Casino* is located at the former Bethlehem Steel Co. plant in the City of Bethlehem. It opened in May 2009. As of May 31, 2012, it operated 3,024 slot machines.

The PGCB has approved one Category 3 license and is evaluating four applications that it received for the issuance of a second Category 3 license. The Category 3 license was placed at Valley Forge Casino Resort in King of Prussia, Pennsylvania, and began operations at midnight on March 31, 2012, with 600 slot machines as well as 50 table games. Pennsylvania's Category 3 license is similar to the license granted by the West Virginia Lottery to the Greenbrier Resort. To participate in gambling activities at Valley Forge, patrons must be guests of the property who are attending a convention, meeting or private function, spend at least $10 on the Convention Center's other amenities, including the restaurants or retail shops, or purchase a membership.

In January 2010, the Pennsylvania Legislature enacted legislation authorizing the operation of table games in Pennsylvania's 14 planned slot machine locations. The PGCB has issued table games certificates to the ten Category 1 and 2 licensees to operate up to 250 table games for the initial six months of operation, after which they may petition the PGCB to increase the number of table games. As of April 30, 2012, 1,031 tables were in operation across the ten facilities. On a smaller scale, the Pennsylvania legislation permits the Category 3 facilities to seek a table games certificate to operate up to 50 table games. The Pennsylvania legislation permits an increase in the number of slot machines operated at Category 3 facilities to 600 after a table games certificate is obtained and authorizes the addition of a third Category 3 license after July 20, 2017. The single Category 3 license that opened on March 31, 2012, was approved in February 2012 to offer table games. Expanded gaming operations in Pennsylvania will continue to impact the revenues of the West Virginia Lottery, including the State Excess Lottery Revenue Fund, and could potentially impact such revenues more significantly than projected by the Lottery. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION" and APPENDIX F – FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY."

Maryland In 2008, Maryland voters approved a statewide referendum authorizing up to 15,000 slot machines in the city of Baltimore and the counties of Allegany, Anne Arundel, Cecil and Worcester. There is no requirement that any of the slot venues be racetracks. Currently, there is one operating casino (slots only) at Perryville in Cecil County that opened in late September 2010. A second casino, Casino at Ocean Downs, opened in Worcester County on Maryland's Eastern Shore on January 4, 2011, and now operates 800 slot machines. In November 2010, voters in Anne Arundel County approved a zoning change for a casino at the Arundel Mills Mall. The facility opened on June 6, 2012, with a total of 4,750 slot machines to be placed in service by year end. On April 26, 2012, Maryland's Video Lottery Facility Location Commission awarded a license to develop a slot machine facility at Rocky Gap Lodge and Golf Resort located in Allegany County, which is in Maryland's western panhandle, that will house up to 1,000 slot machines by the second year of its operation. In addition, Maryland officials have continued discussions as to whether Maryland should consider legalizing table gaming and adding a sixth slot facility. Any expansion would require voter approval through statewide referendum.

Ohio On July 13, 2009, the Ohio Legislature passed a budget bill implicitly recognizing former Governor Ted Strickland's authority to expand Ohio's Lottery to include electronic slot machines at Ohio's seven horse-racing tracks. Governor Strickland had issued a directive to the Ohio Lottery Commission to begin the process of adding up to 2,500 electronic slot machines at each track. The election of Governor John Kasich, who defeated Governor Strickland, cast

doubt on the future of electronic slot machines at Ohio's seven horse-racing tracks.

On November 3, 2009, Ohio voters considered and approved Issue 3 that authorized one casino facility to be operated at a designated location within each of the cities of Cincinnati, Cleveland, Columbus and Toledo, Ohio. The Horseshoe Casino Cleveland opened on May 14, 2012. Hollywood Casino in Toledo recently received its casino license and opened on May 29, 2012. While construction continues, additional facilities in Columbus and Cincinnati are anticipated to open at a later date. Ohio's seven racetracks are also continuing a plan to add video slots at those facilities. MTR Gaming opened Scioto Downs in the Columbus area on June 1, 2012, with 1,700 video slot machines. The election of a new Governor, and its impact upon the composition and operation of the Ohio Casino Control Commission, has left the future of the new casinos in the hands of the new administration. Expanded gaming operations in Ohio will impact the revenues of the West Virginia Lottery, including the State Excess Lottery Revenue Fund, and could potentially impact such revenues more significantly than projected by the Lottery. Legislation recently passed by the Ohio Senate, and currently in conference committee, will create the ability for racinos to transfer their licenses to a new location for a fee. While no applications have been received, Penn National has stated publicly that it intends to build a thoroughbred racetrack in the Youngstown area and acquired land to do so in April 2012, which will impact the northern panhandle racetracks in West Virginia. See "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION – Pledged Excess Lottery Revenues" and "APPENDIX F."

Kentucky Legislation was introduced in Kentucky that would have authorized casino-style gaming at Kentucky racetracks, but the legislation was not enacted. Kentucky Governor Beshear recently announced his interest in exploring expanded gaming in Kentucky. The Kentucky Senate considered a constitutional amendment in February 2012 to open Kentucky to casinos, but the legislation was not successful. It is unknown whether similar legislation will be introduced in the future and, if so, whether such legislation will receive sufficient legislative support to be enacted.

New Local Option Elections

The Racetrack Video Lottery Act and Table Games Act provide that in the event voters of a county approve Racetrack Video Lottery and/or Table Games, another local option election on the issue may be held, provided that such new local option election occur no sooner than at least five years after the date upon which voters of a county approved Racetrack Video Lottery and/or Table Games, and, further provided, that at least five percent of the number of qualified voters residing within the county who were registered to vote in the next preceding general election file a written petition with the county commission of such county to hold such new local option election. To date, although all local option elections in the State for which voters approved Racetrack Video Lottery occurred more than five (5) years ago, there has been no attempt within any county in which Racetrack Video Lottery has previously been approved to hold a new local option election. A successful recall election in any one or more of the counties in which there is Racetrack Video Lottery could have a material adverse effect on the availability of revenues available for debt service on the 2012 Series Bonds. If Racetrack Video Lottery gaming is ever successfully voted out in a county, supporters of Racetrack Video Lottery must wait 104 weeks to hold another election on whether Racetrack Video Lottery can be operated.

Effect of Changes in Allocation or Dissolution of West Virginia Lottery

The Lottery Act provides that the Lottery Commission allocate, as a second priority allocation, up to $15,000,000 from the State Excess Lottery Revenue Fund each fiscal year for deposit into the Higher Education Improvement Fund until all outstanding Bonds of the Commission secured by funds on deposit in the Higher Education Improvement Fund are paid. Although the annual allocation of moneys to the State Excess Lottery Revenue Fund could be increased, decreased or otherwise altered by future action of the West Virginia Legislature amending the Lottery Act, the Lottery Commission believes and legislative leaders have indicated that the importance and essentiality of the program makes an increase, decrease or change of priority in the allocation unlikely. Any such change would require statutory amendment.

Dissolution of the West Virginia Lottery would leave the State Excess Lottery Revenue Fund and the State Lottery Fund without a source of funding, unless the West Virginia Legislature acted to provide an alternative source of funding. The Lottery Commission, an agency within the West Virginia Department of Revenue, is subject to periodic legislative review under the West Virginia Performance Review Act. All state agencies except for constitutional officers are subject to review under the West Virginia Performance Review Act. The West Virginia Department of Revenue made presentations to the Joint Standing Committee on Government Organization and the Joint Committee on Government Organization (collectively the "Committees") during the 2010 legislative interim period. Following the 2010 review, the Committees made a recommendation to the Legislature that the Department of Revenue, including the Lottery Commission, should be continued. While there can be no assurance that the Legislature will continue the Lottery Commission, the Lottery Commission is not aware of any matters which would cause the Legislature to terminate the Lottery Commission. Legislation was introduced during the 2009 Regular Session of the State Legislature that proposed the combination of Charitable Gaming, Alcohol Beverage Control Administration and the Racing Commission with the Lottery Commission to form what would have been known as the Gaming Commission. However, such legislation was not enacted. There can be no assurance that similar legislation will not be introduced and enacted in the future.

Effect of Reduction in Number of Limited Video Lottery Permits

Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended (the "Limited Video Lottery Act"), authorized the Lottery Commission to issue permits ("LVL Permits") for the operation of up to 9,000 video lottery terminals in restricted access adult-only facilities throughout the State. As of May 31, 2012, there were 7,567 limited video lottery machines operating in 1,556 locations. Existing LVL Permits expired on June 30, 2011. Bids were solicited, and permits were awarded for the LVL ten year licensing period that became effective on July 1, 2011, and will expire on June 30, 2021.

The Limited Video Lottery Act provides that, during the fiscal year ended June 30, 2011, the Lottery Commission shall seek bids for the issuance of LVL Permits for the ten-year period beginning July 1, 2011, and ending June 30, 2021. The Governor of the State appointed a select panel to receive public comments at regional meetings throughout the State regarding the issuance of LVL Permits for the ten-year period beginning July 1, 2011, and ending June 30, 2021. The panel has concluded its public hearings and issued its report to the Governor. Under

the Lottery Act, the Lottery Commission sought bids for the issuance of fewer LVL Permits for the ten-year period beginning July 1, 2011, and ending June 30, 2021, than (i) the maximum number of LVL Permits authorized by the Lottery Act (9,000) and (ii) the number of LVL machines operating prior to the bid. The bid process, conducted in three separate bidding rounds during 2010 and 2011, resulted in approximately $61.7 million in bid fees that were deposited to the State Excess Lottery Fund. In spite of a reduction in the number of permits issued from the 2011 bids, the revenue stream from limited video lottery remains consistent.

In 2009, one of the largest owners of limited video lottery machines in the State, Southern Amusement Co., Inc. ("Southern Amusement"), was indicted on multiple counts in a federal indictment unsealed on June 8, 2009. Ownership of Southern Amusement has since been transferred, and Southern Amusement remains in good standing with the Lottery.

No Mortgage or Other Interest

No lien on or other security interest is being granted to the Owners of the 2012 Series Bonds. As a result, in the event the amounts deposited in the State Excess Lottery Revenue Fund or otherwise available from the State Lottery Fund are insufficient to pay debt service on the 2012 Series Bonds, neither the Trustee nor the Owners of such bonds will have any rights with respect to the real property, improvements thereon or appurtenances thereunto belonging.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical computations of the adequacy of maturing amounts of principal and interest on the 2004 Series B Bonds placed in the Escrow Fund to purchase State and Local Government Series securities in an amount sufficient to pay, when due, the principal of, premium, if any, and the interest on the 2004 Series B Bonds will be verified by Causey Demgen & Moore Inc., certified public accountants. Such verification of arithmetical accuracy will be based upon information supplied by the Commission and the Underwriters.

UNDERWRITING

Citigroup Global Markets Inc., Piper Jaffray & Co. and Crews & Associates, Inc. (the "Underwriters") have agreed to purchase the 2012 Series A Bonds at an aggregate purchase price of $134,627,128.90 (par, plus net original issue premium of $11,069,044.45, less Underwriters' discount of $631,915.55), and to purchase the 2012 Series B Bonds at an aggregate purchase price of $7,997,173.54 (par, plus net original issue premium of $61,505.55, less Underwriters' discount of $39,332.01), pursuant to a bond purchase agreement between the Commission and the Underwriters. The Underwriters may offer and sell the 2012 Series Bonds to certain dealers (including dealers depositing such 2012 Series Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The public offering prices set forth on the inside cover page hereof may be changed after the initial offering by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the 2012 Series Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley

Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Series Bonds.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the 2012 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

RATINGS

Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned the 2012 Series Bonds the ratings of "A+" and "Aa3", respectively. No other ratings have been applied for. Any desired explanation of the significance of such ratings should be obtained from S&P or Moody's. There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by S&P or Moody's if, in their judgment, circumstances so warrant. The Commission undertakes no responsibility either to notify the Beneficial Owners of the 2012 Series Bonds of any revision or withdrawal of the ratings or to oppose any such revision or withdrawal, although the Commission will covenant in the Continuing Disclosure Agreement to provide notice of any rating changes to Electronic Municipal Market Access ("EMMA"). Any such downward revision or withdrawal may have an adverse effect on the market price of the 2012 Series Bonds.

TAX MATTERS

General

The following discussion of "Tax Matters" is a brief discussion of certain income tax matters with respect to the 2012 Series Bonds under existing applicable law. It does not purport to deal with all aspects of taxation that may be relevant to the owner of a bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the tax consequences of owning and disposing of the 2012 Series Bonds.

Federal Income Tax Exemption of the 2012 Series Bonds

In the opinion of Spilman Thomas & Battle, PLLC ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2012 Series Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is taken into account in determining the adjusted current earnings of certain

corporations for purpose of calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX H – "PROPOSED FORM OF OPINION OF BOND COUNSEL" hereto.

Assumed Compliance with Certain Covenants and Federal Tax Requirements

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2012 Series Bonds. The Commission has covenanted to comply with certain restrictions designed to insure that interest on the 2012 Series Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2012 Series Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2012 Series Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2012 Series Bonds may adversely affect the value of, or the tax status of interest on, the 2012 Series Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the 2012 Series Bonds. Prospective purchasers of 2012 Series Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the General Resolution, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2012 Series Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2012 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Spilman Thomas & Battle, PLLC.

Original Issue Discount and Original Issue Premium

To the extent the issue price of any maturity of the 2012 Series Bonds is less than the amount to be paid at maturity of such 2012 Series Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Series Bonds) (the "Discount Bonds"), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2012 Series Bonds which is excluded from gross income for federal income tax purposes and State of West Virginia personal income taxes. For this purpose, the issue price of a particular maturity of the 2012 Series Bonds is the first price at which a substantial amount of such maturity of the 2012 Series Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2012 Series Bonds accrues daily over the term to maturity of such 2012 Series Bonds on the basis of a constant interest rate compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The accruing original issue discount is added to the adjusted basis of such 2012 Series Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2012 Series Bonds. A purchaser of a Discount Bond in the initial public

offering at a price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Beneficial owners of the 2012 Series Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2012 Series Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series Bonds is sold to the public.

2012 Series Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocated to such beneficial owner. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond. Beneficial owners of the 2012 Series Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series Bonds with bond premium, including the treatment of beneficial owners who do not purchase such 2012 Series Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series Bonds is sold to the public.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2012 Series Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2012 Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2012 Series A Bonds from gross income for federal income

tax purposes. Any amounts withheld pursuant to the backup withholding should be allowed as a refund or a credit against any owner's federal income tax once the required information is furnished to the Internal Revenue Service.

State Income Tax Exemption

In the opinion of Bond Counsel, under the Act, as presently written and applied, the 2012 Series Bonds, together with the interest thereon, shall be exempt from all taxation by the State of West Virginia, or by any county, school district, municipality or political subdivision thereof.

Individual Circumstances

Although Bond Counsel is of the opinion that interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Series Bonds may otherwise affect an owner's federal liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future Tax Changes

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2012 Series Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2012 Series Bonds. Prospective purchasers of the 2012 Series Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2012 Series Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the application regulations, the interpretation thereof or the enforcement thereof by the IRS. The Commission has covenanted, however, to comply with the requirements of the Code.

Internal Revenue Service Audits

The IRS (defined above) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the 2012 Series Bonds. If an audit is commenced, under current procedures the IRS may treat the Commission as a taxpayer, and the

Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2012 Series Bonds until the audit is concluded, regardless of the ultimate outcome.

Bond Counsel Obligations

Bond Counsel's engagement with respect to the 2012 Series Bonds ends with the issuance of the 2012 Series Bonds, and unless separately engaged, Bond Counsel is not obligated to defend the Commission or the beneficial owners regarding the tax-exempt status of the 2012 Series Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Commission and their appointed counsel including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt 2012 Series Bonds is difficult, obtaining an independent review of IRS positions with which the Commission legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2012 Series Bonds for audit, or the course or result of such audit, or an audit of 2012 Series Bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2012 Series Bonds, and may cause the Commission or the beneficial owners to incur significant expense.

Bond Counsel's opinions represent its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law, but are not a guarantee of result or binding on the IRS or the courts. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinions or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

LITIGATION

There is no litigation of any nature pending or threatened against the Commission concerning the validity of the 2012 Series Bonds, and the Commission will furnish to the Underwriters a no-litigation certificate certifying to the foregoing at the time of the delivery of the 2012 Series Bonds.

LEGALITY

The validity of the 2012 Series Bonds and the tax exemption of interest on the 2012 Series Bonds are subject to the approval of Spilman Thomas & Battle, PLLC, Charleston, West Virginia, Bond Counsel, whose approving opinion will be available at the time of delivery of the 2012 Series Bonds. Certain matters will be passed upon for the Commission by Bruce R. Walker, Esq., Charleston, West Virginia, its counsel and for the Underwriters by their counsel, Goodwin & Goodwin, LLP, Charleston, West Virginia.

INDEPENDENT AUDITORS

The financial statements of the Commission included in APPENDIX C - "FINANCIAL STATEMENTS OF THE COMMISSION" to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, to the extent and for the periods indicated in their

report. The financial statements of the West Virginia Lottery included in APPENDIX F - "FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY" to this Official Statement have been audited by Gibbons & Kawash, independent auditors, to the extent and for the periods indicated in their report.

FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of 2012 Series Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities. The Financial Advisor has not and is not obligated to undertake to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

The Commission is the obligated party with respect to the 2012 Series Bonds and will provide the continuing disclosure described below. The Commission, on behalf of the Lottery, has covenanted to provide, in accordance with the Continuing Disclosure Agreement, which shall be delivered in substantially the form attached hereto as APPENDIX I – "FORM OF CONTINUING DISCLOSURE AGREEMENT", certain financial information and operating data regarding the West Virginia Lottery (the "Annual Information") not later than two hundred seventy (270) days following the end of the Lottery's fiscal year, commencing with the report for the fiscal year ending June 30, 2012 (which is due no later than March 31, 2013), and to provide notice of the occurrence of the enumerated events listed therein, if material. The Annual Information and each notice of material events will be filed electronically by the Commission, on behalf of the West Virginia Lottery, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken by the Commission, on behalf of the Lottery, to assist the Underwriters in complying with Rule 15c2-12 promulgated by the SEC. The Commission, on behalf of the Lottery, has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the 2012 Series Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. See APPENDIX I – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Commission has complied with all continuing disclosure obligations applicable to the Commission. However, the West Virginia Department of Administration (the "Department of Administration"), on behalf of the Commission, previously failed to comply fully with its continuing disclosure obligations pertaining to the Annual Information, as required by the continuing disclosure agreement applicable only to the CTC Bonds, to which the Department of Administration is a party. The information concerning the West Virginia Lottery, such as interim financial information, which inadvertently was not disclosed fully in the past in connection with the CTC Bonds, was submitted in full to EMMA by the Department of Administration on December 20, 2011, and is now being provided by the Department of Administration in accordance with the terms of the continuing disclosure obligations applicable to the Department of Administration, on behalf of the Commission.

MISCELLANEOUS

The foregoing descriptions or statements of provisions of the West Virginia Code of 1931, as amended and supplemented, the 2012 Series Bonds, the 2012 Series Bonds Resolution, and other documents of the Commission and the State Institutions of Higher Education are made subject, respectively, to all provisions thereof, to which reference is hereby made for complete information, and do not purport to be complete statements of such provisions. So far as any statements made in the Official Statement involve matters of opinion or projections or estimates whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the projections or estimates will be realized. Neither this Official Statement nor any statement, which may have been made orally or in writing, is to be construed as a contract with the Holders or purchasers of any of the 2012 Series Bonds. Copies of the documents mentioned in this paragraph are on file at the offices of the Commission. The Commission has duly authorized delivery and distribution of this Official Statement.

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WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: /s/ Paul Hill
Chancellor

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WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _/s/ Paul Hill_
Chancellor

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APPENDIX A

STATE INSTITUTIONS OF HIGHER EDUCATION

West Virginia Higher Education Policy Commission, as the governing board of State Institutions of Higher Education

Baccalaureate and Graduate Institutions

Bluefield State College
Concord University
Fairmont State University
Glenville State College
Marshall University
Shepherd University
West Liberty University
West Virginia School of Osteopathic Medicine
West Virginia State University
West Virginia University
- Potomac State College, a division of West Virginia University
- West Virginia University Institute of Technology, a division of West Virginia University

Community and Technical College Institutions

Blue Ridge Community and Technical College
Bridgemont Community and Technical College
Eastern West Virginia Community and Technical College
Kanawha Valley Community and Technical College
Mountwest Community and Technical College
New River Community and Technical College
Pierpont Community and Technical College
Southern West Virginia Community and Technical College
West Virginia Northern Community and Technical College
West Virginia University at Parkersburg

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APPENDIX B

PROJECT LIST

Projects to be funded in order of priority subject to availability of funds.

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Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
June 11, 2012

Institution	HEPC Priority	Project	Total Estimated Project Cost	Total Requested	Institution Match	HEPC Match
Capital Projects						
HEPC	1	Beckley Center Equipment	93,850	93,850	-	93,850
WVU	2	Infrastructure Downtown Campus, Jackson's Mill Fire Training Academy, Brooks Hall Renovation, Allen Percival Hall Abatement, Law School Deferred Maintenance	151,340	151,340	-	151,340
HEPC	3	Allied Health Building Equipment	150,000	150,000	-	150,000
WVU	4	Fire Marshall Repairs - Old Main (WVUIT)	57,000	57,000	-	57,000
WVU	5	Parking Lot Paving - Main Campus (WVUIT)	225,000	225,000	-	225,000
HEPC	6	Conference Room Renovation - Building 2000	375,000	375,000	-	375,000
EWVCTC	7	Classroom/Laboratory/General Support Facility	1,000,000	1,000,000	-	1,000,000
NRCTC	8	Summersville Center	96,000	96,000	-	96,000
SWVCTC	9	Technology Center - Logan Campus	73,000	73,000	-	73,000
WVUP	10	Main Building Improvements	180,000	180,000	-	180,000
HEPC	11	HVAC for Building 704	300,000	300,000		300,000
Subtotal - Capital Projects			$ 2,701,190	$ 2,701,190	$ -	$ 2,701,190
Code Compliance (Life Safety & ADA) & Deferred Maintenance						
SU	12	Fire Alarm System Upgrade (West Woods, McMurran Hall and Ikenberry Hall)	110,000	110,000	55,000	55,000
SWVCTC	13	Parking Lot & Landscape Improvements - Logan Campus	450,000	450,000	180,000	270,000
SWVCTC	14	Sidewalk & Landscape Improvements - All Campuses	175,000	175,000	70,000	105,000
NRCTC	15	Greenbrier Hall Flooring & Improvements	500,000	365,000	146,000	219,000
WVU	16	Law School Deferred Maintenance	2,000,000	2,000,000	1,200,000	800,000
GSC	17	Campus-wide Communication and Emergency Notification System	175,000	175,000	87,500	87,500
WVU	18	ADA Sidewalk & Curbing (WVUIT)	350,000	350,000	175,000	175,000
WVNCC	19	ADA Accessible Sidewalks for Straub Properties	250,000	250,000	100,000	150,000
WVU	20	Science Hall Elevator Replacement (PSC)	300,000	300,000	150,000	150,000
MU	21	Welcome/Recruitment Center Elevator	700,000	700,000	350,000	350,000
BCTC	22	Institution Life Safety Upgrades and/or Davis Hall Transformer Replacement	150,000	150,000	60,000	90,000
FSU	23	Jaynes Hall Roof Replacement	350,000	350,000	175,000	175,000
WVSU	24	Roof Replacement E&G Buildings	200,000	200,000	100,000	100,000
MCTC	25	Headquarter Building - Deferred Maintenance, Painting, Waterproofing, Repairing	428,000	428,000	171,200	256,800
CU	26	Sidewalks, steps, curbing and paving upgrades for ADA	1,000,000	1,000,000	500,000	500,000
BSC	27	Dickason Hall Roof Replacement	500,000	500,000	250,000	250,000
WLU	28	Main Hall HVAC Chiller Replacement	500,000	500,000	250,000	250,000
SU	29	HVAC Replacement Stutzman-Slonaker Hall	500,000	500,000	250,000	250,000

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
June 11, 2012

Institution	HEPC Priority	Project	Total Estimated Project Cost	Total Requested	Institution Match	HEPC Match
GSC	30	Window Replacement PE Building	250,000	250,000	125,000	125,000
MU	31	Fire Alarm Upgrades for Science Bldg., Henderson Ctr., Shewey Maintenance Bldg. & Stadium	225,000	225,000	112,500	112,500
WVSU	32	Hamblin Hall Lab Hood Ventilation	500,000	500,000	250,000	250,000
WVNCC	33	Installation of Security Cameras	500,000	500,000	200,000	300,000
WLU	34	Arnett Hall Roof	300,000	300,000	150,000	150,000
BCTC	35	Westmoreland Improvements	450,000	310,450	124,180	186,270
WVU	47	Campus Lighting (WVUIT)	175,000	175,000	87,500	87,500
WVUP	37	Code Compliance & Life Safety Infrastructure (Main Campus)	870,000	348,000	139,200	208,800
WVSOM	38	Main Building B - exterior restoration	756,000	656,000	328,000	328,000
GSC	36	Roof Projects (Clark Hall, President's Home & Louis Bennett Hall)	600,000	600,000	300,000	300,000
BSC	39	Campus Window Replacement Phase I & Phase II	800,000	800,000	400,000	400,000
WVU	40	Upgrade Fire Suppression System - Percival Hall	3,000,000	3,000,000	2,500,000	500,000
WVU	41	Health Sciences North Freight & Library Elevator (HSC)	750,000	750,000	375,000	375,000
FSU	42	Hunt Haught Hall Greenhouse Renovations	400,000	400,000	200,000	200,000
MU	43	Jenkins Hall ADA Renovations	400,000	400,000	200,000	200,000
WVSU	44	Cole Complex HVAC Upgrade	400,000	400,000	200,000	200,000
WVU	45	Upgrade Sprinkler /Fire Alarm Ag Science Annex	400,000	400,000	200,000	200,000
WVU	46	Campus Lighting (PSC)	300,000	300,000	150,000	150,000
FSU	47	Hunt Haught Hall - Window Replacement Project	400,000	400,000	200,000	200,000
WVU	48	Engineering Lab - Replace Elevator - ADA Upgrades (WVUIT)	300,000	300,000	150,000	150,000
WVU	49	Fire Alarm Integration Upgrade (HSC)	100,000	100,000	50,000	50,000
FSU	50	Caperton Center Roof Replacement & Exterior Waterproofing	600,000	600,000	300,000	300,000
WVU	51	Admission & Records Fire Alarm & Sprinkler System	450,000	450,000	225,000	225,000
WLU	52	HVAC E&G Building Controls	150,000	150,000	75,000	75,000
MU	53	Jenkins Hall - Roof System	500,000	500,000	250,000	250,000
WVU	54	Engineering Research Roof Replacement	525,000	525,000	262,500	262,500
CU	55	Carter Center - E&G HVAC/Electrical/Plumbing	1,000,000	1,000,000	500,000	500,000
Subtotal - Code Compliance & Deferred Maintenance Projects			$ 23,739,000	$ 22,842,450	$ 12,323,580	$ 10,518,870
Total - All Projects			**$ 26,440,190**	**$ 25,543,640**	**$ 12,323,580**	**$ 13,220,060**

APPENDIX C

FINANCIAL STATEMENTS OF THE COMMISSION

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West Virginia Higher Education Fund

(A Component Unit of the State of West Virginia)

Combined Financial Statements as of and for the Years Ended June 30, 2011 and 2010, Additional Information as of and for the Year Ended June 30, 2011, and Independent Auditors' Reports

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

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INDEPENDENT AUDITORS' REPORT

To the West Virginia Higher Education
Policy Commission:

We have audited the accompanying combined statements of net assets of the West Virginia Higher Education Fund (the "Fund") as of June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the years then ended. These combined financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of Bluefield State College, Concord University, Glenville State College, New River Community and Technical College, Southern West Virginia Community and Technical College, West Virginia Northern Community and Technical College, and West Virginia School of Osteopathic Medicine (collectively, "Other Institutions") for the years ended June 30, 2011 and 2010, which statements reflect total assets, total net assets, and total revenues constituting approximately 11%, 16%, and 12%, respectively, of the Fund in both 2011 and 2010. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of the Other Institutions included in the Fund for the years ended June 30, 2011 and 2010, is based solely on the reports of such other auditors. We also did not audit the discretely presented component units' financial statements. The component units' statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the discretely presented component units' financial statements, is based solely on the reports of such other auditors.

We, and the auditors for the Other Institutions and Marshall University Foundation, Inc., conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that these audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 to 16 is not a required part of the combined financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Fund's management. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and express no opinion on it.

Our audits, and the audits of the other auditors, were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in our audits of these basic financial statements and, in our opinion, based on our audits and the reports of the other auditors, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

November 28, 2011

West Virginia Higher Education Fund

Management's Discussion and Analysis
Fiscal Year 2011 (Unaudited)

Overview of the Combined Financial Statements and Financial Analysis

The West Virginia Higher Education Fund (the "Fund") is comprised of twenty public colleges and universities and two administrative units. The Fund is a discretely presented component unit of the State of West Virginia. The supervision and management of the affairs of each institution is the responsibility of individual Governing Boards, while the West Virginia Higher Education Policy Commission (the "Commission") and the West Virginia Council for Community and Technical College Education (the "Council") are responsible for the development and implementation of a higher education policy agenda.

GASB standards require the audited financial statements of certain institutions' component units to be separately presented as a discrete component unit in the Fund's financial statements for the fiscal years ended June 30, 2011 and 2010. These component units are private nonprofit organizations that report under FASB standards. A supplemental information schedule is provided presenting these statements on a consolidated GASB basis to meet the State of West Virginia reporting requirements.

The following discussion and analysis of the Fund's Combined Financial Statements provides an overview of its financial activities for Fiscal Years 2011 and 2010 and is required supplemental information. The emphasis of discussions about these statements will focus on current year data in comparison to prior year. There are three financial statements presented: the Combined Statement of Net Assets; the Combined Statement of Revenues, Expenses, and Changes in Net Assets; and the Combined Statement of Cash Flows.

Combined Statement of Net Assets

The Combined Statement of Net Assets presents the assets, liabilities, and net assets of the Fund and is a point of time financial statement, designed to present to the readers of the financial statements a fiscal snapshot of the Fund. The Combined Statement of Net Assets presents end-of-year financial information on Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (assets minus liabilities).

From the data presented, readers of the Combined Statement of Net Assets are able to determine the assets available to continue the operations of the Fund. They are also able to determine how much the Fund owes vendors, employees, investors and lending institutions. Finally, the Combined Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the Fund.

Net assets are divided into three major categories as follows:

(1) Invested in Capital Assets, Net of Related Debt, which provides the Fund's equity in property, plant and equipment owned by the Fund.

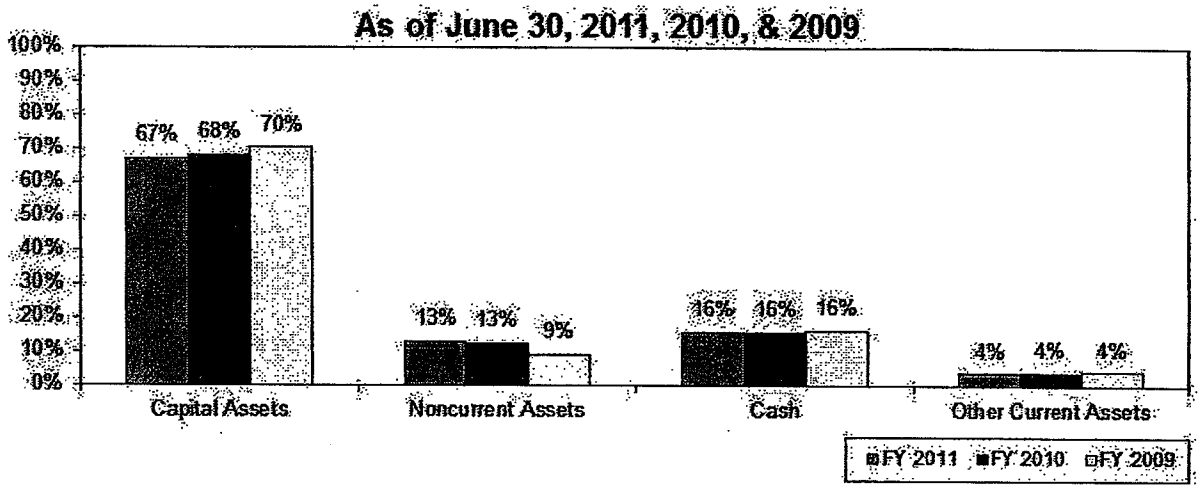
(2) Restricted Net Assets, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net assets are not available for expenditure by the Fund. These funds are invested and generate earnings that are available for certain types of expenditures. Expendable restricted net assets are available for expenditure by the Fund but have a specific purpose.

(3) Unrestricted net assets are available for expenditure and can be used for any lawful purpose of the Fund.

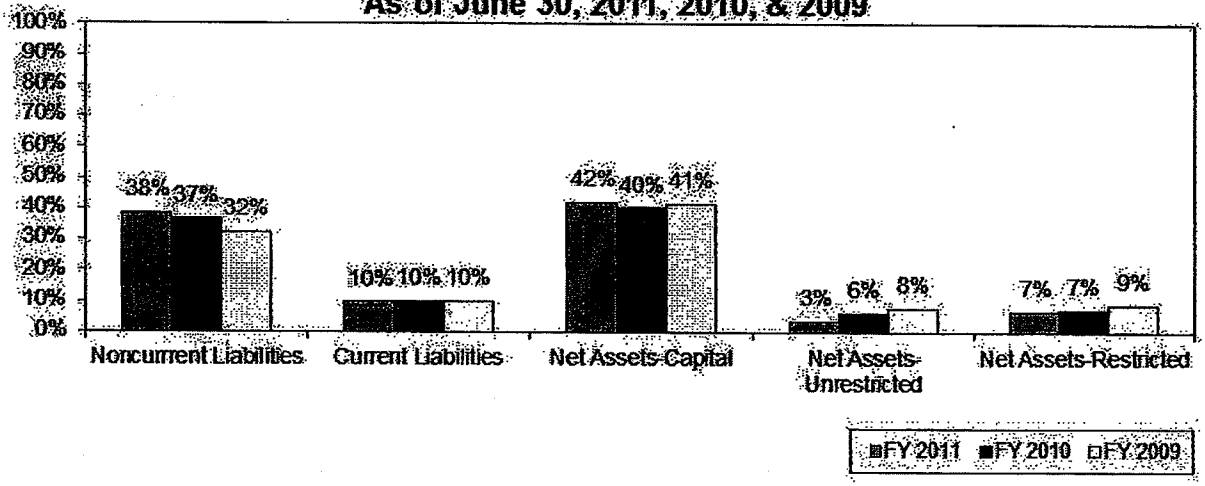
Condensed Statements of Net Assets
(In thousands of dollars)

	June 30 2011	June 30 2010	June 30 2009	Change From 2010 to 2011
Assets				
Current Assets	$ 604,663	$ 568,479	$ 542,442	$ 36,184
Capital Assets, net	2,061,272	1,941,703	1,862,554	119,569
Other Noncurrent Assets	393,253	327,283	240,584	65,970
Total Assets	$ 3,059,188	$ 2,837,465	$ 2,645,580	$ 221,723
Liabilities				
Current Liabilities	$ 290,860	$ 280,034	$ 259,359	$ 10,826
Noncurrent Liabilities	1,174,986	1,036,010	851,481	138,976
Total Liabilities	1,465,846	1,316,044	1,110,840	149,802
Net Assets				
Invested in Capital Assets, net	1,284,521	1,141,427	1,095,650	143,094
Restricted-expendable	188,402	196,161	230,330	(7,759)
Restricted-nonexpendable	15,427	5,946	5,354	9,481
Unrestricted	104,992	177,887	203,406	(72,895)
Total Net Assets	1,593,342	1,521,421	1,534,740	71,921
Total Liabilities and Net Assets	$ 3,059,188	$ 2,837,465	$ 2,645,580	$ 221,723

Asset Composition



Liabilities & Net Assets



Major items of note in the Combined Statement of Net Assets include:

- Total current assets of $604.7 million exceeded total current liabilities of $290.9 million as of June 30, 2011 for net working capital of $313.8 million as compared to net working capital of $288.5 million as of June 30, 2010. Current assets increased by $36.2 million over the prior year, while current liabilities increased by $10.9 million.

    - The major components of currents assets include cash and cash equivalents of $491.3 million and $454.5 million and net accounts receivable of $80.9 million and $82.2 million as of June 30, 2011 and 2010, respectively. The majority of the cash and cash equivalents represent interest earning assets invested through the office of the West Virginia State Treasurer which invested with Board of Treasury Investments at both June 30, 2011 and 2010.

    - The major components of current liabilities include $84.1 million and $85.5 million of deferred revenue, $61.4 million and $56.2 million in accounts payable, $49.2 million and $44.0 million of accrued liabilities, $39.4 million and $39.7 million in accrued compensated absences, and $28.1 million and $26.9 million in current portion of bonds payable, as of June 30, 2011 and 2010, respectively.

    - The changes from last year in the level of current assets and liabilities reflect normal fluctuations in business operations, anticipation of upcoming projects including current construction projects, increases in grant activities, and the general growth of the higher education institutions.

- Noncurrent assets total $2,454.5 million and $2,269.0 million and noncurrent liabilities total $1,175.0 million and $1,036.0 million as of June 30, 2011 and 2010, respectively. Noncurrent assets increased by $185.5 million over the prior year while noncurrent liabilities increased by $139.0 million.

    - The primary noncurrent asset is $2,061.3 million and $1,941.7 million of net capital assets as of June 30, 2011 and 2010, respectively. Also included as noncurrent assets are cash and cash equivalents primarily for capital purposes of $181.3 million and $103.7 million and investments for capital purposes totaling $133.8 million and $151.2 million as of June 30, 2011 and 2010, respectively. Net loans to students total $50.6 million and $51.2 million as of June 30, 2011 and 2010, respectively.

    - Major components of noncurrent liabilities include long-term bonds payable totaling $778.0 million and $722.0 million, capital leases of $55.9 million and $67.2 million, advances from federal sponsors of $41.4 million and $41.4 million, notes payable of $30.3 million and $30.3 million, and accruals for other post employment benefit liability of $198.6 million and $113.5 million as of June 30, 2011 and 2010, respectively.

    - The increase in post employment benefit liability of $85.1 million is primarily attributed to continued lack of payments on behalf of West Virginia Higher Education Fund for the second year and lower investment returns and discount rates by the State's Multiple-Employer Trust Fund, resulting in increased Annual Required Contributions (ARC) for the last two years.

    - Other changes from the prior year in noncurrent assets primarily reflect new capital projects financed by prior year revenue bonds at Glenville State College, and system bond issues by the Commission in FY 2010 and FY 2011 as discussed in more detail in a later section.

- The net assets of the Fund total $1,593.3 million and $1,521.4 million as of June 30, 2011 and 2010, respectively, an increase of $71.9 million and a decrease of $13.3 million from each previous year end.

    - Net assets invested in capital assets total $1,284.5 million and $1,141.4 million as of June 30, 2011 and 2010 respectively.

    - Restricted expendable net assets total $188.4 million and $196.2 million and include $70.7 million and $78.6 million for sponsored projects, $66.8 million and $66.9 million for capital projects, and $25.5 million and $25.7 million for loan programs as of June 30, 2011 and 2010, respectively.

    - Unrestricted net assets total $105.0 million and $177.9 million as of June 30, 2011 and 2010, respectively, and represent net assets available to the Fund for any lawful purpose of the Fund.

    - The increase in Net Assets is more fully explained in the following section.

Combined Statement of Revenues, Expenses, and Changes in Net Assets

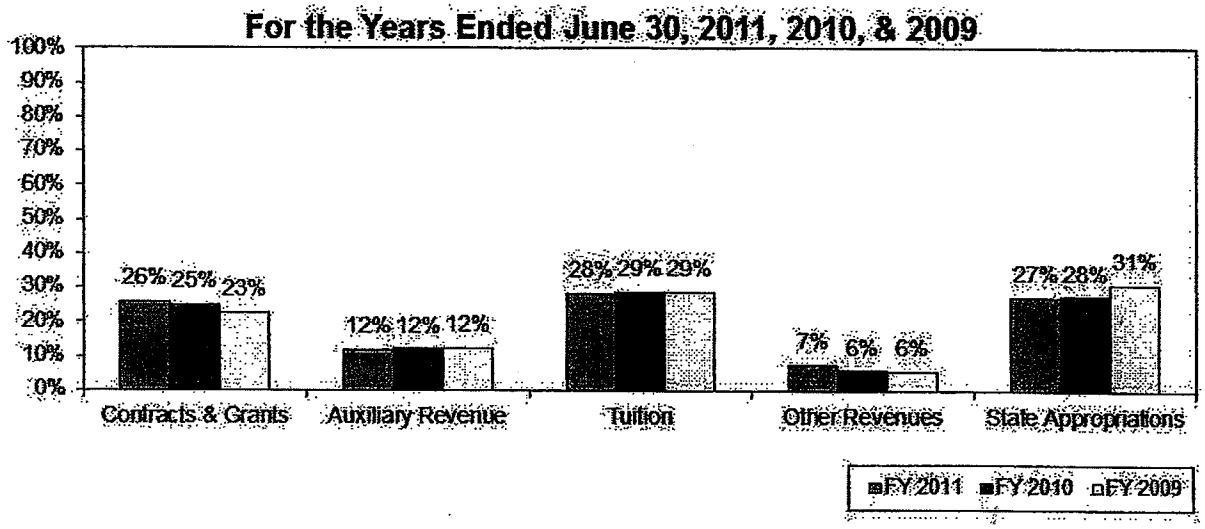
Changes in total net assets as presented on the Combined Statement of Net Assets are based on the activity presented in the Combined Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues of the Fund, both operating and nonoperating, and the expenses of the Fund, operating and nonoperating, and any other revenues, expenses, gains or losses of the Fund.

Operating revenues represent the receipts earned from providing goods and service to the various customers and constituencies served by the Fund, including fees from students and revenue in the form of Federal and State grants used to support operations and various initiatives. Operating expenses are those expenses incurred in the form of staff salaries, benefits and various goods and services to carry out the mission of the Fund. Revenues for which goods and services are not provided are reported as nonoperating revenues. For example, State appropriations are nonoperating because they are provided by the West Virginia State Legislature to the Fund without the Legislature directly receiving commensurate goods and services for those revenues.

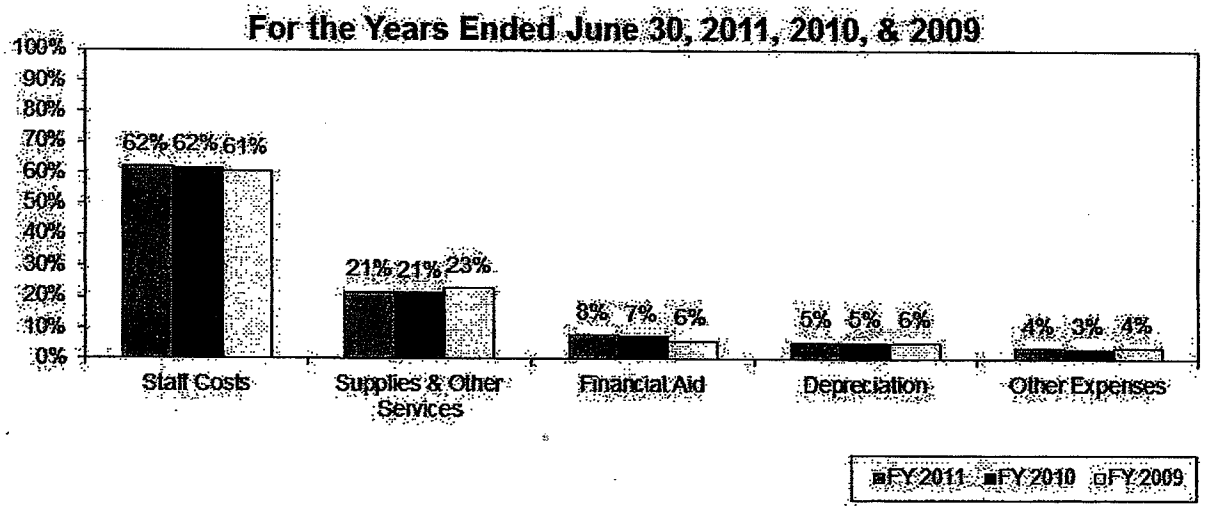
Condensed Statements of Revenues, Expenses, and Changes in Net Assets
(In thousands of dollars)

	FY 2011	FY 2010	FY 2009	Change From 2010 to 20110
Operating Revenues	$ 1,050,921	$ 996,747	$ 963,888	$ 54,174
Operating Expenses	1,712,683	1,637,521	1,491,160	75,162
Operating Loss	(661,762)	(640,774)	(527,272)	(20,988)
Net Nonoperating Revenues	632,530	580,087	537,986	52,443
(Loss) Income Before Other Revenues, Expenses, Gains or Losses	(29,232)	(60,687)	10,714	31,455
Capital Grants and Gifts	63,375	43,126	43,633	20,249
Capital Bond Proceeds From the State	25,784			25,784
State Capital Grants (Federal)	11,994	4,242	-	7,752
Increase (Decrease) in Net Assets Before Cumulative Effect	71,921	(13,319)	54,347	85,240
Net Assets-Beginning of Year	1,521,421	1,534,740	1,479,916	(13,319)
Cumulative Effect Of Adoption Of Accounting Principle	-	-	477	-
Net Assets-End of Year	$ 1,593,342	$ 1,521,421	$ 1,534,740	$ 71,921

Total Revenues



Total Expenses



Major items of note in the Combined Statement of Revenue, Expenses and Changes in Net Assets include:

- Operating Revenues of the Fund totaled $1,050.9. million and $996.7 million, for the years ended June 30, 2011 and 2010, respectively, an increase of $54.2 million compared to the prior year increase of $32.8 million.

- Student tuition and fees revenues totaled $488.6 million in FY 2011, an increase of $20.7 million or 4.4% in FY 2011 compared to a 4.7% increase in FY 2010. Tuition is reported net of scholarship allowances totaling $146.4 million and $134.8 million for the years ended June 30, 2011 and 2010, respectively. This increase is a combination of increases in tuition and number of students.

- Federal grant and contracts totaled $178.1 million and $149.7 million for the years ended June 30, 2011 and 2010, respectively. The increase of $28.4 million represents normal fluctuations in grant activities. Federal grants include funding for sponsored research, and other miscellaneous federal programs.

- Auxiliary enterprises generated revenues of $204.6 million and $195.4 million, net of $20.9 million and $18.7 million of scholarship allowances for the years ended June 30, 2011 and 2010, respectively. FY 2011 net auxiliary revenues increased by $9.2 million or 4.7% compared to a 2.6% increase in FY 2010, reflecting primarily increases in rates as there were no new significant additions to level of service in 2011.

- State grants and contracts totaled $45.9 million and $58.5 million for the years ended June 30, 2011 and 2010, respectively, a decrease of $12.6 million from FY 2010 compared to a decrease of $6.1 million from FY 2009. Private grants and contracts totaled $66.3 million and $66.3 million for the years ended June 30, 2011 and 2010 respectively, unchanged from FY 2010, compared to a decrease of $3.9 million from FY 2009. These changes represent normal fluctuations in grant activities.

- Operating expenses totaled $1,712.7 million and $1,637.5 million for the years ended June 30, 2011 and 2010, respectively, an increase of $75.2 million and $146.4 million from each previous year.

  - Staff salary costs totaled $761.6 million and $733.5 million, an increase of $28.1 million and $34.8 million for the years ended June 30, 2011 and 2010, respectively, or 3.8% from FY 2010. This increase is attributed to salary increases and an additional year of service of annual increment. Benefit costs increased by $4.6 million in FY 2011, or 1.6% from FY 2010 and is due to the increase of staff salary costs.

  - Supplies and other services totaled $365.5 million and $346.9 million for the years ended June 30, 2011 and 2010, respectively, an increase of $18.6 million from FY 2010, compared to an increase $6.8 million from FY 2009. The largest increases in the functional areas are related to general institutional support of $6.9 million, administration on leasing activities of $6.6 million, and instruction of $3.9 million, respectively.

  - Scholarships and fellowships totaled $134.1 million and $117.4 million for the years ended June 30, 2011 and 2010, respectively, an increase of $16.7 million or 14.2% from FY 2010 compared to an increase of $27.7 million or 30.9% from FY 2009.

  - Depreciation on capital assets totaled $92.1 million and $89.8 million for the years ended June 30, 2011 and 2010, respectively, an increase of $2.3 million from FY 2010 compared to a $7.7 million increase from FY 2009.

- The result from operations was a net operating loss of $661.8 million and $640.8 million for the years ended June 30, 2011 and 2010, respectively, which excludes State appropriations of $474.8 million and $483.5 million, respectively, (which does not include another $28.3 million and $21.9

million, respectively, of State fiscal stabilization funds), and Federal Pell grants of $154.9 million and $133.2 million for the years ended June 30, 2011 and 2010, respectively, which are recorded as non-operating revenue. The net operating loss increased by $21.0 million in FY 2011, from the increase in operating expenses of $75.2 million, in excess of increases in revenue of $54.2 million. The increase in net operating loss of $21.0 million is less than the FY 2010 increase of $113.5 million as discussed above.

- Net non-operating revenue totaled $632.5 million and $580.1 million for the years ended June 30, 2011 and 2010, respectively, an increase of $52.4 million.

  - State general revenue and lottery appropriations totaled $474.8 million and $449.3 million for the years ended June 30, 2011 and 2010, respectively, an increase of $25.5 million in FY 2011, compared to a decrease in State appropriations of $34.2 million in FY 2010. The FY2011 increase is due primarily to an increase in lottery appropriations. State budget reductions mandated by the Governor were imposed for FY 2010. This decrease from FY 2009 was backfilled with State fiscal stabilization funds of $28.3 million and $21.9 million, respectively, in FY 2011 and FY 2010.

  - Interest incurred on indebtedness totaled $45.9 million and $40.3 million, an increase of $5.6 million from FY 2010, compared to $3.9 million increase from FY 2009.

  - Interest income on investments totaled $13.0 million and $10.9 million for the years ended June 30, 2011 and 2010, respectively, a positive change of $2.1 million from the prior year. This positive change is due to improving investment returns by the Board of Treasury Investments (BTI), increased invested amounts due to additional bond proceeds, and gains in market value of investments by West Virginia University and Marshall University.

  - Student financial aid payments to other institutions totaled $15.4 million and $14.9 million for the years ended June 30, 2011 and 2010, respectively, an increase of $0.5 million from FY 2010, compared to a decrease of $5.6 million from FY 2009.

- Other revenues consist of capital grants and gifts totaling $63.4 million and $43.1 million for the years ended June 30, 2011 and 2010, respectively, an increase of $20.3 million from FY 2010, compared to a decrease of $0.5 million from FY 2009. The increase from FY 2010 is primarily attributed to a one-time $21.0 million net capital gift of equipment and buildings from the Union Carbide Corporation (UCC), a wholly-owned subsidiary of The Dow Chemical Company to the Higher Education Policy Commission. Additionally other revenues consist of capital bond proceeds from the State totaling $25.8 million from the sale of bonds by the West Virginia Economic Development Authority known as the EAST (Economic, Arts, Science, and Tourism) Bonds for the year ended June 30, 2011. This will be further explained in a later section.

- The activity for FY 2011 resulted in an increase of net assets totaling $71.9 million, as compared to the $13.3 million decrease in net assets during FY 2010.

- As reported below on a functional expenditure basis, expenditures for Educational and General Expenses were $1,297.5 million and $1,252.7 million for the years ended June 30, 2011 and 2010, respectively, an increase of $44.8 million or 3.6% from FY 2010. Cost of instruction constitutes 39.7% of total educational and general expenses. Academic Support grew by 6.1%, Student Services increased by 5.6% and Institutional Support increased by 5.6% over FY 2010.

Functional Expenditure Comparisons
(in thousands of dollars)

	FY11 Total	% of E&G Total	FY10 Total	% of E&G Total	FY09 Total	% of E&G Total
Instruction	$ 514,631	39.7%	$ 498,765	39.8%	$ 450,986	39.2%
Research	169,439	13.1%	161,548	12.9%	152,535	13.3%
Public Service	96,174	7.4%	96,345	7.7%	87,671	7.6%
Academic Support	92,927	7.2%	87,605	7.0%	78,557	6.8%
Student Services	86,053	6.6%	81,483	6.5%	72,302	6.3%
Plant Operations	134,070	10.3%	133,450	10.7%	125,891	10.9%
Institutional Support	204,199	15.7%	193,454	15.4%	181,804	15.8%
Total E & G Expenses	1,297,493	100.0%	1,252,650	100.0%	1,149,746	100.0%
Financial Aid	132,010		115,175		88,232	
Auxiliary Enterprises	178,704		175,874		168,821	
Depreciation	92,108		89,780		82,113	
Other	12,368		4,042		2,248	
Total Operating Expenses	$ 1,712,683		$1,637,521		$ 1,491,160	

Combined Statement of Cash Flows

The final statement presented is the Combined Statement of Cash Flows. The Combined Statement of Cash Flows presents detailed information about the cash activity of the Fund during the year. The statement is divided into five parts. The first section deals with operating cash flows and shows the net cash used by the operating activities of the Fund. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth part reconciles the net cash used to the operating loss reflected on the Combined Statement of Revenues, Expenses, and Changes in Net Assets.

Condensed Statements of Cash Flows
(In thousands of dollars)

	FY 2011	FY 2010	FY 2009	Change From 2010 to 2011
Cash Provided (Used) By:				
Operating Activities	$ (471,976)	$ (456,304)	$ (400,958)	$ (15,672)
Noncapital Financing Activities	657,398	616,726	565,023	40,672
Capital and Related Financing Activities	(179,955)	(83,460)	(158,366)	(96,495)
Investing Activities	31,359	(54,397)	32,056	85,756
Increase in Cash and Cash Equivalents	36,826	22,565	37,755	14,261
Cash and Cash Equivalents, beginning of year	454,455	431,890	394,135	22,565
Cash and Cash Equivalents, end of year	$ 491,281	$ 454,455	$ 431,890	$ 36,826

Major items of note in the Combined Statement of Cash Flows include:

- Cash provided from operating revenues was exceeded by cash expended for operating activities by $472.0 million and $456.3 million for the years ended June 30, 2011 and 2010, respectively, primarily due to the reporting of State appropriations and Federal Pell grants as noncapital financing activities. Primary sources of cash from Operating Activities during FY 2011 and 2010, respectively, were Student tuition and fees of $494.9 million and $487.4 million; Contracts and grants of $300.6 million and $270.8 million; and Auxiliary enterprise charges of $206.2 million and $185.1 million. Primary uses of cash for FY 2011 and 2010, respectively, included payments to and on behalf of employees of $967.7 million and $936.7 million and payments to suppliers of $375.0 million and $347.3 million.

- Net cash provided from noncapital financing activities for FY 2011 and 2010, respectively, totaled $657.4 million and $616.7 million, of which $472.7 million and $456.2 million was from State General Revenue and Lottery appropriations, $154.8 million and $133.2 million was from Federal Pell Grants and, $26.8 million and $20.8 million in State fiscal stabilization funds from the Federal Government American Recovery and Reinvestment Act (ARRA), in FY 2011 and FY 2010, respectively.

- Net cash used in capital and related financing activities for FY 2011 totaled $180.0 million primarily for purchases of capital assets of $168.8 million, offset by net proceeds from bond issuances and borrowings totaling $131.9 million as compared to net cash used of $83.5 million in FY 2010 primarily for purchases of capital assets of $160.2 million offset by proceeds from bond issuances and borrowings of $96.0 million.

- Net cash provided by investing activities for FY 2011 totaled $31.4 million compared to net cash used in investing activities of $54.4 million for FY 2010 The FY 2011 change represents the net sale of investments for funding capital projects primarily from the investment of the 2009 Series A bond proceeds whereas, the FY 2010 change was the net purchase of investments from the 2009 Series A Bond proceeds.

- Net cash for FY 2011 increased by $36.8 million compared to increase in net cash for FY 2010 of $22.6 million. This increase is the net result of all the previous activity discussed.

Capital Asset and Long-Term Debt Activity

The Fund continued to expand its capital facilities to further its mission of providing quality programs to students and to provide expanded research capabilities. Expenditures for capital assets totaled $168.8 million in FY 2011, as compared to $160.2 million in FY 2010. Institutional projects at all the institutions are under way due to institutional bond issues in FY 2003, 2004, 2005, 2006, 2008, and 2010, system bond issues in FY 2005, 2010, and 2011, and a State bond issue in FY 2011. For FY 2011, expenditures at West Virginia University, Glenville State College, and Marshall University accounted for $133.1 million of the $168.8 million total. Major projects at West Virginia University included in these expenditures include a new student recreation center, an addition to the Wise Library, a new Life Sciences Building, continuation of an asbestos abatement program, and various projects focused on infrastructure improvements. Major projects at Glenville State College include a new housing complex. Major projects at Marshall University include a new housing complex, a new parking garage, and planning for a new biotechnology science center. The remaining expenditures reflect on-going capital projects at the other State colleges, universities and community and technical colleges.

Funding for capital projects comes from a variety of sources, including student tuition and other operating revenues, fund raising, bond proceeds, capital lease financing, and other external financing arrangements. The Institutions have participated in a number of System Bonds issued in previous years, with a balance outstanding of $110.9 million as of June 30, 2011. This includes the State College and University System Bonds prior to the Facilities 2004 System Bonds and the 2007 Refunding Bonds, which are funded from tuition collections at the institutions. The Facilities 2004 System Bonds of $140.0 million, the Council 2009 Revenue Bonds of $76.9 million, and the Facilities 2010 System bonds of $76.9 million are funded from excess lottery revenue. There have been no significant changes in credit ratings or debt limitations that may affect future financing for the Fund. Further details concerning the long-term liabilities of the Fund are included in Notes 7 through 12 of the Notes to the Combined Financial Statements.

On December 17, 2010, the Commission issued $16,520,000 of Series A Bonds, $50,265,000 of Series B Bonds, and $10,080,000 of Series C Bonds. The proceeds of the 2010 Bonds are being used to finance certain higher education facilities projects in West Virginia. The interest rate on the 2010 Bonds ranges from 2.14% to 7.65% and the due dates commenced April 1, 2011 and end April 1, 2040. State Lottery proceeds of a maximum of $5,000,000 per year will be used to repay the debt, which has a maximum annual debt service of $4,999,686. In addition to the Lottery revenues, registration and tuition fees and educational and general capital fees collected at the institutions (Universities and Colleges) from students are pledged as collateral for the Commission's bond indebtedness.

On August 17, 2010, the West Virginia Economic Development Authority issued $155,620,000 of 2010 Series A Bonds known as the EAST (Economic, Arts, Science, and Tourism) Bonds at a premium $7.4 million, less discounts and cost of issuances of $0.9 million for total proceeds of $162.1 million. As provided by West Virginia State Code, the West Virginia Higher Education Policy Commission is to receive 60% of the proceeds which total $97.2 million to finance certain higher education facilities projects in West Virginia. State Lottery proceeds will be used to repay the debt in which the Fund is not responsible for any of the debt.

Lastly, the Commission entered into an agreement on February 25, 2010 with the Union Carbide Corporation (UCC) a wholly-owned subsidiary of The Dow Chemical Company (Dow) for the donation of property known as Union Carbide Corporation's Technology Park in the City of South Charleston, County of Kanawha, and State of West Virginia. This property consists of 258 acres, several major buildings and infrastructure. On December 15, 2010, the deed for the property transferred to the Commission. The Commission has opened the Tech Park to other business to enhance economic development opportunities. Kanawha Valley Community and Technical College will relocate their

campus to the site with the renovation of one of the existing buildings and there will be the construction of an Advanced Technology Center for community college technical training and education. The net value of the capital gifts of equipment, buildings and land is $21.0 million.

Other Factors Impacting the Financial Position and Results of Operations of the Fund

The mission of the Commission is to align the West Virginia Higher Education System to a new master plan for 2007-2012. The master plan has two sections. The first section, The Public Agenda – Meeting West Virginia's Needs: A Vision for Higher Education in West Virginia, is a vision statement and an executive summary of the master plan. It will set forth the overarching goals for West Virginia public higher education and provides the conceptual framework for the 2007-2012 master plan of the Higher Education Policy Commission. The plan will focus on five areas that are central to meeting current challenges in West Virginia higher education:

1. Economic Growth
2. Access
3. Cost and Affordability
4. Learning and Accountability
5. Innovation

The second section, Achieving the Goals – What We Need to Do, will provide findings, outlines goals, and suggests strategies for West Virginia's public colleges and universities to address in each of the five areas of the public agenda. The findings, goals, and strategies constitute the plan for addressing needs in higher education in West Virginia from 2007 to 2012 and are the basis for developing new elements in the establishment of new institutional compacts for the state's four-year public colleges and universities.

The achievement of the goals for the higher education system as described in the Master Plan are dependent upon many factors, one of which is adequate resources to implement the strategies necessary to achieve the goals. At the present time the Fund maintains a strong financial condition. The net asset position of the Fund is $1,593.3 million, including $105.0 million in unrestricted net assets. The continued success of the Fund is closely tied to the economic strength of the State of West Virginia. Over 26% of operating and nonoperating revenues of the Fund in FY 2011 are from State general revenue and lottery revenues. This funding is critical to the success of the higher education system in meeting the Compact goals.

State appropriations increased approximately 1% in FY 2011 from FY 2010, relatively unchanged attributed to State budget reductions mandated by the Governor in FY 2010. Unlike the majority of the nation, West Virginia was not impacted as severely by the downturn in the economy and budget reductions did not occur until fiscal year 2010. For fiscal year 2011, in anticipation of the West Virginia economy worsening, State appropriations for operations were reduced by approximately 5%. Due to the American Recover and Reinvestment Act (ARRA), State higher education institutions had their FY 2011 and FY 2010 budget reductions backfilled by the State Fiscal Stabilization Fund Program in the amount of $28.3 million and $21.9 million, respectively. For fiscal year 2012, State appropriations have been restored back to the 2009 level, basically by the amount of the FY 2011 subsidy. For fiscal year 2013 the Governor's Office instructed that budget requests are to be at the current FY 2012 level.

The GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after December 15, 2006. The adoption of GASB Statement No. 45 by the Fund resulted in a cumulative effect adjustment of approximately $61.9 million which increased net assets as the existing liability of the Fund was transferred to the State's Multiple-Employer Trust Fund. The Trust Fund for OPEB invoiced the Fund $89.6 million in fiscal year

2010 in excess of current amounts paid and for fiscal year 2011 the Trust Fund invoiced the Fund $85.1 million in excess of current amounts paid. The liability as of June 30, 2011 is $198.6 million. In the two years prior to 2010, the State made certain payments on behalf of the Fund. However, no such payments were made in fiscal year 2011 or 2010, and there is no commitment of any payments made on behalf of the Fund from the State for years after fiscal year 2011, at this time. Accordingly, as of June 30, 2011, the GASB Statement No. 45 liability exceeded the amount that was recognized as a positive cumulative effect in FY 2008 by over $136.7 million.

The demographics of the State of West Virginia also have an impact on the future operations of the Fund. The number of high school graduates has declined in recent years and is projected to decline further over the next ten years. Significant efforts are underway to expand the participation rate in higher education by both high school graduating seniors as well as adults to improve the economic environment of the State. Increased attendance by non-resident students is another factor in the future financial stability of the Fund. Net student tuition and fees provide approximately 28% of the total revenues of the Fund.

One of the key goals of the higher education system is to improve the economic environment of the State of West Virginia. The full impact of the current economic environment and the resulting impact on the future economic environment by various factors including the performance of the higher education system cannot be predicted with any certainty. The current financial condition of the Fund will be beneficial in meeting the challenges that lie ahead.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010
(Dollars in thousands)

ASSETS	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	$ 491,281	$ 454,455
Appropriations due from Primary Government	15,930	15,867
Accounts receivable — net	80,915	82,241
Loans receivable — current portion	7,340	6,670
Other current assets	4,465	3,254
Inventories	4,732	5,992
Total current assets	604,663	568,479
NONCURRENT ASSETS:		
Cash and cash equivalents	181,314	103,701
Investments	133,761	151,222
Appropriations due from Primary Government	7,759	2,959
Loans receivable — net of allowance of $11,241 and $10,454 in 2011 and 2010, respectively	50,588	51,245
Other assets	19,831	18,156
Capital assets — net	2,061,272	1,941,703
Total noncurrent assets	2,454,525	2,268,986
TOTAL	$3,059,188	$2,837,465

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 61,381	$ 56,223
Due to State of West Virginia	216	112
Accrued liabilities	49,218	43,980
Deferred revenue	84,120	85,530
Deposits	6,293	5,687
Other liabilities — current portion	607	162
Compensated absences — current portion	39,411	39,707
Notes payable — current portion	1,552	2,815
Capital lease obligations — current portion	12,417	13,925
Interest payable	7,560	4,997
Bonds payable — current portion	28,085	26,896
Total current liabilities	290,860	280,034
NONCURRENT LIABILITIES:		
Advances from federal sponsors	41,396	41,355
Compensated absences	3,480	3,142
Notes payable	30,311	30,302
Capital lease obligations	55,875	67,152
Deferred interest payable	34,012	29,917
Bonds payable	777,977	721,991
Other post employment benefit liability	198,611	113,543
Other noncurrent liabilities	33,324	28,608
Total noncurrent liabilities	1,174,986	1,036,010
Total liabilities	1,465,846	1,316,044
NET ASSETS:		
Invested in capital assets — net of related debt	1,284,521	1,141,427
Restricted for:		
Expendable:		
Scholarships	12,266	12,775
Sponsored projects	70,691	78,599
Loans	25,501	25,720
Capital projects	66,832	66,869
Debt service	9,087	8,317
Other	4,025	3,881
Total restricted expendable	188,402	196,161
Nonexpendable	15,427	5,946
Unrestricted	104,992	177,887
Total net assets	1,593,342	1,521,421
TOTAL	$3,059,188	$2,837,465

See notes to combined financial statements.

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
CASH AND CASH EQUIVALENTS	$1,013,629	$ 67,856	$ 627,817	$ 57,519	$ 84,855	$ 250,991	$ 8,992,272	$ 5,888,886	$ 2,271,795	$ 671,262	$ 610,330	$ 14,379	$ 668,344	$1,565,578	$ 208,618
INVESTMENTS	8,080,020		25,056,852	13,771,172	12,692,547	11,800	90,406,465		23,535,026	1,914,869	10,715,247	2,370,178	23,424	4,331,936	7,272,404
PLEDGES AND CONTRIBUTIONS RECEIVABLE	317,358		424,541	869,137	651,823	99,240	10,744,182		586,475	435,037	1,100,119	12,500	64,099		
OTHER ASSETS	26,532	179,678	37,949	53,119		21,388	4,193,624	1,235,011	62,561	27,336	68,033	33,308	21,466	73,775	25,996
BENEFICIAL INTERESTS				2,478,122		869,564	8,889,783				2,130,452		318,093	34,860	
PROPERTY, PLANT, AND EQUIPMENT — Net		4,512,140	2,344	9,936	19,475		12,876,755	81,023,716	4,071	301			1,535,385	895,020	
TOTAL	$9,437,539	$4,759,674	$26,149,503	$17,239,005	$13,448,700	$1,252,983	$136,103,081	$88,147,613	$26,459,928	$3,048,805	$14,624,181	$2,430,365	$2,630,811	$6,901,169	$7,507,018

* December 31 year-end

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

LIABILITIES AND NET ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
LIABILITIES:															
Accounts payable	$ -	$ 149,656	$ 394	$ 6,321	$ 26,135	$ 8,148	$ 38,501	$ 221,323	$ 163	$ 29,861	$ 28,094	$ 4,635	$ 28,003	$ 15,492	$ 4,762
Other accrued liabilities		5,820	818,671	19,517		55,320	409,719	1,321,834	4,238	105,493			9,000		
Amounts held on behalf of others	20,483	115,087							3,336,212				248,222		
Annuity obligations			302,430	57,472			628,641		186,749		62,034				
Bonds and notes payable		3,614,093			9,331		12,322,179	89,127,255							
Swap liability							140,726	11,168,396							
Total liabilities	20,483	3,884,656	1,121,495	83,310	35,466	63,468	13,539,766	101,838,808	3,527,362	135,354	90,128	4,635	285,225	15,492	4,762
NET ASSETS (DEFICIT):															
Unrestricted	7,469,482	875,018	595,273	2,774,967	798,780	(105,950)	16,976,026	(13,691,195)	(1,566,363)	77,681	1,401,183	380,974	1,812,852	575,579	212,524
Temporarily restricted	667,193		6,044,777	2,901,536	919,864	201,718	25,384,186		3,920,489	2,820,770	3,857,816	1,498,276	127,050	2,562,195	5,389,778
Permanently restricted	1,280,381		18,387,958	11,479,192	11,694,590	1,093,747	80,203,103		20,578,440	15,000	9,275,054	546,480	405,684	3,747,903	1,899,954
Total net assets (deficit)	9,417,056	875,018	25,028,008	17,155,695	13,413,234	1,189,515	122,563,315	(13,691,195)	22,932,566	2,913,451	14,534,053	2,425,730	2,345,586	6,885,677	7,502,256
TOTAL	$9,437,539	$4,759,674	$26,149,503	$17,239,005	$13,448,700	$1,252,983	$136,103,081	$ 88,147,613	$26,459,928	$3,048,805	$14,624,181	$2,430,365	$2,630,811	$6,901,169	$7,507,018

* December 31 year-end.

See notes to combined financial statements.

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc. *	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
CASH AND CASH EQUIVALENTS	$1,106,536	$ 41,814	$ 649,205	$ 34,868	$ 139,926	$ 323,841	$ 7,308,174	$ 1,102,676	$ 2,150,994	$ 576,680	$ 481,145	$ 70,403	$ 514,269	$ 879,686	$ 262,035
INVESTMENTS	6,503,811		21,374,062	11,540,030	11,275,599		76,060,291	6,743,702	21,490,881	1,775,050	8,886,776	1,834,516	23,311	3,649,657	6,212,671
PLEDGES AND CONTRIBUTIONS RECEIVABLE	3,581		450,555	1,020,585	692,731	2,000	5,598,598		1,069,093	437,414	184,744	62,598			
OTHER ASSETS	17,685	176,765	41,094	14,028	9,006	2,300	4,579,093	2,579,583	68,698	33,742	57,933	61,912	24,259	11,843	24,650
BENEFICIAL INTERESTS				2,191,650		720,318	6,415,960				1,888,100		231,423	115,685	
PROPERTY, PLANT, AND EQUIPMENT — Net		4,698,965	1,534		32,578		13,298,035	79,540,771	4,398	645			1,593,821	929,768	
TOTAL	$7,631,613	$4,917,544	$22,516,450	$14,801,161	$12,149,840	$1,048,459	$113,260,151	$89,966,732	$24,784,064	$2,823,531	$11,498,698	$2,029,429	$2,387,083	$5,586,639	$6,499,356

* December 31 year-end.

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

LIABILITIES AND NET ASSETS	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
LIABILITIES:															
Accounts payable	$ -	$ 103,912	$ -	$ -	$ 30,232	$ -	$ 439,532	$ 767,186	$ 1,115	$ 25,425	$ -	$ 3,020	$ 8,339	$ 7,434	$ 2,116
Other accrued liabilities		580		5,000		60,180	398,328	1,754,356	3,005	125,324			9,000		
Amounts held on behalf of others	2,184	85,950	780,894						3,338,541				123,156		
Annuity obligations			320,335	75,529			690,241		195,026						
Bonds and notes payable		3,672,157			17,345		12,342,210	90,065,000			63,884				
Swap liability								13,277,767							
Total liabilities	2,184	3,862,599	1,101,229	80,529	47,577	60,180	13,870,311	105,864,309	3,537,687	150,749	63,884	3,020	140,495	7,434	2,116
NET ASSETS (DEFICIT):															
Unrestricted	1,272,841	1,054,945	453,148	957,675	546,894	(142,853)	10,357,717	(15,897,577)	(3,226,912)	144,572	1,310,972	379,056	1,833,059	399,693	192,556
Temporarily restricted	5,286,058		3,934,813	2,933,065	25,698	115,422	20,696,013		4,399,595	2,513,210	1,248,873	1,150,533	69,185	1,364,132	4,653,943
Permanently restricted	1,070,530		17,027,260	10,829,892	11,529,721	1,015,710	68,336,110		20,073,694	15,000	8,874,969	496,820	344,344	3,815,380	1,650,741
Total net assets (deficit)	7,629,429	1,054,945	21,415,221	14,720,632	12,102,313	988,279	99,389,840	(15,897,577)	21,246,377	2,672,782	11,434,814	2,026,409	2,246,588	5,579,205	6,497,240
TOTAL	$7,631,613	$4,917,544	$22,516,450	$14,801,161	$12,149,890	$1,048,459	$113,260,151	$ 89,966,732	$24,784,064	$2,823,531	$11,498,698	$2,029,429	$2,387,083	$5,586,639	$6,499,356

* December 31 year-end.

See notes to combined financial statements.

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
OPERATING REVENUES:		
Student tuition and fees — net of scholarship allowance of $146,391 in 2011 and $134,763 in 2010	$ 488,616	$ 467,933
Federal and local land grants	11,335	9,760
Contracts and grants:		
Federal	178,099	149,728
State	45,924	58,500
Local	3,103	1,455
Private	66,297	66,316
Interest on student loans receivable	1,168	1,154
Sales and services of educational activities	25,519	23,471
Auxiliary enterprise revenue — net of scholarship allowance of $20,915 in 2011 and $18,657 in 2010	204,587	195,447
Other operating revenues	26,273	22,983
Total operating revenues	1,050,921	996,747
OPERATING EXPENSES:		
Salaries and wages	761,623	733,485
Benefits	299,223	294,569
Supplies and other services	365,517	346,927
Utilities	55,955	49,335
Student financial aid — scholarships and fellowships	134,091	117,365
Depreciation	92,108	89,780
Other operating expenses	4,166	6,060
Total operating expenses	1,712,683	1,637,521
OPERATING LOSS	(661,762)	(640,774)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	474,805	449,305
State fiscal stabilization funds (federal)	28,331	21,944
Federal Pell grants	154,887	133,211
Gifts	21,961	21,548
Investment income (including unrealized gain of $6,625 in 2011 and $6,759 in 2010)	13,032	10,947
Interest on indebtedness	(45,882)	(40,328)
Payments to other institutions	(15,382)	(14,915)
Other nonoperating income (expenses) — net	778	(1,625)
Net nonoperating revenues	632,530	580,087
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(29,232)	(60,687)
CAPITAL GRANTS AND GIFTS	63,375	43,126
CAPITAL BOND PROCEEDS FROM THE STATE	25,784	
STATE CAPITAL GRANTS (FEDERAL)	11,994	4,242
INCREASE (DECREASE) IN NET ASSETS	71,921	(13,319)
NET ASSETS — Beginning of year	1,521,421	1,534,740
NET ASSETS — End of year	$1,593,342	$1,521,421

See notes to combined financial statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, LLC **	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
REVENUES, GAINS, AND OTHER SUPPORT:															
Unrestricted:															
Gifts, contributions, and other	$ 30,141	$ 846,882	$ 95,551	$ 378,398	$ 311,642	$ 229,640	$ 933,481	$ 8,380,488	$ 110,977	$ 4,400	$ 128,226	$ 30,629	$ 498,299	$ 411,754	$ -
Investment income (loss)	1,173,727		82,896	2,032,490	374,584	7,674	14,279,803	(11,167,758)	2,251,758	3,997	304,488	61,049	3,363	42,615	30,500
Reclassifications			(15,611)		(50,000)		(5,220,551)		(90,938)				5,298	3,162	
Temporarily restricted:															
Gifts, contributions, and other	674,129	586,766	114,096	1,063,064	505,955	177,725	5,333,901		1,278,581	516,979	2,648,520	377,469	70,347	725,154	178,391
Investment income	213,300		2,631,006	404,706	1,129,671	70,036	30,669		574,807	201,924	1,342,895	160,943	31,026	701,903	851,635
Reclassifications			(41,909)		3,500		5,371,126		98,359				(3,418)	49,142	
Permanently restricted:															
Gifts, contributions, and other	193,423		45,062	261,367	184,858	78,037	10,839,382		493,810		111,915	49,660	62,562	65,652	
Investment income			1,532,668	387,933	2,026		1,178,186		18,357		347,360		658	(80,825)	282,332
Reclassifications			57,420		46,500		(150,575)		(7,421)				(1,880)	(52,304)	
Total revenues, gains, and other support	2,284,720	1,433,648	4,501,279	4,527,958	2,508,736	563,112	32,595,422	(2,787,270)	4,728,290	727,300	4,883,404	679,750	666,255	1,866,253	1,342,858
EXPENSES:															
Scholarships, awards, and grants	46,691	1,207,622	347,126	1,020,400	175,801	50,665	1,774,096		2,238,113	247,931	625,030	41,635		1,000	108,897
College support	414,592		350,097	828,053	494,013		4,853,944		200,176	110,477	1,023,700	212,078		243,949	108,445
Management and general	35,810	405,953	191,269	244,442	528,001	311,211	2,793,907	10,903,925	603,812	128,223	135,435	26,716	567,257	314,832	120,500
Total expenses	497,093	1,613,575	888,492	2,092,895	1,197,815	361,876	9,421,947	10,903,925	3,042,101	486,631	1,784,165	280,429	567,257	559,781	337,842
CHANGE IN NET ASSETS	1,787,627	(179,927)	3,612,787	2,435,063	1,310,921	201,236	23,173,475	(13,691,195)	1,686,189	240,669	3,099,239	399,321	98,998	1,306,472	1,005,016
NET ASSETS — Beginning of year	7,629,429	1,054,945	21,415,221	14,720,632	12,102,313	988,279	99,389,840		21,246,377	2,672,782	11,434,814	2,026,409	2,246,588	5,579,205	6,497,240
NET ASSETS (DEFICIT) — End of year	$9,417,056	$ 875,018	$25,028,008	$17,155,695	$13,413,234	$1,189,515	$122,563,315	$(13,691,195)	$22,932,566	$2,913,451	$14,534,053	$2,425,730	$2,345,586	$6,885,677	$7,502,256

* December 31 year-end.
** Period August 1, 2010 to June 30, 2011

See notes to combined financial statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMPONENT UNITS — STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Bluefield State College Foundation, Inc.	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, LLC	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.*	West Liberty State University Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
REVENUES, GAINS, AND OTHER SUPPORT:															
Unrestricted:															
Gifts, contributions, and other	$ 16,599	$ 813,234	$ 162,117	$ 101,000	$ 218,477	$251,149	$ 799,564	$ 7,493,498	$ 28,196	$ 12,140	$ 127,044	$ 35,371	$ 713,442	$ 331,084	$ 5,245
Investment income (loss)	69,750		389,982	767,464	253,074	13,219	5,185,598	(3,591,498)	571,085	5,137	286,020	37,466	1,865	405,846	27,741
Reclassifications					(243,959)	5,000	(7,797,263)							(388,725)	
Temporarily restricted:															
Gifts, contributions, and other	93,381	348,872	207,146	1,039,005	490,647	29,604	5,551,578		853,131	238,298	833,903	300,379	72,796	156,203	249,202
Investment income	525,506		859,661	341,861	990,915	87,551	1,020,226		551,619	163,512	739,663	59,214	23,578	197	471,591
Reclassifications				(1,659,430)	227,331	(3,000)	8,895,006							391,225	
Permanently restricted:															
Gifts, contributions, and other	50,149		1,113,487	1,117,725	793,550	72,700	1,184,928		1,642,449		29,704	37,994	55,315	75,941	
Investment income			565,073	214,724	1,449		696,659		18,400		223,562		445	6,167	176,400
Reclassifications				1,659,430	16,628	(2,000)	(1,097,743)							(2,500)	
Total revenues, gains, and other support	755,385	1,162,106	3,297,466	3,581,779	2,748,112	454,223	14,438,553	3,902,000	3,664,880	419,087	2,239,896	470,624	867,441	975,438	930,179
EXPENSES:															
Scholarships, awards, and grants	186,121	1,175,225	334,918	878,943	354,086	51,000	1,740,952		968,023	246,030	549,740	18,836		220	85,595
College support	45,568		674,748	632,068	525,661		5,164,396		166,283	128,957	638,178	203,124		168,007	145,525
Management and general	35,669	197,489	289,772	235,479	526,945	258,315	2,636,568	12,142,998	565,683	80,411	41,993	46,081	687,702	312,476	124,444
Total expenses	267,358	1,372,714	1,299,438	1,746,490	1,406,692	309,315	9,541,916	12,142,998	1,699,989	455,398	1,229,911	268,041	687,702	480,703	355,564
CHANGE IN NET ASSETS	488,027	(210,608)	1,998,028	1,835,289	1,341,420	144,908	4,896,637	(8,240,998)	1,964,891	(36,311)	1,009,985	202,583	179,739	494,735	574,615
NET ASSETS — Beginning of year	7,141,402	1,265,553	19,417,193	12,885,343	10,760,893	843,371	94,493,203	(7,656,579)	19,281,486	2,709,093	10,424,829	1,823,826	2,066,849	5,084,470	5,922,625
NET ASSETS (DEFICIT) — End of year	$7,629,429	$1,054,945	$21,415,221	$14,720,632	$12,102,313	$988,279	$99,389,840	$(15,897,577)	$21,246,377	$2,672,782	$11,434,814	$2,026,409	$2,246,588	$5,579,205	$6,497,240

* December 31 year-end.

See notes to combined financial statements.

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student tuition and fees	$ 494,933	$ 487,377
Federal and local land grants	9,728	9,760
Contracts and grants	300,584	270,797
Payments to and on behalf of employees	(967,650)	(936,690)
Payments to suppliers	(375,029)	(347,285)
Payments to utilities	(55,944)	(48,202)
Payments for scholarships and fellowships	(139,496)	(125,850)
Loans issued to students	(3,460)	(3,175)
Collection of loans to students	2,176	2,428
Sales and service of educational activities	22,966	21,088
Interest earned on loans to students	775	720
Auxiliary enterprise charges	206,154	185,067
Other receipts — net	32,287	27,661
Net cash used in operating activities	(471,976)	(456,304)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	472,969	456,195
State fiscal stabilization funds (federal)	26,815	20,841
Federal Pell grants	154,849	133,211
Payments to other institutions	(20,140)	(14,634)
Gift receipts	21,961	21,306
Direct and Stafford lending receipts	436,698	411,735
Direct and Stafford lending payments	(438,336)	(411,736)
Other nonoperating receipts (disbursements) — net	2,582	(192)
Net cash provided by noncapital financing activities	657,398	616,726
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from bond issuances and borrowings	131,941	95,965
Proceeds from capital asset disposals and sale of natural resources	4,275	739
Capital bond proceeds from State	17,469	
Payment of bond issuance costs	(1,037)	(178)
Withdrawals from noncurrent cash and cash equivalents	32,893	50,133
Deposits to noncurrent cash and cash equivalents	(110,521)	(38,175)
Capital grants and gifts received	31,818	27,119
State capital grants (federal) received	10,252	3,506
Purchases of capital assets	(168,788)	(160,217)
Principal paid on notes, bonds, and leases	(47,653)	(28,100)
Payoff of refinanced bonds	(41,697)	
Interest paid on notes, bonds, and leases	(38,899)	(34,119)
Disbursements to outside entities	(8)	(133)
Net cash used in capital financing activities	(179,955)	(83,460)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts from sales of investments	46,356	11,914
Purchase of investments	(22,858)	(71,536)
Investment income	7,861	5,225
Net cash provided by (used in) investing activities	31,359	(54,397)
INCREASE IN CASH AND CASH EQUIVALENTS	36,826	22,565
CASH AND CASH EQUIVALENTS — Beginning of year	454,455	431,890
CASH AND CASH EQUIVALENTS — End of year	$ 491,281	$ 454,455

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(Dollars in thousands)

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$(661,762)	$(640,774)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	94,718	92,219
Expenses paid on behalf of the Fund	344	145
Changes in assets and liabilities:		
Receivables — net	6,325	(9,999)
Loans receivable — net	(275)	2,146
Prepaid expenses	(434)	(1,055)
Inventories	795	(157)
Accounts payable	1,519	1,808
Accrued liabilities	1,847	6,299
Compensated absences	(355)	(505)
Deferred revenue	170	3,573
Deposits	29	368
Other post employment benefit liability	85,068	89,148
Advances from federal sponsors	43	(179)
Other	(8)	659
NET CASH USED IN OPERATING ACTIVITIES	$(471,976)	$(456,304)
SIGNIFICANT NONCASH TRANSACTIONS:		
Construction in progress and capital asset additions included in accounts payable and accrued liabilities	$ 11,213	$ 9,317
Donated capital assets	$ 36,987	$ 12,813

See notes to combined financial statements. (Concluded)

1. ORGANIZATION

The West Virginia Higher Education Fund (the "Fund") is comprised of the following:

- Bluefield State College
- Blue Ridge Community and Technical College
- Bridgemont Community and Technical College
- Concord University
- Eastern West Virginia Community and Technical College
- Fairmont State University
- Glenville State College
- Kanawha Valley Community and Technical College
- Marshall University (including Marshall University Graduate College)
- Mountwest Community and Technical College
- New River Community and Technical College
- Pierpont Community and Technical College
- Shepherd University
- Southern West Virginia Community and Technical College
- West Liberty University
- West Virginia Council for Community and Technical College Education
- West Virginia Higher Education Policy Commission (including West Virginia Network for Educational Telecomputing)
- West Virginia Northern Community College
- West Virginia State University
- West Virginia School of Osteopathic Medicine
- West Virginia University (including Potomac State College and West Virginia University Institute of Technology)
- West Virginia University at Parkersburg Community and Technical College

The Fund is a discretely presented component unit of the State of West Virginia (the "State").

Each college and university (the "Institutions") in the Fund is governed by its own Governing Board, which is responsible for the general determination, control, supervision, and management of the financial business and educational policies and affairs of its institution. The West Virginia Higher Education Policy Commission (the "Policy Commission"), in accordance with Senate Bill No. 653, is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. The Policy Commission is comprised of 10 persons appointed by the Governor with the advice and consent of the Senate. Senate Bill No. 448 gives the West Virginia Council for Community and Technical College Education (the "Council") the responsibility of developing, overseeing, and advancing the State's public policy agenda as it relates to community and technical college education. The Council is comprised of 12 persons appointed by the Governor with the advice and consent of the Senate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") as prescribed by Governmental Accounting Standards Board standards (GASB). The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Fund's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective previously required.

The Fund follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, and has elected not to apply the FASB Statements and Interpretations issued after November 30, 1989, to its combined financial statements.

Reporting Entity — The accompanying combined financial statements present all entities under the authority of the Fund under GASB, including:

- Concord University Research and Development Corporation
- Glenville State College Research Corporation
- Glenville State College Housing Corporation
- Marshall University Research Corporation (MURC)
- Shepherd University Research and Development Corporation
- West Liberty University Research Corporation
- West Virginia State University Research and Development Corporation
- West Virginia University Research and Development Corporation

These entities are included in the combined financial statements as blended component units of the Fund.

The basic criterion for inclusion in the accompanying combined financial statements is the exercise of oversight responsibility derived from the Fund's ability to significantly influence operations and accountability for fiscal matters of related entities. Related foundations and other affiliates of the Fund are not part of the Fund's reporting entity and are not included in the accompanying combined financial statements as the Fund has no ability to designate management, cannot significantly influence operations of these entities, and is not accountable for the fiscal matters of the foundations and other affiliates under GASB blended component unit requirements.

The Fund applies GASB discretely presented component unit requirements and, as a result, certain component units' financial statements are discretely presented here with the Fund's financial statements. The component units are the separate private nonprofit organizations of each applicable institution that are required to be reported under GASB. These discretely presented component unit organizations report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The component units consist of foundations and other entities which meet the criteria for inclusion under GASB discretely presented component unit requirements.

Financial Statement Presentation — GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the Fund as a whole. Net assets are classified into four categories according to external donor restrictions or availability of assets for satisfaction of Fund obligations. The Fund's net assets are classified as follows:

Invested in Capital Assets — Net of Related Debt — This represents the Fund's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets — net of related debt.

Restricted Net Assets — Expendable — This includes resources in which the Fund is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

The West Virginia Legislature, as a regulatory body outside the reporting entity, has restricted the use of certain funds by Article 10, Fees and Other Money Collected at State Institutions of Higher Education of the West Virginia State Code. House Bill No. 101 passed in March 2004 simplified the tuition and fees restrictions to auxiliaries and capital items. These activities are fundamental to the normal ongoing operations of the Fund. These restrictions are subject to change by future actions of the West Virginia Legislature.

Restricted Net Assets — Nonexpendable — This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Assets — Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the educational and general operations of the Fund, and may be used at the discretion of the respective governing boards to meet current expenses for any purpose.

Basis of Accounting — For financial reporting purposes, the Fund is considered a special-purpose government engaged only in business-type activities. Accordingly, the Fund's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses when materials or services are received. All intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents — For purposes of the statements of net assets, the Fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, and by the provisions of bond indentures and trust agreements, when applicable. Balances in the investment pools are recorded at fair value or amortized cost which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources in accordance with GASB. The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying combined financial statements.

The BTI maintains the Consolidated Fund investment fund which consists of eight investment pools and participant-directed accounts, three of which the state and local governmental agencies may invest in. These pools have been structured as multiparticipant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, WV 25305 or http://www.wvbti.com.

Investments — GASB requires the Fund to record certain investment balances at fair value. The Fund's investments maintained by the BTI and the Municipal Bond Commission are determined by the pool's share price, which approximates fair value. Other investments, other than alternative investments, are presented at fair value, based upon quoted market prices.

The alternative investments are also carried at fair value as of June 30, 2011 and 2010. These valuations include assumptions and methods that were reviewed by Fund management and are primarily based on quoted market values or other readily determinable market values for underlying investments. The majority of the underlying investments in the alternative investments have a readily determinable market value. The Fund believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2011 and 2010. Because a portion of alternative investments is not readily marketable, and the estimated value is subject to uncertainty, the reported value may differ from the value that would have been used had a ready market existed.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligation); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements, asset-backed securities; certificates of deposits; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

The Fund's investments held with the foundations and other agents are governed by investment policies that determine the permissible investments by category. The holdings include appropriately rated U.S. debt and equity securities, foreign debt and equity securities, as well as alternative investments. The respective investment policies outline the acceptable exposure to each category of investment and generally outline a liquidity goal.

Allowance for Doubtful Accounts — It is the Fund's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectibility experienced by the Fund on such balances, and such other factors which, in the Fund's judgment, require consideration in estimating doubtful accounts.

Inventories — Inventories are stated at the lower of cost or market, cost being determined on the first-in, first-out method.

Noncurrent Cash, Cash Equivalents, and Investments — Cash and investments that are (1) externally restricted to make debt service payments, long-term loans to students, or to maintain sinking or reserve funds; (2) to purchase capital or other noncurrent assets or settle long-term liabilities; or (3) held for permanently restricted net assets, are classified as noncurrent assets in the combined statements of net assets.

Capital Assets — Capital assets include property, plant, and equipment, books and materials that are part of a catalogued library, and infrastructure assets. Capital assets are stated at cost at the date of acquisition or construction, or fair market value at the date of donation in the case of gifts. Interest on related borrowing, net of interest earnings on invested proceeds, is capitalized during the period of construction and was approximately $1.4 million and $0.7 million for the years ended June 30, 2011 and 2010, respectively. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings and infrastructure, 20 years for land improvements, 7 to 20 years for library assets, and 3 to 10 years for furniture and equipment. The combined financial statements reflect all adjustments required by GASB.

Deferred Revenue — Cash received for programs or activities to be conducted primarily in the next fiscal year is classified as deferred revenue, including items such as football ticket sales, orientation fees, room, and board. Financial aid and other deposits are separately classified as deposits.

Compensated Absences and Other Post Employment Benefits — The Fund accounts for compensated absences in accordance with the provisions of GASB.

GASB provides standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information. During fiscal year 2007, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State. Effective July 1, 2007, the Fund was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State. Details regarding this plan can be obtained by contacting West Virginia Public Employees Insurance Agency (PEIA), State Capitol complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, WV 25305-0710 or http://www.wvpeia.com.

GASB requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

The Fund's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn 1-1/2 sick leave days for each month of service and are entitled to extend their health or life insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988 or who were hired before 1988 but did not choose such coverage until after 1988 but before July 1, 2001, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired on July 1, 2001, or later will no longer receive sick leave credit toward insurance premiums when they retire. Additionally, all retirees have the option to purchase continued coverage regardless of their eligibility for premium credits. This liability is then provided for under the multiple employer cost-sharing plan sponsored by the State.

Certain faculty employees (generally those with less than a 12-month contract) earn a similar extended health or life insurance coverage retirement benefit based on years of service. Generally 3-1/3 years of teaching service extend health insurance for one year of single coverage and five years extend health insurance for one year of family coverage. The same hire date mentioned above applies to coverage for faculty employees also. Faculty hired after July 1, 2009, will no longer receive years of service credit toward insurance premiums when they retire. Employees hired after July 1, 2010, receive no health insurance premium subsidy from the Fund. Two groups of employees hired after July 1, 2010, will not be required to pay the unsubsidized rate: 1) active employees who were originally hired before July 1, 2010, who have a break in service of fewer than two years after July 1, 2010; and 2) retired employees who retired before July 1, 2010, return to active service after July 1, 2010, and then go back into retirement. In those cases, the original hire date will apply.

The estimated expense and expense incurred for vacation leave or OPEB benefits are recorded as a component of benefits expense in the combined statements of revenues, expenses, and changes in net assets.

Risk Management — The State's Board of Risk and Insurance Management (BRIM) provides general liability, medical malpractice liability, property, and auto insurance coverage to the Fund and its employees. Such coverage is provided to the Fund through a self-insurance program maintained by BRIM for general liability, medical malpractice liability, and auto insurance coverage. BRIM maintains a self-insurance program to pay the first $1 million of each property insurance claim and purchases excess property insurance from the commercial insurance market to cover individual claims that exceed $1 million. The BRIM self-insurance programs may involve experience and exposure-related premiums.

BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Fund or other participants in BRIM's insurance programs. As a result, management does not expect significant differences between the premiums the Fund is currently charged by BRIM and the ultimate cost of that insurance based on the Fund's actual loss experience. In the event such differences arise between estimated premiums charged by BRIM to the Fund and the Fund's ultimate actual loss experience, the difference will be recorded as the change in estimate became known.

The West Virginia University's (WVU) and Marshall University's ("Marshall") Schools of Medicine (SOMs) have established a $250,000 deductible program under BRIM's professional liability coverage for the SOMs effective July 1, 2005. Prior to this date, the SOMs were totally covered by BRIM at a limit of $1 million per occurrence. Starting July 1, 2005, the SOMs assumed the risk and responsibility for any and all indemnity amounts up to $250,000 per occurrence and all loss expenses associated with medical malpractice claims and/or suits in exchange for a reduction in its premium for medical malpractice insurance.

Under the program, the SOMs entered into an agreement with BRIM whereby the SOMs have on deposit $5.1 million and $4.5 million as of June 30, 2011 and 2010, respectively, in escrow accounts created in the State Treasurer from which BRIM may withdraw amounts to pay indemnity costs and allocated expenses in connection with medical malpractice claims against the SOMs. Additionally, the WVU Health Sciences Center also has on deposit $19.1 million and $16.7 million as of June 30, 2011 and 2010, respectively, in an investment earnings account with the West Virginia University Foundation to cover the liabilities under this program. Marshall has a receivable from the University Physicians & Surgeons, Inc. for the funding it has agreed to provide for the self-insurance liability of $5.3 million and $6.0 million as of June 30, 2011 and 2010, respectively. Based on actuarial valuations of this self-insurance program, the Fund has recorded a liability of $25.9 million and $26.2 million to reflect projected claim payments at June 30, 2011 and 2010, respectively, for both WVU's and Marshall's SOMs.

In addition, through its participation in the PEIA and third-party insurers, the Fund has obtained health, life, prescription drug coverage, and coverage for job-related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurers, the Fund has transferred its risks related to health, life, prescription drug coverage, and job-related injuries.

Classification of Revenues — The Fund has classified its revenues according to the following criteria:

Operating Revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, and nongovernmental grants and contracts, (4) federal appropriations for land grant institutions, (5) sales and services of educational activities, and (6) revenue from leasing.

Nonoperating Revenues — Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB, such as state appropriations, federal Pell grants, investment income, and sale of capital assets (including natural resources).

Other Revenues — Other revenues consist primarily of capital grants and gifts.

Use of Restricted Net Assets — The Fund has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, the Fund attempts to utilize restricted net assets first when practicable. Certain Institutions have adopted a policy to utilize restricted net assets first.

Federal Financial Assistance Programs — The Fund makes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and nonsubsidized loans directly to students, through the institutions within the Fund. The Fund also makes loans to students under the Stafford Loan Program through financial institutions. Direct and Stafford student loan receivables are not included in the Fund's combined statements of net assets. In 2011 and 2010, the Fund received and disbursed, or awarded, approximately $462 million and $435 million, respectively, under both Student Loan Programs, which is not included as revenue and expense in the combined statements of revenues, expenses, and changes in net assets.

The Fund also distributes other student financial assistance funds on behalf of the federal government to students under the Federal Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study programs. The activity of these programs is recorded in the accompanying combined financial statements. In 2011 and 2010, the Fund received and disbursed approximately $156 million and $136 million, respectively, under these federal student aid programs.

Scholarship Allowances — Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the combined statements of revenues, expenses, and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the Fund, and the amount that is paid by students and/or third parties making payments on the student's behalf.

Financial aid to students is reported in the combined financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid such as loans, funds provided to students as awarded by third parties, and Federal Direct Lending is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on an institution basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

Government Grants and Contracts — Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The Fund recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to five years.

Income Taxes — The Fund is exempt from income taxes, except for unrelated business income, as a nonprofit organization under federal income tax laws and regulations of the Internal Revenue Service (IRS).

Cash Flows — Any cash and cash equivalents escrowed, restricted for noncurrent assets, or in funded reserves have not been included as cash and cash equivalents for the purpose of the combined statements of cash flows.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ materially from those estimates.

Risk and Uncertainties — Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain securities, it is reasonably possible that changes in risk and values will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board —During 2011, the Fund adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes new categories for reporting fund balance and revised the definitions for governmental fund types. The adoption of this statement did not have a material impact on the financial statements.

The Fund also adopted Statement No. 59, *Financial Instruments Omnibus*. This statement improves financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards related to certain financial instruments and external investment pools. The adoption of this statement did not have a material impact on the financial statements.

Recent Statements Issued by the Governmental Accounting Standards Board —The Governmental Accounting Standards Board has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for fiscal years beginning after December 15, 2011. This statement addresses how to account for and report service concession arrangements (SCAs) by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators. The Fund has not yet determined the effect that the adoption of GASB Statement No. 60 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*, effective for fiscal years beginning after June 15, 2012. This statement improves financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the entity. The Fund has not yet determined the effect that the adoption of GASB Statement No. 61 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for fiscal years beginning after December 15, 2011. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in the FASB and ACIPA pronouncements issued on or before November 30, 1989. This statement will improve financial reporting by contribution to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The Fund has not yet determined the effect that the adoption of GASB Statement No. 62 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for fiscal years beginning after December 15, 2011. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The Fund has not yet determined the effect that the adoption of GASB Statement No. 63 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, effective for fiscal years beginning after June 15, 2011. The objective of this statement is to improve financial reporting by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Fund has not yet determined the effect that the adoption of GASB Statement No. 64 may have on its financial statements.

3. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents at June 30, 2011 and 2010, was held as follows (dollars in thousands):

	2011		
	Current	Noncurrent	Total
State Treasurer	$434,889	$ 47,072	$481,961
Municipal Bond Commission	2,809	2,152	4,961
Trustee	12	125,646	125,658
Bank	29,797	793	30,590
Cash equivalents	23,539		23,539
Escrowed cash		5,651	5,651
On hand	235		235
	$491,281	$181,314	$672,595

	2010		
	Current	Noncurrent	Total
State Treasurer	$403,861	$ 50,816	$454,677
Municipal Bond Commission	1,270		1,270
Trustee	83	47,039	47,122
Bank	35,931	705	36,636
Cash equivalents	13,139		13,139
Escrowed cash		5,141	5,141
On hand	171		171
	$454,455	$103,701	$558,156

Amounts held by the Municipal Bond Commission or trustee represent various project revenue, debt service, and other repair and replacement reserve funds required to be escrowed by various bond trust indentures. Other amounts held by the State Treasurer include $19.4 million and $17.1 million of restricted cash at June 30, 2011 and 2010, respectively. Cash equivalents are primarily related to amounts held in money markets, repurchase agreements, and savings accounts.

The combined carrying amounts of cash in the bank at June 30, 2011 and 2010, were $30.6 million and $36.6 million, as compared with the combined bank balance of $33.8 million and $33.5 million, respectively. The difference is primarily caused by outstanding checks and items in transit. The bank balances were covered by federal depository insurance as noted below or were secured by financial instruments held as collateral by the State's agent. Regarding federal depository insurance, interest bearing accounts are insured by the Federal Deposit Insurance Company (FDIC) up to $250,000. Non-interest bearing accounts are 100% insured through December 31, 2012.

Amounts with the State Treasurer and the Municipal Bond Commission as of June 30, 2011 and 2010, are comprised of the following investment pools:

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income; preserve capital; and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of BTI's Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the BTI's Consolidated Fund. Of the BTI's Consolidated Fund pools and accounts in which the Commission invests, all are subject to credit risk.

WV Money Market Pool — Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the years ended June 30, 2011 and 2010, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2011 and 2010, the WV Money Market Pool investments had a total carrying value of $3,018,560,000 and $2,876,711,000, respectively, of which the Fund's ownership represents 12.93% and 13.27%, respectively.

WV Government Money Market Pool — Credit Risk — For the years ended June 30, 2011 and 2010, the WV Government Money Market Pool has been rated AAAm by Standard & Poor's. A Fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by

U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2011 and 2010, the WV Government Money Market Pool investments had a total carrying value of $262,692,000 and $221,183,000, respectively, of which the Fund's ownership represents 0.83% and 0.98%, respectively.

WV Short Term Bond Pool:

Credit Risk — The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standards & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standards & Poor's and P-1 by Moody's. As this pool has not been rated, the following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

	Credit Rating*		2011		2010	
Security Type	Moody's	S&P	Carrying Value	Percent of Pool Assets	Carrying Value	Percent of Pool Assets
Corporate asset backed securities	Aaa	AAA	$ 87,197	18.40 %	$ 24,330	5.37 %
	Aaa	NR *	19,891	4.20	10,353	2.28
	Aa3	AAA			1,000	0.22
	Aa3	AA+ **	454	0.10		
	Ba1	CC **			45	0.01
	Ba2	BB **			219	0.05
	B1	BBB **			605	0.13
	B1	CCC **	885	0.19	857	0.19
	B2	CCC **			366	0.08
	B3	B **	366	0.08	442	0.10
	B3	BBB **	631	0.13	247	0.05
	B3	CCC **			554	0.12
	Ca	CCC **	664	0.14		
	Caa1	CCC **			230	0.05
	Caa2	CCC **	473	0.10	779	0.17
	Caa3	CCC **	393	0.08		
	Caa3	D **	27	0.01		
	NR *	AAA			3,538	0.78
	NR *	NR *	4,000	0.84		
			114,981	24.27	43,565	9.60
Corporate bonds and notes	Aaa	AAA			72,549	16.00
	Aaa	AA	2,043	0.43	2,060	0.46
	Aa1	AA			5,430	1.20
	Aa1	A	4,143	0.87		
	Aa2	AAA				
	Aa2	AA	11,866	2.50	6,650	1.47
	Aa3	AA	7,064	1.49	6,722	1.48
	Aa3	A	13,040	2.75	13,850	3.05
	A1	AA	8,107	1.71	15,485	3.41
	A1	A	22,731	4.80	21,098	4.65
	A2	AA	2,555	0.54		
	A2	A	23,976	5.06	41,093	9.06
	A3	A	8,770	1.85	4,158	0.92
			104,295	22.00	189,095	41.70
Commercial paper	P-1	A-1	15,995	3.38		
U.S. agency bonds	Aaa	AAA	20,017	4.22	40,180	8.86
U.S. Treasury notes***	Aaa	AAA	25,034	5.28	158,423	34.93
U.S. agency mortgage backed securities****	Aaa	AAA	97,296	20.53	4,540	1.00
Money market funds	Aaa	AAAm	96,287	20.32		
Money market funds	Aaa	AAA			17,715	3.91
			$473,905	100 %	$453,518	100 %

* NR = Not Rated

** The securities were not in compliance with BTI Investment Policy at June 30, 2011 and/or 2010. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisors have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

*** U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

**** U.S. agency mortgage backed securities are explicitly guaranteed by the United States government and are not subject to credit risk.

At June 30, 2011 and 2010, the Fund's ownership represents 11.20% and 8.70%, respectively, of these amounts held by the BTI.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All the BTI's Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 731 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

	2011		2010	
Security Type	**Carrying Value (In thousands)**	**WAM (Days)**	**Carrying Value (In thousands)**	**WAM (Days)**
Repurchase agreements	$ 84,357	1	$ 174,980	1
U.S. Treasury notes	298,345	137	65,153	140
U.S. Treasury bills	231,051	34	476,670	35
Commercial paper	1,069,576	35	855,844	18
Certificates of deposit	140,000	58	281,000	45
U.S. agency discount notes	697,164	45	606,048	52
Corporate bonds and notes	127,000	20	20,000	19
U.S. agency bonds/notes	170,788	66	246,990	55
Money market funds	200,279	1	150,026	1
	$3,018,560	46	$2,876,711	33

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 731 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

	2011		2010	
Security Type	Carrying Value (In thousands)	WAM (Days)	Carrying Value (In thousands)	WAM (Days)
Repurchase agreements	$ 98,400	1	$ 66,600	1
U.S. Treasury notes	45,811	131	8,526	114
U.S. Treasury bills			29,982	72
U.S. agency discount notes	60,852	74	36,465	115
U.S. agency bonds/notes	57,498	22	79,532	30
Money market funds	131	1	78	1
	$262,692	45	$221,183	44

The overall effective duration of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

	2011		2010	
Security Type	Carrying Value (in Thousands)	Effective Duration (Days)	Carrying Value (in Thousands)	Effective Duration (Days)
U. S. Treasury bonds/notes	$ 25,034	227	$158,423	583
Commercial paper	15,995	55		
Corporate notes	104,295	234	189,095	560
Corporate asset backed securities	114,981	268	43,565	679
U.S. agency bonds/notes	20,017	85	40,180	288
U.S. agency mortgage backed securities	97,296	18	4,540	360
Money market funds	96,287	1	17,715	1
	$473,905	138	$453,518	530

Other Investment Risks — Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the BTI's Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. Securities lending collateral that is

reported on the BTI's statement of fiduciary net assets is invested in a pool managed by the securities lending agent. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the BTI's Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits — Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

Amounts with Trustee as of June 30, 2011 and 2010, are comprised of the following (dollars in thousands):

Investment Type	Moody's Rating	Standard and Poor's Rating	2011 Carrying Value	2010 Carrying Value
U.S. Treasury money market fund	Aaa	AAAm	$125,646	$43,847
Money market fund (Credit Enhancers/ Collateral 1.000 Financial Guaranty Insurance Co. Municipal Bond Insurance Policy)	Aaa	N/A		83
Money market fund	AAA	N/A	12	
Guaranteed Investment Contract (GIC)	N/A	N/A		3,192
			$125,658	$47,122

N/A = Not available

These investments have no significant custodial risk or interest rate risk and they are not exposed to a concentration of credit risk nor any foreign currency risk.

At June 30, 2010, the GIC investments of approximately $3,192,000, have a fixed rate of interest of 5.18%.

The remaining amounts on deposit with Trustee are primarily invested in funds, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities.

4. INVESTMENTS

Investments at June 30, 2011, were as follows (dollars in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. government investments:				
Federal Home Loan Mortgage Corporation bonds	$15,980	$ -	$ -	$ 15,980
Federal National Mortgage Association bonds	9,086	13,464		22,550
Mutual Bond Funds:				
Brandywine Global Fixed Income	4,522	80		4,602
BTI Short-Term Bond Pool	13,408			13,408
Dodge & Cox Income Fund	163	6,513		6,676
Fidelity Floating Rate High Income	692	3,045	1	3,738
Harbor Bond Fund	6	2,745	21	2,772
PIMCO Unconstrained Bond Fund	2,135	1,368	241	3,744
Common Fund Multi-Strategy Bond Fund		1,774		1,774
Common Fund Multi-Strategy Bond Investors Fund		1,680		1,680
Common Fund High Quality Bond Fund		8,117	175	8,292
Other	4	5		9
State and Local Government Securities —				
Auction Rate Certificates		3,325		3,325
Fixed Income Fund —				
Income Research and Management	18	4,516		4,534
Mutual Stock Funds:				
MFS	3,266			3,266
Dodge & Cox International Stock Fund	44	1,775		1,819
Dodge & Cox Stock Fund	74	2,966		3,040
Common Fund Multi Strategy Equity Fund		8,160		8,160
Common Fund Core Equity Fund		4,361		4,361
Common Fund Intermediate Multi-Strategy Equity Fund		2,684		2,684
Common Fund Equity Index Fund		2,066		2,066
Other	825			825
Stock Fund —				
Vangaurd Total Stock Mutual ETF	2,205	1		2,206
Commodity —				
SPDR Gold Shares	3,426			3,426
Other investments	791	964	477	2,232
Other alternative investments:				
Robeco-Sage Capital International	25	1,821	1,389	3,235
Common Fund Intermediate Fund		2,138	8	2,146
Other			1,211	1,211
	$56,670	$73,568	$3,523	$133,761

Investments at June 30, 2010, were as follows (dollars in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. government investments:				
Federal Home Loan Mortgage Corporation bonds	$50,821	$ -	$ -	$ 50,821
Federal National Mortgage Association bonds	9,304	3,043		12,347
Mutual Bond Funds:				
BTI Short-Term Bond Pool	13,065			13,065
Dodge & Cox Income Fund	398	8,385		8,783
Harbor Bond Fund	9	2,475	8	2,492
Vanguard Bond Index Fund	79	1,797		1,876
Common Fund Multi-Strategy Bond Fund	3	5,524	66	5,593
Common Fund Multi-Strategy Bond Investors Fund	2	4,514		4,516
Other	1,105	180		1,285
State and Local Government Securities —				
Auction Rate Certificates		7,475		7,475
Fixed Income Fund —				
Income Research and Management		5,765		5,765
Mutual Money Market Funds —				
State Street Cash — SSGA Money Market		2,400		2,400
Mutual Stock Funds:				
MFS	2,580			2,580
Dodge & Cox Stock Fund	2,289	32		2,321
Common Fund Multi Strategy Equity Fund	127	7,117		7,244
Common Fund Core Equity Fund	3,527	1,419		4,946
Common Fund Intermediate Multi-Strategy Equity Fund	76	4,241		4,317
Other	1,063	1,000		2,063
Commodities —				
SPDR Gold Shares	3,160			3,160
Other investments	749		477	1,226
Other alternative investments:				
Robeco-Sage Capital International		1,973	1,649	3,622
Common Fund Intermediate Fund		2,057	10	2,067
Other			1,258	1,258
	$88,357	$59,397	$3,468	$151,222

Investments have been reported at fair value and categorized as Level 1, 2, or 3. Level 1 represents investments that have a quoted price in the active markets. Level 2 represents investments with direct or indirect observable market inputs. Level 3 represents investments with no observable market.

Historically, the Fund was unable to invest excess operating funds outside of the State Treasurer. In 2005, the West Virginia State Legislature passed Senate Bill No. 603 (S.B. 603). S.B. 203 granted WVU and Marshall the ability to invest a limited amount of funds with their foundations. The amounts invested with the two foundations at June 30, 2011 and 2010, were approximately $60,600,000 and $61,000,000, respectively.

As of June 30, 2011, the U.S. Government investments have the following rates and maturity dates:

	Rates	Maturity Dates
Federal Home Loan Mortgage Corporation bonds	1.75%–5.125%	March 23, 2012–January 15, 2013
Federal National Mortgage Association bonds	1.75–4.875	May 18, 2012–April 9, 2013
Federal National Mortgage Association securities	3.5–5.0	October 16, 2038–June 1, 2041

WVU, through its board, issued Auction Rate Certificate (ARC) debt in 2004. These 2004 ARCs are variable rate debt that reset at auction every 28 days. Based on guidance from bond counsel, the WVU Research and Development Corporation began to submit bids to purchase the ARCs in the April 23, 2008 auction. At June 30, 2011 and 2010, the carrying value of these investments was approximately $3.3 million and $7.5 million, respectively. Future redemptions are scheduled in October 2011 for $2.425 million and October 2012 for $.975 million. These investments have been rated A+ by Standard & Poor's for both years.

At June 30, 2011 and 2010, certain other investments had the following Standard & Poor's (S&P) ratings:

	Standard & Poor's Rating	
Investment Type	**2011**	**2010**
Common Fund Intermediate Fund	AA	AA
Common Fund High Quality Bond Fund	AA	N/A
Common Fund Multi-Strategy Bond Fund	AA	AA
Common Fund Multi-Strategy Bond Investors Fund	AA	AA
Income Research & Management (IRM)	AA	AA+
Dodge and Cox Stock Fund	AA-	Aa3
State Street Cash — SSGA Money Market	AAAm	Am
Harbor Bond Fund	A	A
Brandywine Global Fixed Income	BBB+	N/A

Remaining investments have not been rated.

Other than listed above, these investments have no significant custodial credit risk or interest rate risk and they are not exposed to a concentration of credit risk or any foreign currency risk.

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 and 2010, were as follows (dollars in thousands):

	2011	**2010**
Students — net of allowance of $14,674 and $12,472 in 2011 and 2010, respectively	$ 11,436	$ 12,304
Grants and contracts — net of allowance of $1,345 and $1,960 in 2011 and 2010, respectively	50,992	52,522
Auxiliary services — net of allowance of $1,198 and $795 in 2011 and 2010, respectively	1,792	2,430
Due from State and State agencies	7,987	4,176
Other — net of allowance of $2 and $15 in 2011 and 2010, respectively	8,708	10,809
	$ 80,915	$ 82,241

6. CAPITAL ASSETS

The following, for the years ended June 30, 2011 and 2010, is a summary of capital assets transactions for the Fund (dollars in thousands):

	2011			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 76,278	$ 23,868	$ 3,716	$ 96,430
Construction in progress	112,231	123,704	113,365	122,570
Other	132			132
Total capital assets not being depreciated	$ 188,641	$147,572	$117,081	$ 219,132
Other capital assets:				
Land improvements	$ 58,927	$ 6,899	$ 1	$ 65,825
Infrastructure	317,409	5,051	46	322,414
Buildings	2,046,946	121,316	1,936	2,166,326
Equipment	297,600	39,697	17,094	320,203
Software	50,577	2,608	286	52,899
Library books	151,877	9,091	401	160,567
Intangibles	29,470	516		29,986
Total other capital assets	2,952,806	185,178	19,764	3,118,220
Less accumulated depreciation for:				
Land improvements	21,041	3,954		24,995
Infrastructure	236,970	7,405	34	244,341
Buildings	555,382	43,329	3	598,708
Equipment	198,256	24,250	16,058	206,448
Software	45,295	1,818	128	46,985
Library books	121,839	7,872	549	129,162
Intangibles	20,961	3,480		24,441
Total accumulated depreciation	1,199,744	92,108	16,772	1,275,080
Other capital assets — net	$1,753,062	$ 93,070	$ 2,992	$1,843,140
Capital asset summary:				
Capital assets not being depreciated	$ 188,641	$146,572	$117,081	$ 218,132
Other capital assets	2,952,806	185,178	19,764	3,118,220
Total cost of capital assets	3,141,447	331,750	136,845	3,336,352
Less accumulated depreciation	1,199,744	92,108	16,772	1,275,080
Capital assets — net	$1,941,703	$239,642	$120,073	$2,061,272

	2010			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 73,721	$ 3,268	$ 711	$ 76,278
Construction in progress	134,983	117,672	140,424	112,231
Other	132			132
Total capital assets not being depreciated	$ 208,836	$120,940	$141,135	$ 188,641
Other capital assets:				
Land improvements	$ 51,743	$ 7,186	$ 2	$ 58,927
Infrastructure	312,939	4,517	47	317,409
Buildings	1,913,329	136,132	2,515	2,046,946
Equipment	293,754	39,911	36,065	297,600
Software	46,992	4,672	1,087	50,577
Library books	143,456	8,994	573	151,877
Intangibles	20,542	8,928		29,470
Total other capital assets	2,782,755	210,340	40,289	2,952,806
Less accumulated depreciation for:				
Land improvements	17,632	3,410	1	21,041
Infrastructure	228,865	8,042	(63)	236,970
Buildings	516,636	39,932	1,186	555,382
Equipment	191,200	23,964	16,908	198,256
Software	44,177	1,619	501	45,295
Library books	115,250	7,128	539	121,839
Intangibles	15,277	5,685	1	20,961
Total accumulated depreciation	1,129,037	89,780	19,073	1,199,744
Other capital assets — net	$1,653,718	$120,560	$ 21,216	$1,753,062
Capital asset summary:				
Capital assets not being depreciated	$ 208,836	$120,940	$141,135	$ 188,641
Other capital assets	2,782,755	210,340	40,289	2,952,806
Total cost of capital assets	2,991,591	331,280	181,424	3,141,447
Less accumulated depreciation	1,129,037	89,780	19,073	1,199,744
Capital assets — net	$1,862,554	$241,500	$162,351	$1,941,703

The Fund maintains certain collections of inexhaustible assets to which no value can be practically determined. Accordingly, such collections are not capitalized or recognized for financial statement purposes. Such collections include contributed works of art, historical treasures, and literature that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

During August 2010, the West Virginia Development Office issued approximately $162 million of Education, Arts, Science, and Tourism bonds. The Commission, as provided in the State Code, will receive 60%, or $97.2 million, of the proceeds to help fund various building and campus renewal projects. As of June 30, 2011, the Fund has recognized $19.0 million of the total to be received. The West Virginia Development Office is responsible for repayment of the debt.

The Fund has construction commitments at June 30, 2011, of approximately the following (dollars in thousands):

Bluefield State College	$ 2,821
Concord University	500
Fairmont State University	2,725
Marshall University	11,900
Pierpont Community and Technical College	1,389
West Liberty State College	3,300
West Virginia Higher Education Policy Commission	32,000
West Virginia Northern Community College	2,700
West Virginia School of Osteopathic Medicine	503
West Virginia University	22,800
West Virginia University at Parkersburg Community and Technical College	304
	$ 80,942

7. LONG-TERM LIABILITIES

The following, for the years ended June 30, 2011 and 2010, is a summary of long-term obligation transactions for the Fund (dollars in thousands):

	2011				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Notes payable	$ 33,117	$ -	$ (1,254)	$ 31,863	$ 1,552
Capital leases payable	81,077	1,516	(14,301)	68,292	12,417
Revenue bonds payable	748,887	128,749	(71,574)	806,062	28,085
Total bonds, capital leases, and notes payable	863,081	130,265	(87,129)	906,217	
Advances from federal sponsors	41,355	60	(19)	41,396	
Accrued compensated absences	42,849		(42)	42,807	39,411
Deferred interest payable	29,917	4,095		34,012	
OPEB liability	113,543	85,068		198,611	
Other noncurrent liabilities	28,770	12,310	(7,149)	33,931	607
Total long-term liabilities	$1,119,515	$231,798	$(94,339)	$1,256,974	

	2010				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, capital leases, and notes payable:					
Notes payable	$ 32,093	$ 1,907	$ (883)	$ 33,117	$ 2,815
Capital leases payable	46,762	37,564	(3,249)	81,077	13,925
Revenue bonds payable	679,424	94,647	(25,184)	748,887	26,896
Total bonds, capital leases, and notes payable	758,279	134,118	(29,316)	863,081	
Advances from federal sponsors	41,542	84	(271)	41,355	
Accrued compensated absences	43,354		(505)	42,849	39,707
Deferred interest payable	26,060	3,857		29,917	
OPEB liability	23,990	89,553		113,543	
Other noncurrent liabilities	26,502	7,245	(4,977)	28,770	162
Total long-term liabilities	$919,727	$234,857	$(35,069)	$1,119,515	

8. OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB, OPEB costs are accrued based upon invoices received from PEIA based upon actuarial determined amounts. At June 30, 2011 and 2010, the noncurrent liability related to OPEB costs was $198.6 million and $113.5 million, respectively. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees were $105.4 million and $19.9 million, respectively, during 2011, and $108.1 million and $17.9 million, respectively, during 2010. As of June 30, 2011 and 2010, there were approximately 1,300 and 1,200 retirees receiving these benefits, respectively.

9. LEASE OBLIGATIONS

Capital — The Fund leases certain property, plant, and equipment through capital leases. The following is a schedule by year of future annual minimum payments required under the lease obligations existing at June 30, 2011 (dollars in thousands):

Years Ending June 30	
2012	$15,228
2013	6,077
2014	6,118
2015	6,089
2016	5,583
2017–2021	28,109
2022-2026	17,915
2027-2030	5,599
Future minimum lease payments	90,718
Less interest	22,426
Total	$68,292

During fiscal year 2010, WVU entered into three lease purchase agreements to finance capital projects, including construction of the Intermodal Transportation Center and the Childcare Center and capital improvements to the Engineering Sciences Building, for total lease payments of $47.9 million. As of June 30, 2010, there was $10.9 million held by the lease trustee for expenditures for completion of the leased projects.

The lease purchase for construction of the Intermodal Transportation Center, totaling $10.9 million, was subject to federal approval and, as such, the proceeds were placed in escrow. Subsequent to the end of fiscal year 2010, West Virginia University was informed that the federal government would not approve the funding. As such, West Virginia University repaid the $10.9 million in full from the funds in escrow during fiscal year 2011.

The following is a related-party capital lease:

Marshall has a capital lease agreement with the Marshall University Graduate College Foundation, Inc. (the "MUGC Foundation") for the Marshall University Graduate College's administration facility (the "Facility"). The fair value of the Facility was estimated by independent appraisal during the year ended June 30, 1995, at $5 million (building $4.3 million and land $700,000), and the 21-year lease term commenced with the Marshall University Graduate College's occupancy of the Facility in June 1995. Ownership of the Facility transfers to Marshall at the end of the lease term. During the year ended June 30, 2008, all assets and liabilities of the MUGC Foundation became part of the Marshall University Foundation, Inc. (the "MU Foundation"). This agreement is now with the MU Foundation.

Operating — The Fund had entered into various operating lease agreements. Future annual minimum lease payments for years subsequent to June 30, 2011, are as follows (dollars in thousands):

Years Ending June 30	
2012	$ 9,484
2013	7,080
2014	6,041
2015	5,068
2016	4,150
2017–2021	11,347
2022–2026	9,880
2027–2031	9,880
Total	$ 62,930

Total rent expense for these operating leases for the years ended June 30, 2011 and 2010, was approximately $10.9 million and $10.5 million, respectively.

The following is a related-party operating lease:

West Virginia University leases an office building from the West Virginia University Foundation, Incorporated. Rental expense under the operating lease is $1,975,000 per year through 2031. West Virginia University retains the right to cancel the lease upon giving 30 days' written notice.

10. NOTES PAYABLE

During fiscal year 1997, West Virginia State University signed an agreement with the Educational Direct Loan Mortgage Corporation (Eddie Mac) to have available a line of credit of $3.5 million to be used to renovate dormitories. As of June 30, 2011 and 2010, West Virginia State University had $2,526,184 and $2,612,963 outstanding, respectively. At an interest rate of approximately 6.3%, current monthly principal and interest payments of approximately $21,068 are payable through 2026. Eddie Mac has a security interest for this loan on the net revenues from West Virginia State University's dormitories and receives a monthly service fee. West Virginia State University is also subject to certain operating covenants and restrictions on incurrence of additional debt per the loan document.

During fiscal year 2008, West Virginia University Research Corporation drew their final approximately $2.1 million on their $6 million construction and term loan with West Virginia Housing Development Fund (WVHDF). The proceeds of the WVHDF loan were disbursed on a draw basis as construction progressed. The principal balance of the WVHDF loan bears interest at a fixed rate of 5.11% per annum. The note is due 240 months from the closing date of October 24, 2005. A note modification agreement dated April 26, 2007, allowed the West Virginia University Research Corporation to accrue quarterly interest for the period beginning April 1, 2007 through January 31, 2009, and to add it to the principal amount of the loan. On February 1, 2009, such accrued interest is amortized and paid over the remaining term of the loan. Total remaining to be paid at June 30, 2011 and 2010, was approximately $5.9 million and $6.1 million, respectively.

During fiscal year 2008, West Virginia University Research Corporation drew the entire amount of their $9 million construction and term loan with West Virginia Economic Development Authority (WVEDA). The proceeds of the WVEDA loan were disbursed on a draw basis as construction progressed. The principal balance of the WVEDA loan bears interest at a fixed rate of 5.51% per annum. The note is due 240 months from the closing date of October 24, 2005. Interest on the loan accrued but payment was deferred for the first 36 months of the loan. On October 1, 2009, such accrued interest is amortized and paid over the remaining term of the loan. Total remaining to be paid at June 30, 2011 and 2010, was approximately $9.3 million and $9.7 million, respectively.

During fiscal year 2009, West Virginia University Research Corporation drew the entire amount of their $9.4 million loan with West Virginia Infrastructure and Jobs Development Council (WVIJDC). The proceeds of the WVIJDC were disbursed on a draw basis as construction progressed. The principal balance of the WVIJDC loan bears interest at a fixed rate of 3% per annum. The note is due 240 months from the closing date of October 24, 2005. Interest on the loan accrued but payment was deferred for five years from the date of closing. On October 24, 2010, such accrued interest is amortized and paid over the remaining term of the loan. Total remaining to be paid at June 30, 2011 and 2010, was approximately $9.5 million and $9.8 million, respectively. The interest rate applicable to $3 million in principal for the balance of the term of the loan will be based on the satisfaction of certain employment criteria.

During fiscal year 2008, MURC borrowed the proceeds of a bond issuance by the Cabell County Commission for the construction of an addition to the Marshall University Forensic Science Center. MURC's repayment terms are the same as the bond repayment term. MURC is obligated to make interest payments commencing on October 10, 2008, for the interest due on the loan semiannually and to make annual principal payments starting on April 1, 2009, based on a hypothetical amortization of the then-remaining principal balance at the then-applicable interest rate for the then-remaining years of the original 20-year amortization period ending April 10, 2028. However, any unspent mortgage proceeds would go to pay the first amounts due for interest and principal. Any remaining principal balance shall be payable in full on April 10, 2028. The interest rate on the bonds is 3.2% at April 10, 2008, and continuing to and including year five, and will change for each subsequent five-year period to the rate

per annum equal to 67% of the five-year Treasury Constant Maturity in effect on that date, plus 1.67% per annum. The principal balance at June 30, 2011 and 2010, is $2,659,649 and $2,776,173, respectively.

During fiscal year 2010, Glenville State College entered into a $1.5 million note collateralized by the Glenville State College Foundation, Inc. securities, for construction purposes. Interest was 4.0% and principal was due in fiscal year 2011. In July 2011, this note was refinanced with interest of 4% and monthly principal payments of $17,542. The note matures June 2031.

During fiscal 2009, Glenville State College entered into a $635,000 promissory note collateralized by a first lien on various parcels of real estate and a motel building. Interest is 6.56% with monthly principal payments of $4,793. The note matures in May 2030.

Annual minimum payments for the years ending after June 30, 2011, are as follows (dollars in thousands):

Years Ending June 30	Principal	Interest	Total
2012	$ 1,552	$ 1,452	$ 3,004
2013	1,622	1,379	3,001
2014	1,697	1,306	3,003
2015	1,774	1,228	3,002
2016	1,852	1,150	3,002
2017–2021	10,646	4,322	14,968
2021–2026	11,848	1,631	13,479
2027–2031	872	107	979
Total	$31,863	$12,575	$44,438

11. INSTITUTION BONDS PAYABLE

The Institutions within the Fund, at June 30, 2011 and 2010, have the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Annual Installments	Principal Outstanding 2011	Principal Outstanding 2010
Fairmont State University — College Facilities Revenue Bonds 2002, Series A, due through 2032	5.38 %	$390–$1,145	$ 15,180	$ 15,595
Fairmont State University — Infrastructure Revenue Bonds 2002, Series B, due through 2032	5.00	205–565	7,645	7,860
Fairmont State University — College Facilities Revenue Bonds 2003, Series A, due through 2032	5.25	300–860	11,530	11,850
Fairmont State University — Student Activity Revenue Bonds 2003, Series B, due through 2032	5.25	520–1,475	19,835	20,385
Fairmont State University — Facilities Improvement Revenue Bonds, 2006 Series, due through 2026	4.18 (10-year reset)	303–611	6,978	7,306
Glenville State University — Student Housing Bonds, Series 2011A, due 2030	5.25	20-325	4,131	
Glenville State University — Student Housing Bonds, Series 2011B, due 2012	4.50	60	60	
Glenville State University — Student Housing Bonds, Series 2000A, due 2030 (refunded by the 2011 Student Housing Bonds)	6.20	90–1,280		4,310
Glenville State University — Campus Community Center Bonds, Series 2006, due 2026	4.30 (10-year reset)	50–456	1,264	1,320
Glenville State University — Science Building Bonds, Series 2007, due in 2037	4.68 (10-year reset)	127	3,844	3,917
Glenville State University — Goodwin Hall Bonds, Series 2009, due in 2040	Variable	0–131	25,500	16,603
Marshall University — University Refunding Revenue Bonds 2010, due through 2030	5.00	915–2,885	37,140	
Marshall University — University Facilities Revenue Bonds 2001, due through 2031 (refunded by the 2010 Refunding Revenue Bonds)	5.30	1,135–3,035		40,690
Shepherd University — Student Fee Revenue Bonds, due through 2033	5.13	105–370	5,195	5,320
Shepherd University — Infrastructure Revenue Bonds, Series 2004B, due through 2024	4.50	125–240	2,445	2,590
Shepherd University — Residence Facilities Revenue Bonds, due through 2035	5.00	435–1,450	21,100	21,580
Shepherd University — Wellness Center Facilities Revenue Bonds, Series 2007, due through 2037	4.77	435–1,170	18,330	18,700
West Liberty State University — Dormitory Revenue Bonds 2003, Series A, due through 2028	6.13	225–650	7,170	7,415
West Liberty State University — University Union Revenue Bonds 2003, Series B, due through 2018	5.63	75–120	705	785
West Liberty State University — Capital Improvement Revenue Bonds 2003, Series C, due through 2028	6.00	100–285	3,130	3,240
West Virginia State University — Student Union Revenue Bonds 2002, Series A, due through 2022	6.20	215–420	3,635	3,880
West Virginia University — Auction Rate Certificates Federally Taxable Revenue Refunding and Improvement Bonds 2004, Series A, due through 202	Variable	975–4,200	3,400	7,600
West Virginia University — Revenue Refunding Bonds 2004, Series B, due through 2021	5.00 %	0–6,685	55,430	55,430
West Virginia University — Revenue Improvement Bonds 2004, Series C, due through 2035	5.00	0–12,780	138,710	138,710
			392,357	395,086
Less unamortized bond discount			(410)	(472)
Loss on bond defeasance			(1,717)	(2,476)
Add unamortized bond premium			6,377	5,008
			$396,607	$397,146

Prior to fiscal 2003, each of the above bond issues was specific to an individual institution within the Fund, although the bonds were also issued in the names of the Fund's former governing boards, previously responsible for the governance of the State's higher education system. The bonds issued after fiscal 2002 were issued by the Institution's Governing Board only.

A summary of the annual aggregate principal payments for years subsequent to June 30, 2011, is as follows (dollars in thousands):

Years Ending June 30	Principal	Interest	Total
2012	$ 9,338	$ 37,764	$ 47,102
2013	10,537	40,137	50,674
2014	10,840	39,528	50,368
2015	11,327	38,834	50,161
2016	11,806	38,057	49,863
2017–2021	67,584	172,992	240,576
2022–2026	83,829	142,066	225,895
2027–2031	95,786	102,496	198,282
2032–2036	83,435	32,055	115,490
2037–2041	7,874	6,343	14,217
Total	$392,356	$650,272	$1,042,628

12. SYSTEM BONDS PAYABLE

The Fund receives State appropriations to finance its operations. In addition, it is subject to the legislative and administrative mandates of State government. Those mandates affect various aspects of the Fund's operations, its tuition and fee structure, its personnel policies, and its administrative practices.

The State has chartered the Fund with the responsibility to construct or renovate, finance, and maintain various academic and other facilities of the State's universities and colleges, including certain facilities within the Fund. Financing for these facilities was provided through revenue bonds issued by various former governing boards which are now administered by the Policy Commission.

The Policy Commission has the authority to assess each institution of the Fund for payment of debt service on these system bonds. The tuition and registration fees of the Institutions are generally pledged as collateral for the Fund's bond indebtedness. Student fees collected by an institution in excess of the debt service allocation are retained by the institution for internal funding of capital projects and maintenance. The bonds remain a capital obligation of the Fund.

On December 17, 2010, $16,520,000 of Series A Bonds, $50,265,000 of Series B Bonds, and $10,080,000 of Series C Bonds were sold. The Bonds were issued to provide funds to (i) fund certain higher education facilities projects, (ii) fund an interest subsidy reserve fund for the benefit of the Series B Bonds, and (iii) pay the costs associated with the issuance of the Bonds. The Series A, Series B, and Series C Bonds outstanding at June 30, 2011, consist of $3,770,000, $0, and $10,080,000 serial bonds, respectively, with varying interests rates from 2.14% to 5.28% and mature serially from April 1, 2012 through April 1, 2020. Additionally, term bonds from the Series A Bonds of $12,750,000 with an interest rate of 5.00% mature April 1, 2026. Term bonds from the Series B Bonds of $10,800,000 with an interest rate of 7.45% mature April 1, 2030, and of $39,465,000 with an interest rate of 7.65% mature April 1, 2040.

The Commission, at June 30, 2011 and 2010, has the following outstanding bonds payable (dollars in thousands):

	Maximum Interest Rate	Original Range of Annual Installments	Principal Outstanding 2011	Principal Outstanding 2010
Series 2010A — Revenue Bonds, due through 2026	5.00 %	$235–$12,750	$ 16,520	$ -
Series 2010B — Revenue Bonds, due through 2040	7.65	10,800–39,465	50,265	
Series 2010C — Revenue Bonds, due through 2018	5.28	1,340–1,580	10,080	
Series 2009A — Community and Technical College Improvement Revenue Bonds, due through 2039	5.25	1,425–4,760	76,870	78,295
Series 2007A — Revenue Refunding Bonds, due through 2027	5.00	185–1,880	23,180	24,265
Series 2004B — Higher Education Facilities Bonds, due through 2034	6.00	2,680–9,520	140,010	144,025
Series 2003A — College Facilities Bonds, due through 2012	5.00	2,325–2,690	1,235	3,925
Series 2003A — University Facilities Bonds, due through 2012	5.00	5,740–7,875	7,875	15,380
Series 2000A — University System Bonds, due through 2031	6.26	0–3,264	36,591	36,591
Series 1998 — University System Bonds, due through 2028	5.25	1,065–3,625	42,040	43,525
			404,666	346,006
Add bond premium and deferred gain			5,235	5,994
Less bond discount			(446)	(259)
			$409,455	$351,741

A summary of the annual aggregate principal payments for years subsequent to June 30, 2011, is as follows (dollars in thousands):

Years Ending June 30	Principal	Interest	Total
2012	$ 18,685	$ 19,315	$ 38,000
2013	13,244	21,998	35,242
2014	13,472	21,768	35,240
2015	13,745	21,500	35,245
2016	14,057	21,180	35,237
2017–2021	70,283	99,990	170,273
2022–2026	82,420	87,182	169,602
2027–2031	79,535	69,498	149,033
2032–2036	62,670	21,279	83,949
2037–2040	36,555	6,106	42,661
Total	$404,666	$389,816	$794,482

The higher education institutions' tuition, registration, and other specified fees generally are pledged as collateral for the Commission's bond indebtedness, as well as any monies held by the trustees.

13. UNRESTRICTED NET ASSETS

The Fund's unrestricted net assets at June 30, 2011 and 2010, include certain designated net assets as follows:

	2011	2010
Designated for auxiliaries	$ 8,701	$ 9,136
Designated for repair, replacement, and new property	19,086	8,297
Other	1,089	
Undesignated	274,727	273,997
Total unrestricted net assets before OPEB liability	303,603	291,430
Less OPEB liability	198,611	113,543
Total unrestricted net assets	$104,992	$177,887

14. RETIREMENT PLANS

Substantially all full-time employees of the Fund participate in either the West Virginia Teachers' Retirement System (STRS) or the Teachers' Insurance and Annuities Association — College Retirement Equities Fund (TIAA-CREF). Previously, upon full-time employment, all employees were required to make an irrevocable selection between the STRS and TIAA-CREF. Effective July 1, 1991, the STRS was closed to new participants. Current participants in the STRS are permitted to make a one-time election to cease their participation in that plan and commence contributions to the West Virginia Teachers' Defined Contribution Plan. Effective January 1, 2003, higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have an option to switch to the New Educators Money 401(a) basic retirement plan ("Educators Money"). New hires have the choice of either plan.

Total contributions to Educators Money for the years ended June 30, 2011, 2010, and 2009, were $1,092,400, $1,657,300, and $730,900, respectively, which consisted of approximately $546,200, $525,500, and $362,300, from the Fund in 2011, 2010, and 2009, respectively, and approximately $546,200, $531,800, and $368,600, from the covered employees in 2011, 2010, and 2009, respectively.

The STRS is a cost-sharing, defined benefit public retirement system. Employer and employee contribution rates are established annually by the State Legislature. The contractual maximum contribution rate is 15%. The Fund accrued and paid its contribution to the STRS at the rate of 15% of each enrolled employee's total annual salary for both years ended June 30, 2011 and 2010. Required employee contributions are at the rate of 6% of total annual salary for both years ended June 30, 2011 and 2010. Participants in the STRS may retire with full benefits upon reaching age 60 with five years of service, age 55 with 30 years of service, or any age with 35 years of service. Lump-sum withdrawal of employee contributions is available upon termination of employment. Pension benefits are based upon 2% of final average salary (the highest five years salary out of the last 15 years) multiplied by the number of years of service.

Total contributions to the STRS for the years ended June 30, 2011, 2010, and 2009, were approximately $6,296,500, $6,794,200, and $6,993,700, respectively, which consisted of approximately $4,424,600, $4,701,500, and $4,884,200, from the Fund in 2011, 2010, and 2009, respectively, and approximately $1,851,900, $2,092,700, and $2,149,500, from the covered employees in 2011, 2010, and 2009, respectively.

The contribution rate is set by the State Legislature on an overall basis, and the STRS does not perform a calculation of the contribution requirement for individual employers, such as the institutions within the Fund. Historical trend and net pension obligation information is available from the annual financial report of the Consolidated Public Retirement Board. A copy of the report may be obtained by writing to the Consolidated Public Retirement Board, Building 5, Room 1000, Charleston, WV 25305.

The TIAA-CREF is a defined contribution plan in which benefits are based solely upon amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution equal to 6% of total annual compensation. The Fund matches the employees' 6% contribution. Contributions are immediately and fully vested. In addition, employees may elect to make additional contributions to TIAA–CREF which are not matched by the Fund.

Total contributions to the TIAA-CREF for the years ended June 30, 2011, 2010, and 2009, were approximately $77.0 million, $73.4 million, and $69.8 million, respectively, which consisted of approximately $38.4 million, $36.6 million, and $34.9 million, from the Fund in 2011, 2010, and 2009, respectively, and approximately $38.5 million, $36.6 million, and $34.9 million, from the covered employees in 2011, 2010, and 2009, respectively.

The Fund's total payroll for the years ended June 30, 2011 and 2010, was approximately $758.4 million and $727.6 million, respectively, and total covered employees' salaries in the STRS, TIAA-CREF, and Educators Money were approximately $36.2 million, $641.9 million, and $12.9 million, for the year ended June 30, 2010, and $36.4 million, $600.4 million, and $8.6 million, for the year ended June 30, 2009.

15. FOUNDATIONS

Various foundations have been established as separate nonprofit organizations incorporated in the State of West Virginia having as their purpose "... to aid, strengthen, and further in every proper and useful way, the work and services of the (individual institutions within the Fund), and their affiliated nonprofit organizations ..." Oversight of each of the foundations is the responsibility of separate and independently elected Boards of Directors, not otherwise affiliated with the Fund. In carrying out its responsibilities, the Boards of Directors of the foundations employ management, form policy and maintain fiscal accountability over funds administered by the foundations. Although the individual institutions within the Fund do not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, that the foundations hold and invest are restricted to the activities of the individual institutions within the Fund by donors. Because these restricted resources held by the foundations as detailed in the combined financial statements can only be used by, or for the benefit of, the individual institutions within the Fund, the foundations are considered component units of the Fund and are therefore discretely presented with the Fund's combined financial statements in accordance with GASB discretely presented component unit requirements.

The West Virginia University Foundation, Inc. is appropriately not included as a discretely presented component unit as the economic resources held do not entirely or almost entirely benefit the West Virginia University, and its net assets (including unrealized gains) totaled $581.8 million and $491.6 million at June 30, 2011 and 2010, respectively. The Bridgemont Community and Technical College Foundation, Inc., The Eastern West Virginia Community and Technical College

Foundation, Inc., and Mountwest Foundation, Inc. are not included for the years ended June 30, 2011 and 2010, because they were not significant to their Institutions. The Higher Education Foundation is not included for the years ended June 30, 2011 and 2010, because it does not entirely or almost entirely benefit any one Institution and because it was not significant to the Fund. Blue Ridge Community and Technical College and Kanawha Valley Community and Technical College do not have related foundations. Tech Foundation, Inc. was not included for the years ended June 30, 2011 and 2010, because it was not significant to the Fund.

Complete financial statements for any discretely presented component unit foundation can be obtained by contacting the Business Office of the West Virginia Higher Education Policy Commission, 1018 Kanawha Boulevard, E, Suite 700, Charleston, WV 25301. See also Note 19.

16. OTHER DISCRETE COMPONENT UNITS

In addition to the Foundations included as discretely presented component units, the Fund has two other component units which are material and entirely or almost entirely for the benefit of the Fund's individual institutions as of each year end. Oversight of the other discrete component units is the responsibility of separate and independently elected Boards of Directors, not otherwise affiliated with the Fund.

17. AFFILIATED ORGANIZATIONS

The Fund has various separately incorporated affiliated organizations, including alumni and other associations. Oversight responsibility for these organizations rests with independent boards and management not otherwise affiliated with the Fund. Accordingly, the financial statements of these organizations are not included in the Fund's accompanying combined financial statements under the blended component unit requirements. They are not included in the Fund's accompanying financial statements as discretely presented component unit requirements as they are (1) not significant or (2) have dual purpose (i.e., not entirely or almost entirely for the benefit of the Fund).

18. CONTINGENCIES AND COMMITMENTS

Contingencies — The nature of the educational industry is such that, from time to time, claims will be presented against colleges and universities on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services in a higher education system. In the opinion of management, all known claims are covered by insurance or are such that an award against the Fund would not impact seriously on the financial status of the Fund.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, would not have a significant financial impact on the Fund's financial position.

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. There are no arbitrage rebate liabilities that have been recorded in the combined financial statements at June 30, 2011 or 2010.

The Fund and Institutions within the Fund own various buildings that are known to contain asbestos. The Fund is not required by federal, state, or local law to remove the asbestos from the buildings. The Fund is required by federal environmental, health, and safety regulations to manage the presence of asbestos in the buildings in a safe condition. Significant problems of dangerous asbestos conditions are abated as the condition becomes known. The Fund also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

Commitments — West Virginia University has signed an agreement providing for the purchase of steam through the year 2030 from a nearby facility that commenced operations in late 1992. Under the agreement, West Virginia University has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. This operating rate is adjusted quarterly based on actual production costs and other cost indices. Management believes that the rate is comparable to market rates. West Virginia University's total payments for steam purchased under the agreement were approximately $7.7 million and $7.8 million in 2011 and 2010, respectively. West Virginia University anticipates substantially meeting the minimum steam purchase requirement for the remaining term of its commitment; however, payments in future years will be dependent on actual operating costs and other cost indices in those years.

19. COMPONENT UNITS' DISCLOSURES

The following is an aggregation of the significant notes for the financial statements of the discretely presented component units:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations — The foundations are nonprofit organizations incorporated in the State of West Virginia. The primary purpose of the foundations is to provide assistance and support for the students, facilities, and programs of their respective institution. The other two component units are also nonprofit organizations — both incorporated in the State of West Virginia. Their primary purpose is also to support their respective institutions.

Basis of Presentation — Financial statement presentation follows the requirements of the FASB. In accordance with such requirements, the component units are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting — The financial statements of the component units are presented on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the component units and changes therein are classified and reported as follows:

Unrestricted Net Assets — Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets — Net assets subject to donor-imposed stipulations that will be met either by actions of the component units and/or the passage of time.

Permanently Restricted Net Assets — Net assets subject to donor-imposed stipulations that they be maintained permanently by the component units. Generally, the donors of these assets permit the

component units to use all or part of the income earned from related investments for general or specific purposes. Included in the permanently restricted net assets is a general scholarship account that has been funded by the board of directors designating investment gains to the account. The account is generally used for general scholarships and funding of operating expense shortfalls.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Custodial accounts representing funds held by the component units on behalf of an Institution and/or departments of the Institution are reported as custodial liabilities. The component units are responsible for the management and administration of these funds.

Investments — The component units account for their investments in accordance with generally accepted accounting principles. Under generally accepted accounting principles, investments are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. See separately issued component units financial statements for fair value disclosures. At June 30, 2011 and 2010, there were no material items classified as Level 3 in the fair value hierarchy.

Property and Equipment — Purchased assets are recorded at cost. Donated assets are recorded at their fair value at the date they are donated. Expenditures for replaced items are capitalized and the replaced items are retired. Maintenance and repairs are expensed as incurred. Depreciation is calculated primarily by the straight-line method over the estimated useful lives of the assets.

Gift Annuities — The assets received are recognized at fair value when received, and the gift annuity liabilities are recorded using the present value of future cash flows expected to be paid to the donors and are being amortized over the expected lives of the donors.

Contributions — Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable.

Endowments — See separately issued component unit financial statements for endowment related disclosures. For the years ended June 30, 2011 and 2010, there were no material reclasses among net asset classes nor were there material changes in the endowments.

PLEDGES RECEIVABLE

Pledges receivable represent amounts due to the foundations at their present value less allowance for uncollectible amounts.

INVESTMENTS

The component units' investment securities at June 30, 2011 and 2010, are composed of the following:

	2011												
	Bluefield State College Foundation, Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	New River Community and Technical College Foundation, Inc.	The Marshall University Foundation, Inc.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Liberty State College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
Cash and temporary investments	$ 410,000	$ 822,798	$ 24,439	$ -	$ -	$	$ 1,166,816	$ -	$ -	$ 596,055	$ -	$ -	$ 227,981
U.S. government securities	1,031,393	2,521,740					9,268,501	205,658	524,148	477,064		78,719	
Corporate and municipal bonds and notes	451,556	1,032,348				17,498,749	1,070,897		733,234	54,095		759,620	786,175
Mutual funds	280,644	12,499,600	4,933,493	11,731,720					8,295,936	124,151		3,369,265	5,510,367
Equity investments	5,492,222	6,474,933	8,813,240	255,913	11,800	64,893,770	11,799,023	1,661,465	814,929	1,050,039		124,332	747,881
Other	394,205	1,705,433		704,914		8,013,946	229,789	47,746	347,000	68,774	23,424		
	$8,060,020	$25,056,852	$13,771,172	$12,692,547	$ 11,800	$90,406,465	$23,535,026	$1,914,869	$10,715,247	$2,370,178	$23,424	$4,331,936	$7,272,404

	2010												
	Bluefield State College Foundation, Inc.	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Liberty State College Foundation, Inc.	West Virginia Northern Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.	WVU at Parkersburg Foundation, Inc.
Cash and temporary investments	$ 95,000	$ 1,388,660	$ 343,977	$ -	$ -	$ 346,589	$ 1,187,174	$ -	$ -	$ 400,044	$ -	$ 470,753	$ 243,568
U.S. government securities	1,114,163	2,742,647				6,397,113	9,363,193	622,188	341,881	529,970		454,391	
Corporate and municipal bonds and notes	230,986	722,406	1,418,431		22,803,440		1,061,208		716,167	52,458		369,923	535,194
Mutual funds	269,490	9,316,341	3,034,688	10,356,416					6,813,142	123,225		2,044,171	4,828,809
Equity investments	4,403,887	5,752,610	6,742,934	214,269	46,419,884		9,738,512	1,005,629	659,308	670,072		310,419	605,100
Other	390,285	1,451,398		704,914	6,836,967		140,794	147,233	356,278	58,747	23,311		
	$6,503,811	$21,374,062	$11,540,030	$11,275,599	$76,060,291	$ 6,743,702	$21,490,881	$1,775,050	$ 8,886,776	$1,834,516	$23,311	$3,649,657	$6,212,671

The component units' property, plant, and equipment at June 30, 2011 and 2010, consists of the following:

	2011									
	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	Fairmont State Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	Provident-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.
Land and land improvements	$ 499,365	$ -	$ -	$ -	$ 1,642,000	$ -	$ -	$ -	$ -	$ 166,000
Buildings	4,710,547				10,771,635	77,340,285			2,285,211	1,276,425
Equipment	152,292	66,986	10,491	99,338	1,153,645	7,001,329	20,029	50,350	32,322	46,448
Accumulated depreciation	(850,064)	(64,642)	(555)	(79,863)	(690,525)	(3,317,898)	(15,958)	(50,049)	(782,148)	(593,853)
Net book value	$4,512,140	$ 2,344	$9,936	$19,475	$12,876,755	$81,023,716	$ 4,071	$ 301	$1,535,385	$ 895,020

	2010								
	Bluefield State College Research and Development Corporation	Concord University Foundation, Inc.	The Glenville State College Foundation, Inc.	The Marshall University Foundation, Inc.	MSH-Marshall, L.L.C.	The Shepherd University Foundation, Inc.	Southern West Virginia Community College Foundation, Inc.	West Virginia School of Osteopathic Medicine Foundation, Inc.	The West Virginia State University Foundation, Inc.
Land and land improvements	$ 499,365	$ -	$ -	$ 1,642,000	$ 1,734,683	$ -	$ -	$ -	$ 166,000
Buildings	4,714,694			10,820,563	76,700,360			2,285,211	1,276,425
Equipment	152,292	64,579	99,338	1,138,977	6,565,622	18,028	50,350	32,322	46,448
Accumulated depreciation	(667,386)	(63,045)	(66,760)	(303,505)	(5,459,894)	(13,630)	(49,705)	(723,712)	(559,105)
Net book value	$4,698,965	$ 1,534	$ 32,578	$13,298,035	$79,540,771	$ 4,398	$ 645	$1,593,821	$ 929,768

20. SUBSEQUENT EVENTS

On August 1, 2011, West Virginia University issued improvement revenue bonds ("2011A Bonds") in the amount of $12.7 million to finance the purchase of real and personal property, consisting of a multi-story apartment complex, known as "The Augusta on the Square" and the related costs of issuance. The 2011A Bonds are payable from the same pledged revenues as the West Virginia University 2004 revenue bonds.

The West Virginia University Board and the Commission approved separate resolutions at their June 3, 2011 and August 5, 2011 meetings, respectively, to issue improvement revenue bonds (the "WVU 2011 Bonds"), in the aggregate principal amount of $250.0 million. The proceeds from the WVU 2011 Bonds are intended to finance a portion of the costs of certain improvements at West Virginia University including reimbursement to West Virginia University for certain capital expenditures made prior to the issuance of the WVU 2011 Bonds and refinance certain tax-exempt lease purchase agreements entered into West Virginia University. The WVU 2011 Bonds will be equally secured by the same pledged revenues as the West Virginia University 2004 Revenue Bonds.

In November 2011, the Board of Governors of Marshall University issued $51,910,000 of University Revenue Bonds Series 2011 (the "MU 2011 Bonds") for the purpose of financing various capital improvement projects, paying capitalized interest on the MU 2011 Bonds, and paying related costs of issuance.

21. SEGMENT INFORMATION

Under the auspices of the State of West Virginia and former governing boards, the Fund issued revenue bonds to finance certain of its auxiliary enterprise activities. Investors in those bonds rely solely on the revenues generated by the activities of the auxiliaries for repayment.

Descriptive information for each of the Fund's segments is shown below:

West Virginia University Board of Governors Auction Rate Certificates, Federally Taxable University Revenue Refunding, and Improvement Bonds 2004 Series A; University Revenue Refunding Bonds 2004 Series B; and the University Revenue Improvement Bonds 2004 Series C (Collectively, the "2004 Bonds") — On November 1, 2004, the West Virginia University Board of Governors (the "Board") issued $25,900,000 of the 2004 Series A Bonds. The 2004 Series A Bonds are being used (1) to advance refund the $13,710,000 State of West Virginia, University of West Virginia Board of Trustees, Dormitory Refunding Revenue Bond 1997 Series A, and the $3,250,500 State of West Virginia, University of West Virginia Board of Trustees, Refunding Revenue Bonds 1997 Athletic Facilities Series A; (2) to finance a portion of the costs of certain capital projects at West Virginia University, including reimbursement to West Virginia for certain capital expenditures made prior to the issuance of the 2004 Series A Bonds; and (3) to pay all or a portion of the costs relating to the issuance of the 2004 Series A Bonds.

On November 1, 2004, the Board also issued 2004 Series B and C Bonds in the amounts of $55,430,000. The 2004 Series B Bonds are being used (1) to advance refund the $4,250,000 State of West Virginia, University of West Virginia Board of Trustees, Revenue Bonds 1997 Athletic Facilities Series B; the $10,735,000 State of West Virginia, University of West Virginia Board of Trustees, Dormitory Revenue Bonds 1997 Series B; the $3,000,000 State of West Virginia, University of West Virginia Board of Trustees, Refunding Revenue Bonds 1997 Student Union Series A; and the $38,000,000 State of West Virginia, University of West Virginia Board of Trustees, Revenue Bonds 1997 Student Union Series B, and (2) to pay the costs of issuance of the 2004 Series B Bonds.

The 2004 Series C Bonds are being used to finance a portion of the costs of certain improvements at West Virginia University, including capitalized interest and reimbursement to West Virginia University for certain capital expenditures made prior to the issuance of the 2004 Series C Bonds, and to pay the cost of issuance.

The 2004 Bonds are limited obligations of the Board, payable from and secured by a pledge of Fees and Gross Operating Revenues received by the Board, any interest earnings thereon and on the funds and accounts held by the Bond Trustee, and the funds representing capitalized interest. Fees include Institutional Capital Fees, Auxiliary Fees, and Auxiliary Capital Fees. Gross Operating Revenues include all rent fees, charges, and other income received by or accrued to West Virginia University from the operation and use of the Auxiliary Facilities. The 2004 Bonds are also payable from (but not secured by) other moneys legally available to be used for such purposes.

Board of Governors of Marshall University, University Refunding Revenue Bonds, Series 2010 — In November 2010, the Board sold $37,140,000 of Marshall University Refunding Revenue Bonds, Series 2010 (the "2010 Bonds"). The 2010 Bonds were issued under the authority contained in Article 10, Chapter 18B of the Code of West Virginia, 1931, as amended, and the 2010 Bonds will be secured pursuant to an indenture dated as of November 1, 2010, by and between the Trustee. The 2010 Bonds are secured by and payable from auxiliary fees as defined in the Indenture. The proceeds of the 2010 Bonds are being used to (1) advance refund $40,690,000 of State of West Virginia, Higher Education Interim Governing Board, University Facilities Revenue Bonds, Series 2001A and (2) pay the costs of issuance of the 2010 Bonds. The issuance of the 2010 Bonds resulted in a savings of $1.7 million that will be realized on the first two years of the bond amortization schedule via reduced payments.

State of West Virginia, Higher Education Interim Governing Board, Marshall University Facilities Revenue Bonds, 2001 Series A — In June 2001, the Board sold $46,610,000 of revenue bonds, Marshall University Facilities 2001 Series A (the "2001 Bonds"). The 2001 Bonds are secured by and payable from the revenues of the dormitories and parking facilities, and certain funds held under the Indenture. The proceeds of the 2001 Bonds are being used (1) to finance a portion of the costs of acquisition, construction and equipping of a new student housing complex and parking facilities at the University and renovations and improvements to existing dormitories at the University; (2) to fund capitalized interest on the 2001 Bonds; (3) to fund debt service reserves for the 2001 Bonds; and (4) to pay a portion of the costs of issuance of the 2001 Bonds. These bonds were paid off with the issuance of the 2010 Bonds.

The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds, Glenville State College Housing Corporation Project (the "Corporation"), Series 2000A — In September 2001, the Corporation sold $4,990,000 of revenue bonds, 2000 Housing Facilities Series A Bonds. The bonds are secured by and payable from the revenues of the student housing facilities and certain funds held under the Indenture. The proceeds of the Bonds are being used (1) to pay all or part of the cost of constructing two ten-story apartment buildings, each containing four units to be used as student housing and (2) to pay a portion of the cost of issuing the bonds.

In June 2011, the Corporation took advantage of an opportunity to refinance the 2000 Housing Facilities Series A Bonds at a more favorable interest rate. The 2011 Housing Facilities Series A Bonds were issued without extending the original maturity date of the 2000 Series Bonds.

Board of Governors of Glenville State College, Facilities Improvement Revenue Bonds, Series 2006 — In November 2006, Glenville State College sold $1,500,000 of revenue bonds, 2006 Facilities Improvement Revenue Bonds, Series 2006. The bonds are secured by and payable from the revenues of Glenville State College's auxiliary and auxiliary capital fee and certain funds held under the Indenture. The proceeds of the 2006 Bonds are being used (1) to finance all or part of the cost of renovating the student center (Mollohan Campus Community Center), (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

Board of Governors of Glenville State College, Student Fee Revenue Bonds, Glenville State College Science Building Project, Series 2007 — In December 2007, Glenville State College sold $4,125,000 of revenue bonds, 2007 Student Fee Revenue Bonds, Series 2007. The bonds are secured by and payable from the revenues of Glenville State College education and general capital fees and certain funds held under the Indenture. The proceeds of the bonds are being used (1) to finance all or part of the cost of renovating the science building, (2) to reimburse the Board for cash amounts previously expended to pay renovation costs, and (3) to pay the cost of issuing the bonds.

The County Commission of Gilmer County, West Virginia, Commercial Development Revenue Bonds, Glenville State College Housing Corporation Project, Series 2009A — In December 2009, Glenville State College sold $25,500,000 of Commercial Development Revenue Bonds, Housing Facilities Series 2009 Bonds. The bonds are secured by and payable from the revenues of Glenville State College's student housing facilities and certain funds held under the Indenture. The proceeds of the bonds are being used (1) to pay all or part of the cost of constructing a 484-bed student residence hall and (2) to pay a portion of the cost of issuing the bonds.

Fairmont State College Facilities Revenue Bonds 2002 and 2003, Series A — On August 1, 2002, Fairmont State issued College Facilities Revenue Bonds 2002, Series A (the "2002A Bonds") amounting to $18,170,000. The 2002A Bonds were issued to (1) finance the costs of acquisition of student housing facilities, consisting of an existing 113-unit apartment complex, (2) to finance the costs of design, acquisition and construction of a new, approximately 1,000 space motor vehicle parking facility, (3) to establish a debt service reserve fund for the 2002A Bonds, (4) to capitalize interest on the 2002A Bonds, and (5) to pay the cost of issuance of the 2002A Bonds and related costs.

On March 1, 2003, Fairmont State issued College Facilities Revenue Bonds 2003, Series A (the "2003A Bonds") amounting to $13,320,000. The 2003A Bonds were issued to (1) finance the costs of design, acquisition, construction, and equipping of a new dormitory facility anticipated to include approximately 400 units, (2) to make a deposit to the debt service reserve fund for the 2003A Bonds, (3) to capitalize interest on the 2003A Bonds, and (4) to pay the costs of issuance of the 2003A Bonds and related costs.

Fairmont State Infrastructure Revenue Bonds 2002, Series B — On August 1, 2002, Fairmont State issued Infrastructure Revenue Bonds 2002, Series B (the "2002B Bonds") amounting to $9,310,000. The 2002B Bonds were issued to (1) finance the costs of acquisition and construction of improvements to the campus infrastructure and utilities, including the entranceways to Fairmont State and the roads surrounding Fairmont State, and electrical, water and sewage systems, and (2) to pay the costs of issuance of the 2002B bonds and related costs.

Fairmont State Student Activity Revenue Bonds 2003, Series B — On March 1, 2003, Fairmont State issued Student Activity Revenue Bonds (the "2003B Bonds") amounting to $22,925,000. The 2003B Bonds were issued to (1) finance the costs of designing, acquisition, construction, and equipping a new student activities center (including demolition of an existing dining facility) to be located on the campus of Fairmont State, (2) to capitalize interest on the 2003B Bonds during reasonable time after the construction of the Project, and (3) to pay the costs of issuance of the 2003B Bonds and related costs.

Fairmont State Facilities Improvement Revenue Bonds, 2006 Series — On May 9, 2006, Fairmont State issued Facilities Improvement Revenue Bonds (the "2006 Bonds") amounting to $8,500,000. The 2006 Bonds were issued to (1) finance the design, acquisition, construction, and equipping of certain necessary improvements in the facilities of the main campus of Fairmont State University, including, but not limited to, a technology wing addition/renovation and elevator/HVAC improvements to infrastructure improvements, all of which will be owned by the Board and (2) pay the costs of issuance of the 2006 Bonds and related costs.

State of West Virginia, Shepherd University, Student Fee Revenue Bonds, Series 2003 — In January 2003, $5,990,000 of Shepherd University Student Fee Revenue Bonds, Series 2003 were sold. These bonds were issued to (1) finance the costs of planning, designing, acquiring equipment and constructing of certain capital improvements, including the Field House, the expansion and improvement of the Arts Center, a new parking lot and other capital renovations, repairs and improvements, (2) to establish a debt serve reserve fund, (3) to establish a capitalized interest fund to pay interest on these bonds due on December 1, 2003, and (4) to pay the costs of issuance of the bonds and related costs.

State of West Virginia, Shepherd University, Infrastructure Revenue Bonds, Series 2004 — In September 2004, $3,405,000 of Shepherd University Infrastructure Revenue Bonds, Series 2004 were sold. These bonds were issued to (1) finance the costs of planning, design, acquisition, construction, and equipping of certain capital improvements for Shepherd University, including certain roads, water and sewer system expansion, extensions and improvements and other infrastructure projects on the West Campus of Shepherd University and other capital renovations and improvements to Shepherd University's campus, and (2) to pay the costs of issuance of these bonds and related costs.

State of West Virginia, Shepherd University, Residence Facilities Revenue Bonds, Series 2005 — In May 2005, $22,925,000 of Shepherd University Revenue Bonds (Shepherd University Residence Facilities Projects) Series 2005 were sold. These bonds were issued to (1) finance the costs of planning, design, acquisition, construction, and equipping of a 300-bed apartment style residence complex on the West Campus of Shepherd University; (2) fund capitalized interest on the Series 2005 Bonds to January 1, 2007; (3) refund the Issuer's $1,865,000 University Facilities Revenue Notes, Series 2004A, which were issued to finance temporarily a portion of the costs of planning, design, acquisition, construction, and equipping of certain renovations and improvements to Shaw Hall and Thatcher Hall and other capital renovations and improvements to Shepherd University's residence facilities pending issuance of the Series 2005 Bonds; and (4) to pay the costs of issuance of the Series 2005 bonds.

State of West Virginia, Shepherd University, Wellness Center Facilities Revenue Bonds, Series 2007 — In October 2007, $20,090,000 of Shepherd University Wellness Center Revenue Bonds, Series 2007 were sold. The bonds were issued to finance the costs of planning, design, acquisition, construction, and equipping of a new wellness center on the Shepherd University's campus and other capital improvements for use by Shepherd University; and to pay the costs of issuance of the bonds and related costs.

State of West Virginia, West Virginia State College, Student Union Revenue Bonds, 2002 Series A — On August 1, 2002, the West Virginia State College issued Student Union Revenue Bonds 2002 Series A, of serial and term bonds in the amount of $5,500,000. The bonds were issued to (1) finance the costs of renovation of, construction of an addition to and acquisition of equipment for the College Union, (2) to establish a debt service reserve fund, and (3) to pay the costs of issuance of the Bonds and related costs.

Board of Governors of West Liberty State College, Capital Improvements, 2003 Series A, B, and C — On September 3, 2003, the West Liberty State College issued Dormitory Revenue Bonds 2003 Series A, amounting to $8,870,000. The bonds were issued (1) to finance certain capital improvements consisting of repairs and renovations to West Liberty State College's (the "College") existing residence halls, including electrical upgrades, renovations of bathrooms, roof repairs, acquisition of new furniture, and upgrades to elevators; (2) to fund a Debt Service Reserve Fund for the 2003 Series A Bonds; and (3) to pay costs of issuance of the 2003 Series Bonds and related costs.

On September 3, 2003, the West Liberty State College issued College Union Revenue Bonds 2003 Series B, amounting to $1,145,000. The bonds were issued (1) to finance certain capital improvements consisting of improvements to the College's existing student union building located on the campus of the College known as the "College Union," including improvements to existing offices and meeting areas, the upgrading of entryways and façades, and parking lot and walking area upgrades, (2) to fund a Debt Service Reserve Fund for the 2003 Series B Bonds, and (3) to pay costs of issuance of the 2003 Series B Bonds and related costs.

On September 3, 2003, the West Liberty State College issued Capital Improvement Revenue Bonds 2003 Series C, amounting to $3,890,000. The bonds were issued (1) to finance certain capital improvements consisting of constructing a new communications wing and structural repairs to the roof and south façade of the College's Hall of Fine Arts, and to make certain improvements to roads, sidewalks, and parking areas on the College's campus, (2) to fund a Debt Service Reserve Fund for the 2003 Series C Bonds, and (3) to pay costs of issuance of the 2003 Series C Bonds and related costs.

Condensed financial information for the Fund's segments as of June 30, 2011 and 2010, is as follows (dollars in thousands):

	2011															
	WVU 2004 Auxiliaries	Marshall Revenue Series 2010	Glenville Housing Series A	Glenville 2006 Facilities	Glenville 2007 Student Fees	Glenville 2008 Revenue	Fairmont Facilities 2002 and 2003 Series A	Fairmont Infrastructure 2002 Series B	Fairmont Student Activity 2003 Series B	Fairmont Improvement Series 2006	Shepherd 2003 Student Fee	Shepherd Infrastructure 2004	Shepherd Residence Facilities 2005	Shepherd Wellness Center 2007	WV State 2002 Student Union Series A	West Liberty Capital Improvements 2003 Series A, B & C
CONDENSED STATEMENT OF NET ASSETS:																
Assets:																
Current assets	$ 39,566	$ 6,509	$ 357	$ 662	$ 840	$ 821	$ 3,762	$ 1,426	$ 3,494	$ -	$1,201	$ 475	$ 6,810	$ 758	$ 87	$ 3,462
Noncurrent assets	447,236	42,245	8,093	8,981	9,433	26,393	30,518	8,137	22,762	8,323	4,235	2,390	21,145	19,277	5,715	12,631
Total assets	$ 486,802	$ 48,754	$8,450	$9,643	$10,273	$27,214	$34,280	$ 9,563	$26,256	$8,323	$5,436	$2,865	$27,955	$20,035	$5,802	$16,093
Liabilities:																
Current liabilities	$ 26,717	$ 3,870	$ 110	$ 63	$ 75	$ 129	$ 926	$ 273	$ 785	$ 391	$ 151	$ 158	$ 1,196	$ 521	$ 277	$ 513
Noncurrent liabilities	238,395	39,100	6,280	1,205	3,769	27,143	26,176	7,346	19,550	6,635	5,031	2,295	21,500	17,836	3,304	10,428
Total liabilities	265,112	42,970	6,390	1,268	3,844	27,272	27,102	7,619	20,335	7,026	5,182	2,453	22,696	18,357	3,581	10,941
Net assets (deficit):																
Invested in capital assets — net of related debt	247,750	3,439	1,725	7,717	5,178	(1,459)	926	562	2,333	1,297	(1,478)	(124)	(1,286)	710	1,681	634
Restricted	1	6	30	-	411	599	2,107	1,382	3,588		531	61	270	276	479	1,109
Unrestricted	(26,061)	2,339	305	658	840	802	4,145				1,201	475	6,275	692	61	3,409
Total net assets	221,690	5,784	2,060	8,375	6,429	(58)	7,178	1,944	5,921	1,297	254	412	5,259	1,678	2,221	5,152
TOTAL	$ 486,802	$ 48,754	$8,450	$9,643	$10,273	$27,214	$34,280	$ 9,563	$26,256	$8,323	$5,436	$2,865	$27,955	$20,035	$5,802	$16,093
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS:																
Operating:																
Operating revenues	$ 129,078	$ 16,917	$ 957	$ 525	$ 447	$ 1,222	$ 5,585	$ 1,938	$ 4,201	$ 630	$ 470	$ 335	$15,439	$ 2,454	$ 872	$10,350
Operating expenses	(107,599)	(13,394)	(587)	(505)	(200)	(894)	(2,957)	(826)	(1,905)		(172)	(235)	(13,745)	(1,629)	(682)	(5,878)
Other																
Net operating income	21,479	3,523	370	20	247	328	2,628	1,112	2,296	630	298	100	1,694	825	190	4,472
Nonoperating:																
Transfers (to) from Institution	(26,226)	3,579														(2,732)
Nonoperating revenues	14,016	325	452			6	51	1	6		19		12			6
Nonoperating expenses	(15,984)	(1,643)	(427)	(56)	(182)	(469)	(1,973)	(1,052)	(1,624)	(616)	(261)	(105)	(1,026)	(864)	(193)	(921)
(DECREASE) INCREASE IN NET ASSETS	(6,715)	5,784	395	(36)	65	(135)	706	61	678	14	56	(5)	680	(39)	(3)	825
NET ASSETS — Beginning of year	228,405		1,665	8,411	6,364	77	6,472	1,883	5,243	1,283	198	417	4,579	1,717	2,224	4,327
NET ASSETS — End of year	$ 221,690	$ 5,784	$2,060	$8,375	$ 6,429	$ (58)	$ 7,178	$ 1,944	$ 5,921	$1,297	$ 254	$ 412	$ 5,259	$ 1,678	$2,221	$ 5,152
CONDENSED STATEMENT OF CASH FLOWS:																
Net cash provided by operating activities	$ 10,427	$ 6,147	$ 549	$ 112	$ 443	$ 785	$ 2,608	$ 1,053	$ 2,104	$ -	$ 468	$ 334	$ 2,781	$ 1,309	$ 369	$ 4,472
Net cash (used in) provided by capital financing activities	(5,716)	207	(392)	(113)	(256)	(700)	(2,211)	(855)	(1,548)		(632)	(250)	(3,162)	(2,511)	(435)	(3,819)
Net cash provided by investing activities	8		-	-	-	-	9	1	6		261		1,057	1,279		
INCREASE (DECREASE) IN CASH	4,719	6,354	157	(1)	187	85	406	199	562	-	97	84	676	77	(66)	653
CASH — Beginning of year	30,861 *	*	182 *	537 *	648 *	1,299 *	5,174 *	1,202 *	2,550 *	*	1,098	384	5,364	655	153	2,809
CASH — End of year	$ 35,580 *	$ 6,354 *	$ 339 *	$ 536 *	$ 835 *	$ 1,384 *	$ 5,580 *	$ 1,401 *	$ 3,112 *	$ - *	$1,195	$ 468	$ 6,040	$ 732	$ 87	$ 3,462

* The cash of WVU, Marshall, Glenville, and Fairmont includes current and noncurrent cash.

	2010															
	WVU 2004 Auxiliaries	Marshall 2001 Facilities Series A	Glenville Housing Series A	Glenville 2006 Facilities	Glenville 2007 Student Fees	Glenville 2009 Revenue	Fairmont Facilities 2002 and 2003 Series A	Fairmont Infrastructure 2002 Series B	Fairmont Student Activity 2003 Series B	Fairmont Improvement Series 2006	Shepherd 2003 Student Fee	Shepherd Infrastructure 2004	Shepherd Residence Facilities 2005	Shepherd Wellness Center 2007	WV State 2002 Student Union Series A	West Liberty Capital Improvements 2003 Series A, B & C
CONDENSED STATEMENT OF NET ASSETS:																
Assets:																
Current assets	$ 31,203	$ 8,391	$ -	$ 547	$ 648	$ -	$ 3,343	$ 1,082	$ 2,791	$ -	$1,102	$ 389	$ 6,566	$ 672	$ 154	$ 2,809
Noncurrent assets	437,318	44,733	8,227	9,190	9,633	18,409	30,966	8,630	23,331	8,641	4,404	2,626	21,751	19,782	5,876	12,887
Total assets	$ 468,521	$ 53,124	$8,227	$9,737	$10,281	$18,409	$34,309	$ 9,712	$26,122	$8,641	$5,506	$3,015	$28,317	$20,454	$6,030	$15,696
Liabilities:																
Current liabilities	$ 39,336	$ 3,351	$1,803	$ 62	$ 72	$ -	$ 891	$ 262	$ 709	$ 381	$ 147	$ 154	$ 1,635	$ 516	$ 257	$ 489
Noncurrent liabilities	200,780	40,304	4,759	1,264	3,845	18,332	26,946	7,567	20,170	6,977	5,161	2,444	22,103	18,221	3,549	10,880
Total liabilities	240,116	43,655	6,562	1,326	3,917	18,332	27,837	7,829	20,879	7,358	5,308	2,598	23,738	18,737	3,806	11,369
Net assets (deficit):																
Invested in capital assets — net of related debt	234,125	4,043	1,564	7,870	5,306	(1,222)	623	687	2,292	1,283	(1,435)	(39)	(1,280)	832	1,604	462
Restricted	8	82	207		410	1,299	5,849	1,196	2,951		531	66	284	288	479	1,109
Unrestricted	(5,728)	5,344	(106)	541	648						1,102	390	5,575	597	141	2,756
Total net assets	228,405	9,469	1,665	8,411	6,364	77	6,472	1,883	5,243	1,283	198	417	4,579	1,717	2,224	4,327
TOTAL	$ 468,521	$ 53,124	$8,227	$9,737	$10,281	$18,409	$34,309	$ 9,712	$26,122	$8,641	$5,506	$3,015	$28,317	$20,454	$6,030	$15,696
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS:																
Operating:																
Operating revenues	$ 125,188	$ 14,991	$ 961	$ 276	$ 403	$ 77	$ 5,388	$ 2,067	$ 5,999	$ 631	$ 458	$ 329	$14,608	$ 2,367	$ 933	$ 9,431
Operating expenses	(111,076)	(12,965)	(439)	(501)	(200)		(2,697)	(1,104)	(3,767)		(173)	(235)	(13,240)	(1,812)	(193)	(5,562)
Other																
Net operating income (loss)	14,112	2,026	522	(225)	203	77	2,691	963	2,232	631	285	94	1,368	555	740	3,869
Nonoperating:																
Transfers (to) from Institution	(7,257)	14	-													
Nonoperating revenues	13,435	179	675				53	20	5		12		16			10
Nonoperating expenses	(13,701)	(2,159)	(313)	(58)	(186)		(1,994)	(1,050)	(1,643)	(617)	(266)	(110)	(1,045)	(880)	(202)	(3,114)
INCREASE (DECREASE) IN NET ASSETS	6,589	60	884	(283)	17	77	750	(67)	594	14	31	(16)	339	(325)	538	765
NET ASSETS — Beginning of year	221,816	9,409	781	8,694	6,347		5,722	1,950	4,649	1,269	167	433	4,240	2,042	1,686	3,562
NET ASSETS — End of year	$ 228,405	$ 9,469	$1,665	$8,411	$ 6,364	$ 77	$ 6,472	$ 1,883	$ 5,243	$1,283	$ 198	$ 417	$ 4,579	$ 1,717	$2,224	$ 4,327
CONDENSED STATEMENT OF CASH FLOWS:																
Net cash provided by operating activities	$ 20,797	$ 3,948	$ 722	$ 104	$ 403	$ -	$ 2,569	$ 1,034	$ 2,030	$ -	$ 458	$ 329	$ 2,011	$ 1,242	$ 874	$ 3,868
Net cash (used in) provided by capital financing activities	(23,342)	(3,187)	(771)	(113)	(255)	1,299	(2,169)	(906)	(1,550)	(154)	(608)	(241)	(3,494) 1,079	(2,106)	(816)	(3,261)
Net cash provided by investing activities	118		-				9		5		266			865		
(DECREASE) INCREASE IN CASH	(2,427)	761	(49)	(9)	148	1,299	409	128	485	(154)	116	88	(404)	1	58	607
CASH — Beginning of year	33,288 *	10,660 *	231 *	546 *	500 *	*	4,765 *	1,074 *	2,065 *	154 *	982	296	5,768	654	95	2,202
CASH — End of year	$ 30,861 *	$ 11,421 *	$ 182 *	$ 537 *	$ 648 *	$ 1,299 *	$ 5,174 *	$ 1,202 *	$ 2,550 *	$ - *	$1,098	$ 384	$ 5,364	$ 655	$ 153	$ 2,809

* The cash of WVU, Marshall, Glenville, and Fairmont includes current and noncurrent cash.

22. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

For the years ended June 30, 2011 and 2010, the following tables represent operating expenses within both natural and functional classifications (dollars in thousands):

	2011							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Other	Total
Instruction	$330,622	$126,600	$ 55,155	$ 350	$ 126	$ -	$1,778	$ 514,631
Research	78,220	40,435	49,621	1,148	15			169,439
Public service	50,379	16,301	29,006	368	92		28	96,174
Academic support	51,498	19,121	21,944	179			185	92,927
Student services	44,937	18,165	21,620	37	1,294			86,053
Operations and maintenance of plant	39,446	21,136	38,322	35,108	7		51	134,070
General institutional support	101,261	38,117	63,353	778	631		59	204,199
Total education and general	696,363	279,875	279,021	37,968	2,165	-	2,101	1,297,493
Student financial aid	84				131,925		1	132,010
Auxiliary enterprises	65,118	19,333	79,904	14,258	1		90	178,704
Depreciation						92,108		92,108
Administration of leasing activities	58	15	6,592	3,729				10,394
Other							1,974	1,974
Total	$761,623	$299,223	$365,517	$55,955	$134,091	$92,108	$4,166	$1,712,683

	2010							
	Salaries and Wages	Benefits	Supplies and Other Services	Utilities	Scholarships and Fellowships	Depreciation	Other	Total
Instruction	$320,659	$124,354	$ 51,344	$ 374	$ 175	$ -	$1,859	$ 498,765
Research	74,897	36,737	48,518	1,374	22			161,548
Public service	49,932	16,026	30,063	230	63		31	96,345
Academic support	48,918	18,882	19,491	178	1		135	87,605
Student services	42,941	17,183	20,309	33	1,011		6	81,483
Operations and maintenance of plant	38,927	21,154	39,537	33,759	7		66	133,450
General institutional support	96,741	38,911	56,467	364	911		60	193,454
Total education and general	673,015	273,247	265,729	36,312	2,190	-	2,157	1,252,650
Student financial aid					115,175			115,175
Auxiliary enterprises	60,470	21,322	80,995	13,023			64	175,874
Depreciation						89,780		89,780
Other			203				3,839	4,042
Total	$733,485	$294,569	$346,927	$49,335	$117,365	$89,780	$6,060	$1,637,521

* * * * * *

ADDITIONAL INFORMATION

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING NET ASSETS INFORMATION
AS OF JUNE 30, 2011
(Dollars in thousands)

ASSETS	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
CURRENT ASSETS:			
Cash and cash equivalents	$ 491,281	$ 13,685	$ 504,966
Short-term investments		19,923	19,923
Appropriations due from Primary Government	15,930		15,930
Accounts receivable — net	80,915	6,583	87,498
Loans receivable — current portion	7,340	41	7,381
Other current assets	4,465	725	5,190
Inventories	4,732		4,732
Total current assets	604,663	40,957	645,620
NONCURRENT ASSETS:			
Cash and cash equivalents	181,314	16,614	197,928
Investments	133,761	170,169	303,930
Appropriations due from Primary Government	7,759		7,759
Loans receivable — net of allowance of $11,241	50,588	8	50,596
Other assets	19,831	30,577	50,408
Capital assets — net	2,061,272	101,816	2,163,088
Total noncurrent assets	2,454,525	319,184	2,773,709
TOTAL	$3,059,188	$360,141	$3,419,329

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING NET ASSETS INFORMATION
AS OF JUNE 30, 2011
(Dollars in thousands)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	$ 61,381	$ 581	$ 61,962
Due to State of West Virginia	216		216
Accrued liabilities	49,218	8,860	58,078
Deferred revenue	84,120		84,120
Deposits/custodial/annuity liabilities	6,293	923	7,216
Other liabilities — current portion	607		607
Compensated absences — current portion	39,411		39,411
Notes payable — current portion	1,552	70	1,622
Capital lease obligations — current portion	12,417		12,417
Interest payable	7,560	36	7,596
Bonds payable — current portion	28,085	1,014	29,099
Total current liabilities	290,860	11,484	302,344
NONCURRENT LIABILITIES:			
Advances from federal sponsors	41,396		41,396
Compensated absences	3,480		3,480
Notes payable	30,311	3,553	33,864
Capital lease obligations	55,875		55,875
Deferred interest payable	34,012	647	34,659
Bonds payable	777,977	100,435	878,412
Other post employment benefit liability	198,611		198,611
Other noncurrent liabilities	33,324	8,532	41,856
Total noncurrent liabilities	1,174,986	113,167	1,288,153
Total liabilities	1,465,846	124,651	1,590,497
NET ASSETS (DEFICIT):			
Invested in capital assets — net of related debt	1,284,521	3,909	1,288,430
Restricted for:			
Expendable:			
Scholarships	12,266	31,438	43,704
Sponsored projects	70,691	15,300	85,991
Loans	25,501		25,501
Capital projects	66,832	5,270	72,102
Debt service	9,087	3	9,090
Other	4,025	4,284	8,309
Total restricted expendable	188,402	56,295	244,697
Nonexpendable	15,427	160,669	176,096
Unrestricted	104,992	14,617	119,609
Total net assets	1,593,342	235,490	1,828,832
TOTAL	$3,059,188	$360,141	$3,419,329

(Concluded)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
OPERATING REVENUES:			
Student tuition and fees — net of scholarship allowance of $146,391	$ 488,616	$ -	$ 488,616
Gift and contributions		27,300	27,300
Federal and local land grants	11,335		11,335
Contracts and grants:			
Federal	178,099	255	178,354
State	45,924	6	45,930
Local	3,103		3,103
Private	66,297	455	66,752
Interest on student loans receivable	1,168		1,168
Sales and services of educational activities	25,519		25,519
Auxiliary enterprise revenue — net of scholarship allowance of $20,915	204,587		204,587
Other operating revenues	26,273	10,608	36,881
Total operating revenues	1,050,921	38,624	1,089,545
OPERATING EXPENSES:			
Salaries and wages	761,623	3,193	764,816
Benefits	299,223	527	299,750
Supplies and other services	365,517	4,970	370,487
Utilities	55,955	352	56,307
Student financial aid — scholarships and fellowships	134,091	7,754	141,845
Depreciation	92,108	4,147	96,255
Other operating expenses	4,166	8,966	13,132
Total operating expenses	1,712,683	29,909	1,742,592
OPERATING (LOSS) INCOME	(661,762)	8,715	(653,047)

(Continued)

WEST VIRGINIA HIGHER EDUCATION FUND
(A Component Unit of the State of West Virginia)

SCHEDULE OF COMBINING REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
(Dollars in thousands)

	Higher Education Fund	Aggregate Discretely Presented Component Units	Total
NONOPERATING REVENUES (EXPENSES):			
State appropriations	$ 474,805	$ -	$ 474,805
State fiscal stabilization funds (federal)	28,331		28,331
Federal Pell grants	154,887		154,887
Gifts	21,961		21,961
Investment income — net	13,032	36,035	49,067
Interest on indebtedness	(45,882)	(3,534)	(49,416)
Payments to other institutions	(15,382)		(15,382)
Other nonoperating expenses — net	778	274	1,052
Net nonoperating revenues	632,530	32,775	665,305
(LOSS) INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(29,232)	41,490	12,258
CAPITAL GRANTS AND GIFTS	63,375	895	64,270
CAPITAL BOND PROCEEDS FROM THE STATE	25,784		25,784
STATE CAPITAL GRANTS (FEDERAL)	11,994		11,994
INCREASE IN NET ASSETS	71,921	42,385	114,306
NET ASSETS — Beginning of year	1,521,421	193,105	1,714,526
NET ASSETS — End of year	$ 1,593,342	$235,490	$ 1,828,832

(Concluded)

APPENDIX D

INFORMATION CONCERNING THE COMMISSION AND THE GENERAL RESOLUTION

The Commission is the successor to the University of West Virginia Board of Trustees (the "Board of Trustees") and the Board of Directors of the State College System (the "Board of Directors"). The Commission and its successors have adopted resolutions concerning the issuance of the Prior Bonds, as discussed herein.

The Board of Trustees and the Board of Directors were previously created as the successors to the powers, duties and authorities of the West Virginia Board of Regents as such related to higher education, and each valid agreement and obligation of the West Virginia Board of Regents related to higher education for the state university system became the agreements and obligations of the Board of Trustees. The Board of Trustees was responsible for the general determination, control, supervision and management of the financial, business and educational policies and affairs of the state university system (the "State University System") and the Board of Directors was responsible for the general determination, control, supervision and management of the financial, business and educational policies and affairs of the state college system (the "State College System").

On March 19, 2000, the West Virginia Legislature enacted Senate Bill No. 653 ("S.B. 653"), which restructured higher education in West Virginia. S.B. 653 was effective ninety days from passage (June 18, 2000). S.B 653 abolished the Board of Trustees and the Board of Directors, effective June 30, 2000, and replaced them with a transition-year board, the West Virginia Higher Education Interim Governing Board (the "Interim Governing Board"). The Interim Governing Board was granted all powers, duties and authorities of the Board of Trustees and the Board of Directors, respectively, and there was transferred to the Interim Governing Board each valid agreement and obligation previously transferred or invested in the Board of Trustees and the Board of Directors. S.B. 653 also created the Commission.

Effective July 1, 2001, certain powers transferred to the Interim Governing Board were transferred to the newly created governing boards of each of the institutions of higher education (the "Governing Boards"). Each Governing Board has the duty to manage the financial, business and education policies and affairs of a given University or College under specific functions and responsibilities to meet its higher education needs, the duty to prepare and submit the respective University's or College's budget request, the duty to review at least every five years all academic programs offered at the institution, and the power to fix tuition and other fees for the different classes or categories of students enrolled at a given University or College, subject to approval and limited oversight by the Commission.

On March 13, 2004, the West Virginia Legislature enacted legislation granting greater responsibility to the Council for Community and Technical College Education (the "Council") over community and technical college education offered by the public higher education institutions and separated the State's community and technical college institutions from the baccalaureate and graduate institutions. The Commission and Council were directed to work collaboratively in many areas relating to the provision of community and technical college education and in the adoption of

rules. Though the Council is now responsible for approving tuition and fees for institutions under its jurisdiction, the Commission remains responsible for debt repayment and capital project initiatives and all previous revenues pledged remain under the Commission's control.

On March 21, 2004, the West Virginia Legislature enacted House Bill 101 ("HB 101") which amended portions of the Act with respect to fees to be charged to students at Institutions of Higher Education in West Virginia (the "Institutions") and consolidated a variety of fees (including tuition and registration fees that are pledged as Revenues under the Resolution) into several discrete categories. Pursuant to HB 101, such fees are consolidated (along with other fees) into the required educational and general capital fees category, provided, however, that HB 101 requires that the registration and tuition fees previously charged by the Institutions to support the Prior Bonds that were issued prior to the effective date of HB 101 (March 21, 2004) remain in effect in amounts not less than the amounts in effect as of such effective date until such Prior Bonds are no longer outstanding. Under the Resolution, the Commission has amended the definition of Revenues to add all of that component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004.

Pursuant to the Act, each Governing Board is empowered to fix educational and general capital fees (of which a component portion represents fees previously classified as registration and tuition fees), from students at the State Public Institutions of Higher Education, which formerly constituted the State University System and the State College System. All required educational and general capital fees collected under the Act from students at such State Institutions of Higher Education are required to be paid directly into separate funds in the State Treasury (sometimes referred to herein as the "capital improvement funds") and the Commission has pledged an amount equal to the previously classified registration and tuition fee component of the required educational and general capital fee to the payment of the 2012 Series Bonds, any Additional Bonds and the Prior Bonds (collectively hereinafter sometimes referred to herein as the "Bonds") all as more particularly provided for in the General Resolution and further described herein.

Notwithstanding the foregoing (i) required educational and general capital fees comprising tuition fees collected at West Virginia University Health Sciences Center; (ii) required educational and general capital fees comprising tuition and registration fees collected from students enrolled in West Virginia University graduate level extension and graduate level off-campus courses for credit taught off the campus of West Virginia University; (iii) required educational and general capital fees comprising tuition fees collected at West Virginia University at Parkersburg, (iv) Potomac State College of West Virginia University; (v) Southern West Virginia Community and Technical College; (vi) Eastern West Virginia Community and Technical College; and (vii) West Virginia Northern Community and Technical College are not required to be deposited in the capital improvement funds and are therefore not pledged for the payment of the Bonds.

The Commission has covenanted in the General Resolution that no other bonds or other obligations superior to or on parity with the lien of the 2012 Series Bonds other than with respect to a Series of Additional Bonds shall be issued and secured by the pledge of Revenues paid into the capital improvement funds.

On October 13, 2004, the West Virginia Legislature, by adoption of Senate Concurrent Resolution 1001, authorized the payment of debt service on revenue bonds for capital improvements for institutions of higher education from excess lottery revenues under Chapter 29, Article 22, Section 18a of the Code of West Virginia, 1931, as amended (the "Lottery Act"). In accordance with the Concurrent Resolution, the Commission has pledged the funds deposited on or after July 1, 2004 in the higher education improvement fund created under the Lottery Act to the payment of the 2004 Series Bonds, any Additional Bonds and the Prior Bonds. Payment of debt service on Bonds from such funds shall, to the extent payable from excess lottery revenues, be junior and subordinate to the payment of debt service on those certain West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable) Series 2004. See APPENDIX E – "WEST VIRGINIA LOTTERY" herein.

On March 13, 2010, the West Virginia Legislature enacted Senate Bill 612, which increased the amount deposited annually in the Higher Education Improvement Fund, created under the Lottery Act, from $10 million to $15 million. The Commission pledged those funds toward the payment of certain Prior Bonds.

The Commission and its predecessors, as applicable, have issued bonds pursuant to the following resolutions, all of which remain outstanding as of the date of this Official Statement:

(i) the General Resolution of the Board of Trustees adopted September 9, 1992 (the "University System General Resolution") authorizing the issuance of the State University System Revenue Bonds, Series 1992 (the "1992 University Bonds,") and the First Supplemental Resolution (the "First University Supplemental Resolution") of the Board of Trustees, adopted September 9, 1992 authorizing the issuance of the 1992 University Bonds;

(ii) the Second Supplemental Resolution (the "Second University Supplemental Resolution") of the Board of Trustees, adopted January 15, 1993, amending certain provisions of the First Supplemental Resolution;

(iii) the Third Supplemental Resolution (the "Third University Supplemental Resolution") of the Board of Trustees, adopted February 23, 1996, pursuant to which the Board of Trustees issued its Revenue Bonds, Series 1996 (Marshall University Library/Information Center) (the "1996 University Bonds");

(iv) the Fourth Supplemental Resolution (the "Fourth University Supplemental Resolution") of the Board of Trustees, adopted October 31, 1997, pursuant to which the Board of Trustees issued its Revenue Bonds (University Improvement Projects) 1997 Series A (the "1997 University Bonds");

(v) the Fifth Supplemental Resolution (the "Fifth University Supplemental Resolution") of the Board of Trustees, adopted April 3, 1998, pursuant to which the Board of Trustees issued its University System Revenue Bonds (West Virginia University Projects) 1998 Series A (the "1998

University Bonds");

(vi) the Sixth Supplemental Resolution (the "Sixth University Supplemental Resolution") of the Board of Trustees, adopted May 22, 2000, pursuant to which the Board of Trustees issued its University System Revenue Bonds (West Virginia University Projects) 2000 Series A (the "2000 A University Bonds");

(vii) the Seventh Supplemental Resolution (the "Seventh University Supplemental Resolution") of the Board of Trustees, adopted May 22, 2000, pursuant to which the Board of Trustees issued its University System Revenue Bonds (Marshall University Medical Center) 2000 Series B (the "2000 B University Bonds");

(viii) the Eighth Supplemental Resolution (the "Eighth University Supplemental Resolution") of the Commission, adopted March 17, 2003, pursuant to which the Commission issued its Revenue Refunding Bonds (University Facilities) (the "2003 University Bonds");

(ix) the Ninth Supplemental Resolution (the "Ninth University Supplemental Resolution") of the Commission, adopted April 24, 2003, amending certain provisions of the University System General Resolution;

(x) the Tenth Supplemental Resolution (the "Tenth University Supplemental Resolution,") of the Commission, adopted June 5, 2003, amending certain provisions of the University System General Resolution;

(xi) the Eleventh Supplemental Resolution (the "Eleventh University Supplemental Resolution" of the Commission, adopted April 2, 2004, pursuant to which the Commission issued its Revenue Refunding Bonds (University Facilities) (the "2004 Bonds");

(xii) the Twelfth Supplemental Resolution (the "Twelfth University Supplemental Resolution" of the Commission, adopted June 4, 2004, pursuant to which the Commission issued its Revenue Bonds (University Facilities), 2004 Series A (the "2004A University Bonds");

(xiii) the General Resolution of the Board of Directors adopted September 9, 1992 (the "College System General Resolution") authorizing the issuance of the State College System Revenue Bonds, Series 1992 (the "1992 College Bonds") and the First Supplemental Resolution (the "First College Supplemental Resolution") of the Board of Directors, adopted September 9, 1992 authorizing the issuance of the 1992 College Bonds;

(xiv) the Second Supplemental Resolution (the "Second College Supplemental Resolution") of the Board of Directors, adopted January 15, 1993, amending certain provisions of the First Supplemental Resolution;

(xv) the Third Supplemental Resolution (the "Third College Supplemental Resolution") of the Board of Directors, adopted October 21, 1997, pursuant to which the Board of Trustees issued its College System Revenue Bonds (College Improvement Projects), 1997 Series A (the

"1997 College Bonds");

(xvi) the Fourth Supplemental Resolution (the "Fourth College Supplemental Resolution") of the Commission, adopted March 17, 2003, pursuant to which the Commission issued its Revenue Refunding Bonds (State College Facilities) (the "2003 College Bonds");

(xvii) the Fifth Supplemental Resolution (the "Fifth College Supplemental Resolution,") adopted April 24, 2003, amending certain provisions of the College System General Resolution;

(xviii) the Sixth Supplemental Resolution (the "Sixth College Supplemental Resolution,") of the Commission, adopted June 5, 2003, amending certain provisions of the College System General Resolution;

(xix) the First Consolidated Supplemental Resolution (the "First Consolidated Resolution"), adopted June 4, 2004, pursuant to which the Commission issued its Revenue Refunding Bonds (Higher Education Facilities) 2004 Series B (the "2004 B Bonds");

(xx) the Second Consolidated Supplemental Resolution (the "Second Consolidated Resolution"), adopted by the Commission July 29, 2004, pursuant to which the Commission amended certain provisions of the Resolution;

(xxi) the Third Consolidated Supplemental Resolution (the "Third Consolidated Resolution"), adopted by the Commission August 20, 2004, pursuant to which the Commission increased the authorized maximum of 2004 B Bonds to $180,000,000; and

(xxii) the Fourth Consolidated Supplemental Resolution (the "Fourth Consolidated Resolution"), adopted by the Commission March 15, 2007, pursuant to which the Commission issued its Revenue Refunding Bonds, 2007 A Bonds.

(xxiii) the Fifth Consolidated Supplemental Resolution (the "Fifth Consolidated Resolution"), adopted by the Commission December 3, 2010, pursuant to which the Commission issued its Revenue Refunding Bonds (Higher Education Facilities), 2010 Series A (Tax-Exempt), Revenue Refunding Bonds (Higher Education Facilities), 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds), and Revenue Refunding Bonds (Higher Education Facilities), 2010 Series C (Taxable).

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APPENDIX E

WEST VIRGINIA LOTTERY

The West Virginia Lottery (the "Lottery") was constitutionally authorized on November 6, 1984. The Lottery Act was enacted during the 1985 legislative session of the West Virginia Legislature. The Lottery Act created the State Lottery Commission (the "Lottery Commission"), which sets policy and direction for the Lottery. The Lottery sold its first scratch-off tickets on January 9, 1986, and sales for online games began in November of that same year. In 1989, as part of a general reorganization of the State's government, the Lottery Commission was made a part of the newly created Department of Revenue, presided over by a Cabinet Secretary.

The Lottery Commission

The Lottery Commission consists of seven commissioners appointed to staggered terms by the Governor. The Lottery Act provides that one commissioner shall be a lawyer, one shall be a certified public accountant ("CPA"), one shall be a computer expert, one shall have not less than five years experience in law enforcement and one shall be qualified by experience and training in the field of marketing. The two remaining commissioners shall be representative of the public at large. The Lottery Commission sets the policies and the direction for the State Lottery, including the adoption of rules and regulations. The current commissioners and their respective qualifying positions are:

Name	Qualifying Position	End of Term
Douglas Bicksler	CPA	June 30, 2014
Kenneth L. Greear, Chairman	Computer Expert	June 30, 2012
Michael A. Adams	Attorney	June 30, 2012
Roy E. Shrewsbury, II	Public Member At-Large	June 30, 2014
William I. Clayton, Vice Chairman	Public Member At-Large	June 30, 2010*
David Lemmon	Law Enforcement	June 30, 2011*
David McCormick, Jr.	Marketing Expert	June 30, 2012

* Term continues until successor is selected and duly appointed.

The Lottery Act creates the position of Director of the Lottery Office (the "Director") and three divisions within the Lottery – a Security and Licensing Division (now "Racetrack and Traditional Security"), a Personnel, Accounting and Administration Division ("Finance and Administration") and a Marketing, Education and Information Division ("Marketing"). Four additional divisions have been administratively created by the Lottery Commission to oversee the Racetrack Video Lottery, Limited Video Lottery and Table Games. They are the Video Lottery Division, the Licensing Division, the Limited Video Lottery Security Division and the Table Games Division. A description of senior management and key staff of the Lottery is set forth below.

Director: John C. Musgrave has been Director of the Lottery since April 1997 and directs the day-to-day operation of the agency that is comprised of approximately 200 employees, including all aspects of lottery operations (administration, marketing, security, licensing, sales, advertising and production of games). He is a graduate of the University of Charleston. Prior to his appointment as State Lottery Director, Mr. Musgrave was a city mayor, and later held several high-level positions with the U.S. Department of Agriculture. In addition he also served as regional director of the Rural Development Administration for the seven-state, Mideast Region. Mr. Musgrave has served as President of the North American Association of State and Provincial Lotteries.

Assistant Director: John A. Myers has been Assistant Director of the Lottery since May 2008, and is second in charge after the Director. Prior to his association with the Lottery, Mr. Myers was Corporate Administration Manager for Toyota Motor Manufacturing, WV for eight years. Prior to his service with Toyota Motor Manufacturing, he spent seventeen years with American Electric Power in consumer marketing. Mr. Myers is a graduate of The Ohio State University.

Finance and Administration: James M. Toney, CPA/MBA, is the Chief Financial Officer and Deputy Director for Finance and Administration. Mr. Toney joined the Lottery in October 2005. Prior to that time he was employed as a sole practitioner, and was the CFO for The Center for Rural Health Development. He is a graduate of Marshall University, West Virginia State University and the University of Charleston.

Dean W. Patrick, CPA/MBA, Chief Accountant, joined the Lottery in April 2007. Prior to joining the Lottery, Mr. Patrick was employed as CFO with Boll Medical. He is a graduate of the University of Charleston. It is anticipated that Mr. Patrick will succeed Mr. Toney within the next year.

Marketing: Elizabeth (Nikki) Orcutt, Deputy Director for Marketing, joined the Lottery in August 2008. Prior to joining the Lottery, Mrs. Orcutt was employed by Eli Lilly and Company and previously served as the Public Affairs Leader, West Virginia Operations for Dow Chemical Company. She is a graduate of The Ohio State University.

Racetrack, Racetrack Security and Table Games: David R. Bradley, Deputy Director for Table games, joined the Lottery in January 1991. Prior to joining the Lottery, Mr. Bradley was employed by Kanawha County Schools. He is a graduate of West Virginia University Institute of Technology.

Video Lottery: Tacy M. Donovan, CPA, Deputy Director for Video Lottery, joined the Lottery in July 1995. Prior to joining the Lottery, Ms. Donovan was employed as a staff accountant with Gibbons and Kawash, CPAs. Ms. Donovan is a graduate of West Virginia University.

Limited Video Lottery Security: M. Alvin Rose, Deputy Director for Video Security, joined the Lottery in September 1997. Prior to joining the Lottery, Mr. Rose served as sergeant with West Virginia State Police, retiring with twenty-five years service. He holds a Masters

Degree from West Virginia University.

Licensing: Kristin Radford, Licensing Supervisor, joined the Lottery in March 2002. Prior to joining the Lottery, Ms. Radford was employed as an Administrative Assistant by the West Virginia Society of Certified Public Accountants.

Overview of Lottery Operations

The headquarters of the Lottery is located in Charleston, West Virginia in a thirteen story, 142,000 square foot building owned by the Lottery with approximately 51,300 total square feet of space for Lottery operations. The Lottery currently has approximately 200 employees. The Lottery contracts with GTECH Corporation, based in Providence, Rhode Island, for the operation of its instant and online games. GTECH owns and operates the central computer system for Traditional games at a nearby facility. The nearly 1,570 retailers selling Traditional games are connected to this system.

In June 2010, the Lottery closed on the acquisition of the new office facility located in Charleston, West Virginia. The new facility was redesigned and remodeled. The Lottery began occupying the new facility in 2011. In addition to the current private tenant, several state agencies began occupying the remaining space in the building in April 2012.

The Lottery owns and operates a Scientific Games *Aegis Video* central system that controls all video lottery machines for both racetrack and limited video lottery.

The Lottery's computer operations, instant and online game systems, the *Aegis Video* system and the Lottery's internal computing and email systems are duplicated and run parallel in real time at the Lottery's Fairmont, West Virginia facility. The Fairmont, West Virginia facility contains approximately 6,500 square feet and is designed to function as a backup for computer operations when it is from time to time necessary, and as the business recovery site for the Lottery's operations. The facility is located 135 miles north of the Lottery's headquarters and is within a separate grid system from the Charleston, West Virginia headquarters for both telecommunications and electrical power.

Sales for Traditional games are collected via electronic funds transfer (sweep) on a weekly basis from each retailers account. Such collections are net of commissions, bonuses earned and any prizes that may have been paid by each retailer.

Racetrack Video Lottery sales (net of prizes) are swept on a daily basis each banking day from each of the four racetracks. The racetracks and others' shares are remitted to each entity on a weekly basis.

West Virginia's share of limited video lottery proceeds (net of prizes), as well as the 2% administrative fee, is collected from each owner of limited video lottery machines on a monthly basis. Invoices are mailed after the first day of the month for the preceding month's activity. The funds are then swept on the 10th day of the month.

Racetrack Table Games are currently operated at Mountaineer Casino Racetrack and Resort located in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack located in Wheeling, West Virginia, Mardi Gras Casino & Resort (formerly Tri-State Casino & Resort) in Nitro, West Virginia, and Hollywood Casino at Charles Town Races (formerly Charles Town Races and Slots) located in Charles Town, West Virginia.

The Lottery has a series of blanket bonds covering business defaults. Racetracks provide individual bonds to the Lottery.

Lottery Games - General

The Lottery currently operates all of its games out of its Charleston, West Virginia office. Six different types of games are offered: Instant games (scratch-off tickets), online numbers games, Racetrack Video Lottery Games, Racetrack Table Games, Limited Video Lottery Games and casino games at the Greenbrier Resort. Instant games have been offered since the start of the Lottery in January 1986 and accounted for 8.3% of Lottery sales for the fiscal year ended June 30, 2011. Sales of online numbers games began later in 1986 and accounted for 5.6% of Lottery sales in fiscal year 2011.

Racetrack Video Lottery was first introduced in 1990 and later expanded to all four racetracks in the State after the passage of the Racetrack Video Lottery Act in March 1994. For the fiscal year ended June 30, 2011, Racetrack Video Lottery accounted for 52.2% of total Lottery sales. Mountaineer Casino Racetrack & Resort accounted for 11.5% of total Lottery sales, Wheeling Island Hotel-Casino-Racetrack accounted for 8.7% of total Lottery sales, Mardi Gras Casino & Resort accounted for 3.5% of total Lottery Sales, and Charles Town Races and Slots accounted for 28.5% of total Lottery sales.

Limited Video Lottery legislation was passed in the spring of 2001, and the game sales started in mid-December of that year. During fiscal year 2011, Limited Video Lottery accounted for 28.6% of total Lottery sales.

Racetrack Table Games legislation was passed in March 2007, and became effective as of June 6, 2007. In October 2007, Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack opened poker only table games. In December 2007, both opened full table game operations. In October 2008, Mardi Gras Casino & Resort began table games operations. Racetrack Table Games became operational at Charles Town Races and Slots on July 1, 2010. During fiscal year 2011, table games accounted for approximately 4.9% of total sales of the Lottery.

Legislation enacted in 2009 authorized and governs the operation of casino games at the Greenbrier Resort and provides that the State's share of net profits derived therefrom be deposited into the Historic Resort Hotel Fund. Slot machines and table game operations at the Greenbrier Resort are nearly identical to the gaming offered at the four racetrack casinos.

The Greenbrier Resort began limited casino gaming operations on October 1, 2009, and full casino gaming operations in a permanent casino on July 2, 2010. The State's share of revenues is comprised of 36% of gross terminal income and 30% of gross receipts. After a deduction for Lottery administrative costs and the historic resort hotel modernization fund, 64% of remaining funds are deposited to the General Revenue Fund and 19% is earmarked for the reduction of state debt. The balance of the funds are distributed to counties, municipalities and the Tourism Promotion Fund.

A detailed description of Traditional Games, Racetrack Video Lottery Games, Limited Video Lottery Games and Racetrack Table Games follows.

Traditional Games

A variety of instant tickets are offered to the public. Instant tickets are sold at each Lottery retailer, currently numbering 1,570. Instant games are introduced once a month, with approximately thirty-eight games being introduced in a single year. Twenty (20) to twenty-four (24) games are available for participation at any given time. The Lottery believes that the constant change of games increases player interest. Instant lottery games offer overall payouts of between 67 percent and 68 percent. Instant tickets that are scratch-off tickets are manufactured by the Lottery's instant ticket vendor, GTECH Corporation.

Traditional online numbers games with periodic drawings are currently comprised of three and four digit daily games, Cash25 (a cash lotto game), POWERBALL®, a multi-state lotto game, with a guaranteed starting jackpot of $40 million, MEGA MILLIONS®, a multi-state lotto game, with a guaranteed starting jackpot of $12 million and HOT LOTTO SIZZLER®™, also a multi-state game, with a guaranteed starting jackpot of $1 million. In the fall of 2009, the state lotteries that sell the POWERBALL® game and the state lotteries that sell the MEGA MILLIONS® game agreed to a cross-selling agreement whereby every such state lottery was to sell both of the interstate large-jackpot games. West Virginia began selling the MEGA MILLIONS® game on January 31, 2010. TRAVEL/KENO is West Virginia's quick draw Keno, online lottery game. TRAVEL/KENO is played with numbers from 1 to 80. In each game, 20 of the 80 numbers are randomly selected by the State Lottery's computer from a computer number generator. Winning numbers are displayed on monitors at certain retailers located throughout the State. A new game is played every five minutes. TRAVEL/KENO has an average payout of approximately 60 percent. By statute, TRAVEL/KENO is limited to adult drinking establishments and retail liquor stores. The top prize in TRAVEL/KENO is $200,000.

Racetrack Video Lottery Games

Racetrack Video Lottery, consisting of slot machines and video lottery terminals, began in West Virginia in July 1990, with the placement of video lottery terminals at Mountaineer Park, a thoroughbred racetrack in Chester, West Virginia. By legislation passed in March of 1994, Racetrack Video Lottery was legalized at all four racing facilities in West Virginia. These locations include Mountaineer Casino Racetrack & Resort (thoroughbred horse racing), Wheeling Island Hotel-Casino-Racetrack (greyhound dog racing), Charles Town Races and Slots (thoroughbred

horse racing) and Mardi Gras Casino & Resort (greyhound dog racing) located in Nitro, near Charleston, West Virginia. Before implementation, each county where a track is located must have a local referendum. Voters passed such a referendum for the three tracks other than Charles Town Races and Slots in May 1994. Racetrack Video Lottery sales in such tracks commenced in early September 1994. Voters approved video lottery gaming at the Charles Town Races and Slots at the November 1996 general election, and Racetrack Video Lottery sales began in October 1997. Under the Racetrack Video Lottery Act, subject to certain conditions, voters in a county previously approving Racetrack Video Lottery can petition for a new local option election to reconsider the matter.

During the 1996 legislative session, video lottery was enhanced through the addition of simulated reel games to video lottery machines. Coin drop and mechanical reels (slot machines) were approved during the 1999 legislative session and the maximum bet was increased from $2 to $5 in the first extraordinary legislative session of 2001. As of May 31, 2012, nearly 100% of the 8,132 terminals at the four tracks were ticket in ticket out (slot machines), 72.5% of all machines permitted bets in excess of $2, and 1.6% of machines allow bets in excess of $5. Currently, the number of terminals that has been approved for the four tracks is a maximum aggregate amount of 13,900. The Lottery Act provides that an increase in approved terminals in later periods could occur as demand increases.

Racetrack Table Games

On March 8, 2007, the West Virginia Legislature enacted the West Virginia Lottery Racetrack Table Games Act (the "Table Games Act"), which became effective as of June 6, 2007. The Table Games Act authorizes the Lottery Commission to issue up to four racetrack table games licenses to racetracks located in West Virginia that hold racetrack video lottery licenses and licenses to conduct horse or dog racing after the citizens of the respective counties in which the racetracks are located approve racetrack table games by referendum ("Racetrack Table Games"). Referenda for approving Racetrack Table Games were conducted in Jefferson, Hancock, Ohio and Kanawha Counties in West Virginia in 2007. In 2007, voters in Jefferson County rejected the referendum, while voters in Hancock, Ohio and Kanawha Counties approved the referenda. In December 2009, however, voters in Jefferson County approved a second referendum authorizing racetrack table games in Jefferson County. Accordingly, Racetrack Table Games are now authorized under the Table Games Act at Mountaineer Casino Racetrack & Resort in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack in Wheeling, West Virginia, Mardi Gras Casino & Resort in Nitro, West Virginia and at Charles Town Races & Slots in Charles Town, West Virginia. The Lottery Commission has issued Racetrack Table Games licenses to Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel-Casino-Racetrack, Mardi Gras Casino & Resort and Charles Town Races and Slots. Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack began operating Racetrack Table Games in October 2007. Mardi Gras Casino & Resort began operating Racetrack Table Games in October 2008. Charles Town Races & Slots began operating table games on July 1, 2010. The tax rate for each racetrack participating in this new form of legal gaming is thirty five percent of adjusted gross receipts. Fifteen and 96/100% of a total rate of thirty-five percent is earmarked by statute for the reduction of state debt and unfunded liabilities.

NO REVENUES GENERATED FROM CASINO GAMING AT THE GREENBRIER RESORT OR FROM RACETRACK TABLE GAMES ARE DEPOSITED INTO THE STATE EXCESS LOTTERY REVENUE FUND OR THE STATE LOTTERY FUND. NO PORTION OF REVENUES GENERATED BY CASINO GAMING AT THE GREENBRIER RESORT OR BY RACETRACK TABLE GAMES WILL BE DEPOSITED INTO THE EXCESS LOTTERY HIGHER EDUCATION IMPROVEMENT FUND AND, THERFORE, ARE NOT PART OF THE PLEDGED REVENUES THAT SECURE THE 2012 SERIES BONDS.

A description of each of the racetracks follows:

Mountaineer Casino Racetrack & Resort (sometimes hereinafter referred to as "Mountaineer") located in the Northern Panhandle Region of West Virginia at Chester is a thoroughbred racing and gaming facility. The track's owner is MTR Gaming Group, Inc (NASDAQ: MNTG). The destination resort offers three hundred and fifty-nine rooms in a new luxury hotel with amenities that include a fitness center, spa, indoor and outdoor pools, gift shop, golf course, tennis courts, and basketball court. There is a total gaming area of 111,220 square feet with 2,091 video lottery gaming machines (currently approved for 3,500). The facility includes six gaming areas, eight restaurants, and five lounge areas. A conference center (52,750 square feet) and an entertainment center that seats an audience of 4,200 can accommodate large gatherings. 1,000 horses can be stabled on the property and race on a one-mile thoroughbred racetrack. 5,412 parking spaces are available for patrons. Mountaineer Casino Racetrack & Resort currently owns approximately 2,350 acres, of which 1,885 acres are available for future development.

Hollywood Casino at Charles Town Races (sometimes hereinafter referred to as "Charles Town") entertainment complex is a thoroughbred racetrack and gaming facility located in Charles Town, West Virginia. The facility is in the State's Eastern Panhandle and is located in the D.C. metropolitan area, which is also inclusive of the Northern Virginia suburbs and in close proximity to the Baltimore, Maryland area. The track's owner is Penn National Gaming, Inc. (NASDAQ: PENN). The facility includes a total gaming area of 151,450 square feet with 6,000 approved and 3,508 operating video lottery gaming machines and a 150,000 square feet of racing and support facilities for a total of 301,450 square feet. Included in the facility are seven gaming areas, four restaurants, five themed bars and one gift shop. The facility also includes The Inn at Charles Town, which offers one hundred fifty-five hotel rooms. 1,400 horses are stabled on the property and race on a ¾ mile thoroughbred racetrack. 6,048 parking spaces are available for patrons. Hollywood Casino at Charles Town Races currently owns a 300 acre parcel of which 114 acres is currently developed.

Wheeling Island Hotel-Casino-Racetrack (sometimes hereinafter referred to as "Wheeling" or "Wheeling Island Gaming") is a greyhound racing and gaming center located on an island in the Ohio River at Wheeling, West Virginia, also in the State's northern panhandle. The track's owner is Delaware North Companies Gaming and Entertainment, Inc., which is a wholly owned subsidiary of Delaware North Companies, Inc. a corporation privately owned and

controlled by Jeremy Jacobs, Sr. and his family. A one hundred fifty-one room high-rise hotel is centrally located to the three gaming areas, eight restaurants, gift shop, and show room that has a capacity for an audience of over 1,000. There is a total gaming area of 61,412 square feet with 1,601 video lottery gaming machines (currently approved for 2,400). 1,368 greyhounds can be housed in the kennel and race on the ¼ mile racetrack. Parking is available for 2,880 vehicles. Wheeling Island Gaming currently owns an 87 acre tract of which 74 acres is currently developed.

Mardi Gras Casino & Resort (sometimes hereinafter referred to as "Mardi Gras") is a greyhound racing and gaming facility located approximately ten miles from the State Capitol in Charleston, West Virginia. The track's owner is Hartman and Tyner, Inc., owned by Bernard Hartman and Herbert Tyner and their children. The facility includes a total gaming area of 90,000 square feet with 905 video lottery gaming machines (currently approved for 2,000) and 132,000 square feet of racing and support areas. There are three gaming areas, two restaurants, seven bars, and a conference center that can accommodate 250 patrons. 1,440 greyhounds can be housed in the kennel and race on the 1,350-foot long racetrack. The facility has approximately 1,000 parking spaces for patrons. Mardi Gras Casino & Resort currently owns 132 acres of which 57 acres are currently developed. In connection with its deployment of Table Games, Mardi Gras remodeled its facility to include two gaming areas for Table Games and has constructed and opened a four-story, one hundred fifty-seven room hotel.

During the six calendar years ended December 31, 2011, the four racetracks had invested $110.6 million in capital expenditures for additions and improvements to the racetracks.

Patrons of Racetrack Video Lottery

Each of the tracks receives a substantial portion of its sales from out-of-state patrons. Legislative bodies in contiguous states are considering, have previously considered or recently implemented some form of legislation authorizing video lottery in their states. See "OTHER MATTERS" herein.

The percentage of patrons from all states with at least 5% participation for each of the tracks is indicated below:

West Virginia Racetrack Video Lottery
Patrons by State (%)

Mountaineer Park		Wheeling Island		Mardi Gras		Charles Town	
Pennsylvania	30%	Pennsylvania	32%	Ohio	23%	Pennsylvania	8%
Ohio	55%	Ohio	56%	Kentucky	9%	Maryland	35%
West Virginia	2%	West Virginia	7%	North Carolina	11%	Virginia	41%
Other	13%	Other	5%	Virginia	10%	Washington DC	4%
				West Virginia	29%	West Virginia	4%
				Other	18%	Other	8%

Source: West Virginia Lottery

Limited Video Lottery Games

The Limited Video Lottery Act was enacted to restrict (limit) and regulate video lottery machines that had been illegally operated for several years throughout the State. Limited Video Lottery is also a self-activated video version of lottery games, which were first placed in operation in December 2001. The games allow a player to use currency to place bets for the chance to receive free games or vouchers that may be redeemed for cash. The Limited Video Lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

The Limited Video Lottery Act has established specific requirements for Limited Video Lottery and imposed certain restrictions limiting the licensing for the operation of Limited Video Lottery games to 9,000 video lottery terminals placed in limited licensed retailer areas restricted for adult amusement. As of May 31, 2012, there were 7,567 machines operating in 1,556 locations. These licensed retailers must hold a qualifying license for the sale on premises of alcohol or non-intoxicating beer. The Limited Video Lottery Act limits the placement of no more than five (5) machines in licensed establishments (ten (10) machines in the case of veteran's and fraternal organizations). The Limited Video Lottery Act further provides that no person can own, directly or indirectly, more than 675 video terminals. The Lottery has been charged with the administration, monitoring and regulation of these machines. The Limited Video Lottery Act further stipulates the distribution of revenues from the Limited Video Lottery games, and requires any licensed retailers to comply with all related rules and regulations of the lottery in order to continue its retailer status.

Bids were solicited for the Limited Video Lottery Permits that became effective on July 1, 2011. These new permits are now valid until June 30, 2021

There are currently Limited Video Lottery machines in all of the state's 55 counties. The top 5 counties as of May 31, 2012 were Kanawha – 659, Wood – 567, Cabell – 494, Monongalia – 439, and Berkeley – 433. These five counties represent 34% of the total machines in the Limited Video Lottery - market; the remaining 50 counties represent 66% ranging from 2 to 431 machines.

The State Excess Lottery Revenue Fund

The Lottery Act creates the State Excess Lottery Revenue Fund as a special revenue fund in the State Treasury. The State Excess Lottery Revenue Fund receives the State's share of net profits from two sources: (1) Racetrack Video Lottery, and (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery.

Transfer of Racetrack Video Lottery Net Profits to the State Excess Lottery Revenue Fund

The Racetrack Video Lottery Act establishes two permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438.1 million. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). No deposit to the State Excess Lottery Revenue Fund occurs until the benchmarks for a given racetrack is exceeded during the fiscal year.

Prior to 2011, each racetrack's gross and net terminal income, net of prizes, exceeded the benchmarks. However, during 2011, Mountaineer failed to meet the benchmark established for the track and, as a result, no deposits from Mountaineer occurred in fiscal year 2011. Mardi Gras reached its benchmarks just prior to fiscal year end, which resulted in minimal transfers to the State Excess Lottery Revenue Fund.

The Gross Benchmark and Net Benchmark for each of the racetracks are summarized below.

Track	Gross Benchmark ($ Millions)	Net Benchmark ($ Millions)
Mountaineer	161.9	160.3
Wheeling	97.9	96.9
Mardi Gras	44.8	44.4
Charles Town	133.5	132.2
	438.1	433.8

Source: West Virginia Lottery

The deposits to the State Excess Lottery Revenue Fund from Racetrack Video Lottery sales are comprised of four (4) calculations, which utilize either the Gross Benchmark or Net Benchmark. The calculations are provided below:

First, the State receives 4% of the Racetrack Video Lottery gross terminal income in excess of the Gross Benchmark (the "4% Receipt"). Gross terminal income in excess of the Benchmark was approximately $289 million for the fiscal year ended June 30, 2011.

Second, a 10% surcharge is applied to the net terminal income in excess of the Net Benchmark. 58% of the surcharge is allocated to the State Excess Lottery Revenue Fund with the remainder deposited for capital reinvestment at the tracks as described below.

Third, the State Excess Lottery Revenue Fund receives 41% of the net terminal income in

excess of the Net Benchmark, after deducting the surcharge. This is known as the State share.

Fourth, the State Excess Lottery Revenue Fund receives revenues equal to the excess of allowed administrative costs ($17.5 million) over actual incurred administrative costs. Fiscal year 2011 actual incurred administrative costs were $14.9 million including authorized transfers of up to $10 million a year for FY 2012 – 2022 into the Racetrack Modernization Fund).

Racetrack Video Lottery profits not deposited to the State Excess Lottery Revenue Fund are allocated for a variety of purposes including, but not limited to, racing activities, providing funds to municipalities and counties, and providing funds to various State agencies. In particular, the remaining 42% of the surcharge is deposited into the racetrack capital reinvestment fund to encourage track improvements. If prescribed conditions are met, a racetrack may recoup part or all funds placed into its capital reinvestment fund. Any portion of the amounts deposited into a racetrack's capital reinvestment fund that does not qualify for reimbursement is also deposited into the State Excess Lottery Revenue Fund. To date, no funds have been transferred from the capital reinvestment fund to the State Excess Lottery Revenue Fund. The Lottery does not currently expect funds to be transferred in such manner in the future.

For the fiscal year ended June 30, 2011, $129.7 million was transferred from the Racetrack Video Lottery into the State Excess Lottery Revenue Fund. The components of the fiscal year 2011 transfers from the Racetrack Video Lottery to the State Excess Lottery Revenue Fund are provided below.

	$ Millions
4% Receipt	$ 11.6
58% of Surcharge	15.7
41% State share	99.9
Interest/Other	.1
Excess Administrative Costs	2.4
Total Deposit to the State Excess Lottery Revenue Fund	$ 129.7

Transfer of Limited Video Lottery Net Profits to the State Excess Lottery Revenue Fund

The Limited Video Lottery Act sets forth the manner by which a portion of Limited Video Lottery net profits are transferred to the State Excess Lottery Revenue Fund. The State Excess Lottery Revenue Fund receives revenues from limited lottery operations in three ways.

The first is through the imposition of an administrative fee of two percent (2%) of gross terminal income (net of prizes) derived from video lottery terminals.

Second, the State's share of gross profits is transferred to the State Excess Lottery Revenue Fund. The State's share is determined by calculating the amount of aggregate average daily gross terminal income for the three-month period prior to the date of calculation and applying a percentage rate for transfer based on the gross terminal income. The State share rate is based on a sliding scale as provided in the Limited Video Lottery Act. The aggregate average daily gross income was first calculated in May 2002 and is calculated each August, November,

February and May. The Limited Video Lottery Act provides that such percentage will not be less than 30% or more than 50%. The table below provides the State's share calculation as provided in the Limited Video Lottery Act.

STATE'S SHARE CALCULATION

Aggregate Average Daily Income	State's Share[1]
$60 or below	29%
above $60 to $80	33%
above $80 to $100	37%
above $100 to $120	41%
above $120 to $140	45%
Greater than $140	49%

[1] *Net of 2% distribution to counties and municipalities within the State.*

Two percent of the State's share is distributed to counties and municipalities in the manner prescribed for in the Limited Video Lottery Act. Since the inception of Limited Video Lottery the State share percentage has averaged 45%. Since January 2008, the State's share has remained at 49%. Aggregate average daily gross terminal income has averaged $126.54 with a high of $221.44 and a low of $96.36.

Third, the Limited Video Lottery Act also provides for all fees related to licensing and permitting of limited video terminals be deposited in the State Excess Lottery Revenue Fund. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Limited Video Lottery Act.

For the fiscal year ended June 30, 2011, $199.2 million was transferred from the Limited Video Lottery to the State Excess Lottery Revenue Fund. The components of the fiscal year 2011 transfers from the Limited Video Lottery to the State Excess Lottery Revenue Fund are provided below:

	$ Millions
2% Administrative Fee	$ 2.5[2]
State Share	187.0
Limited Video Lottery Fees	9.6
Interest Earned	.1
Total Deposit to the State Excess Lottery Revenue Fund	$ 199.2

[2] 2% Administrative Fee is transferred to the Lottery's operating fund and is not available to be used to pay debt service on any bonds payable from revenues of the State Excess Lottery Revenue Fund. Accordingly, adjusted for the transfer of the 2% Administrative Fee to the Lottery's operating fund, $196.7 million was transferred from the Limited Video Lottery to the State Excess Lottery Revenue Fund to fund the transfers required by Section 18a of the Lottery Act.

State Excess Lottery Revenue Fund

The Lottery Act creates the "State Excess Lottery Revenue Fund" as a special revenue fund in the State Treasury. The State Excess Lottery Revenue Fund receives the State's share of net profits from two sources: (1) Racetrack Video Lottery, and (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery.

The Racetrack Video Lottery Act, as set forth in Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended, and the Limited Video Lottery Act, as set forth in Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended, together provide a system through which a portion of the net profits from Racetrack Video Lottery and from Limited Video Lottery, as well as Limited Video Lottery licensing, permit and other fees, are transferred to the State Excess Lottery Revenue Fund.

The Racetrack Video Lottery Act establishes two permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438.1 million. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). No deposit to the State Excess Lottery Revenue Fund occurs until the benchmarks for a given racetrack is exceeded during the respective fiscal year.

Transfers from the State Excess Lottery Revenue Fund are prescribed by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the State Excess Lottery Revenue Fund is transferred to West Virginia Department of Revenue for the purpose of providing funding for a senior citizen tax credit for real estate taxes paid on the first $20,000 of assessed value of the taxpayer's owner-occupied dwelling (the "Refundable Credit"). The Refundable Credit totaled approximately $7,371,723 for the year ended June 30, 2009, $8,370,988 for the year ended June 30, 2010, and $9,553,377 for the year ended June 30, 2011. The Lottery Commission projects that the annual Refundable Credit will be $10,000,000 during the next three fiscal years.

Second Priority Transfers: Second, a portion of the State Excess Lottery Revenue Fund is then transferred to the following eight funds: [1]

General Purpose Account	$65 million
Education Improvement Fund (Promise Scholarship Fund)	$29 million
Economic Development Project Fund	$19 million
Excess Lottery School Building Debt Service Fund	$19 million
West Virginia Infrastructure Fund	$46 million
Higher Education Improvement Fund	$15 million
State Park Improvement Fund	$ 5 million
Thoroughbred Development Fund	$ 2 million

If, after funding the Refundable Credit, the remaining funds in the State Excess Lottery Revenue Fund are insufficient to fund all of the foregoing eight transfers, the remaining funds on deposit in the State Excess Lottery Revenue Fund, will be transferred in the following priority:

[1]Prior to the issuance of bonds payable from revenues of the State Excess Lottery Revenue Fund, the Lottery Act does not prescribe the timing or manner in which the Lottery Director must make the transfers to these eight funds in years when the revenues of the State Excess Lottery Revenue Fund are sufficient to make all such transfers. Following the issuance of bonds, however, the Lottery Act provides that the Lottery Director shall, on a monthly basis, *first* transfer to the Economic Development Project Fund one-tenth of the projected annual principal, interest and coverage requirements coming due on the EDA Excess Lottery Grant Bonds in a particular year, as certified to the Lottery Director, and *second* transfer to the fund or funds from which debt service is paid on bonds issued for the School Building Authority, infrastructure, Commission and park improvements in an amount equal to one-tenth of the projected annual principal, interest and coverage requirements coming due on those respective bonds in a particular year, as certified to the Lottery Director. Presently, this second required transfer is only made to the Higher Education Improvement Fund and the Excess Lottery School Building Debt Service Fund to pay such amounts coming due in a particular year. In years when revenues of the State Excess Lottery Revenue Fund are sufficient to make all of the transfers to these eight funds, the Lottery Act does not prohibit the Lottery Director from making transfers to funds from which debt service is not payable in the manner he deems appropriate following the one-tenth transfers referred to above. For a discussion of the priority in which transfers must be made from the State Excess Lottery Revenue Fund in years where revenues are insufficient to make all transfers required by the Lottery Act, see discussion in (2) of this section, below.

(1) *First*, a transfer of approximately $19 million to the Economic Development Project Fund to pay debt service on the $249,895,000 West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable), Series 2004 (the "EDA - Excess Lottery Grant Bonds") coming due in a particular year, as certified to the Lottery Director, which shall be transferred by the Lottery Director to the Economic Development Project Fund in one-tenth increments on a monthly basis.

(2) *Second*, transfers to such of the other six funds from which debt service is payable in amounts necessary to pay the respective debt service on such bonds coming due in a particular year, as certified to the Lottery Director, which shall be transferred to such funds in one-tenth increments on a monthly basis; provided that, to the extent that sufficient State Excess Lottery Revenues are not available to pay debt service on all such revenue bonds, transfers will be made on a pro rata, parity basis. Presently, the second-priority, parity transfers include a $15 million transfer to the Higher Education Improvement Fund to pay debt service on bonds issued by the Commission and a transfer to the Excess Lottery School Building Debt Service Fund of approximately $19 million to pay debt service on bonds issued by the School Building Authority of West Virginia. Additional second-priority, parity transfers may be required in the future as a result of the Authority's issuance of Additional Bonds and/or the issuance of revenue bonds the debt service on which is payable out of the West Virginia Infrastructure Fund or the State Park Improvement Fund.

(3) Third, transfers to the Education Improvement Fund.

(4) Fourth, transfers to the General Purpose Account.

(5) Last, transfers to the remaining Funds.

The West Virginia Legislature authorized the issuance of two new series of bonds that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The Lottery is currently transferring $6,000,000 each fiscal year to the West Virginia Infrastructure Fund for deposit into the West Virginia Infrastructure Lottery Revenue Debt Service Fund. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

Third Priority Transfers: Last, the remaining funds on deposit in the State Excess Lottery Revenue Fund are required to be transferred to the State Lottery Fund in amount equal to those amounts that were transferred from the State Lottery Fund to the State Excess Lottery Revenue Fund to pay debt service on bonds payable from revenues of the State Excess Lottery Revenue Fund.

NO PORTION OF THE STATE EXCESS LOTTERY REVENUE FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. ONLY AMOUNTS ON DEPOSIT IN THE EXCESS LOTTERY HIGHER EDUCATION IMPROVEMENT FUND CONSTITUTE PLEDGED REVENUES.

State Lottery Fund

The Lottery Act creates the "State Lottery Fund" as a special revenue fund in the State Treasury. The State Lottery Fund receives the State's share of net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and a portion of the net terminal income from the Racetrack Video Lottery.

A minimum annual average of forty-five percent of the gross amount received from each lottery is allocated and disbursed as prizes, and not more than fifteen percent of the gross amount received from each lottery can be allocated to and disbursed, as necessary, for fund operation and administrative expenses. The excess of the gross amount received from the lotteries described above over the sum of the amount distributed for prizes and administrative expenses shall be allocated as net profit. Thirty percent of net terminal income up to the Gross Benchmark from the Racetrack Video Lottery is also transferred to the State Lottery Fund each fiscal year.

Transfers from the State Lottery Fund are required by the Lottery Act to be made in the following priority:

First Priority Transfers: First, a portion of the net profits of the State Lottery Fund is transferred monthly to the School Building Debt Service Fund established under the Lottery Act to pay the annual principal, interest and coverage requirement on all revenue bonds and refunding bonds issued, or to be issued on or after April 1, 1994, payable from revenues of the State Lottery Fund (the "SBA Lottery Bonds").

Second Priority Transfers: Second, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Education, Arts, Sciences and Tourism Debt Service Fund established under the Lottery Act as necessary to pay debt service on revenue bonds issued and payable from such source pursuant to the Lottery Act (the "EAST Lottery Bonds"). The maximum monthly amount cannot exceed $1,000,000 and the total allocation of net profits cannot exceed the lesser of the principal and interest required to be annually paid or $10,000,000. The EAST Lottery Bonds matured by their terms on July 1, 2010. Pursuant to HB 113 enacted by the State Legislature in the First Special Session of 2009 ("HB 113"), the authority to issue revenue bonds payable from funds deposited into the Education, Arts, Sciences and Tourism Debt Service Fund (the "EAST Fund") from the State Lottery Fund was transferred from the State Building Commission to the West Virginia Economic Development Authority. The West Virginia Economic Development Authority issued bonds payable from funds on deposit in the EAST Fund in August 2010 (the "New EAST Lottery Bonds"). The New EAST Lottery Bonds were issued in an amount that will fully leverage the $10,000,000 allocation of revenues deposited into the EAST Fund from the State Lottery Fund.

Third Priority Transfers: Third, a portion of the remaining net profits of the State Lottery Fund is then transferred to the Community and Technical College Capital Improvement Fund to pay the annual principal, interest and coverage ratio requirements on all revenue bonds payable from the Community and Technical College Capital Improvement Fund pursuant to the Lottery Act (the "CTC Lottery Bonds"). The maximum monthly amount cannot exceed $500,000 and the total allocation cannot exceed the lesser of the principal and interest required to be annually paid or $5,000,000. The current annual principal and interest on the CTC Lottery Bonds is approximately $5,000,000 and these bonds mature by their terms in 2039. Upon the maturity of the CTC Lottery Bonds, the $5,000,000 allocated annually to the Community and Technical College Capital Improvement Fund shall become available for debt service on additional CTC Lottery Bonds ("Additional CTC Lottery Bonds"). The priority of the transfer of $5,000,000 from the State Lottery Fund to the Community and Technical College Capital Improvement Fund to pay debt service on Additional CTC Lottery Bonds, if issued, vis-à-vis the priority of the transfer of up to $10,000,000 from the State Lottery Fund to the Education, Arts, Sciences and Tourism Debt Service Fund to pay debt service on any bonds payable therefrom shall be determined as provided in the Lottery Act at the time of issuance of the Additional CTC Lottery Bonds.

Fourth Priority Transfers: Fourth, after first satisfying the requirements for funds dedicated to retire the SBA Lottery Bonds, the EAST Lottery Bonds and the CTC Lottery Bonds or Additional CTC Lottery Bonds, as the case may be, the remaining net profits of the State Lottery Fund are then made available to pay debt service in connection with any bonds issued pursuant to Section 18a of the Lottery Act (that is bonds payable from revenues of the State Excess Lottery Revenue Fund) if and to the extent needed for such purpose from time to time.

Fifth Priority Transfers: Last, subject to certain limitations described in this paragraph, the remaining net profits of the State Lottery Fund may be appropriated by the West Virginia Legislature annually, in such proportions as it deems beneficial, to (i) the Lottery Education Fund; (ii) the School Construction Fund; (iii) the Lottery Senior Citizens Fund; and (iv) the Division of Natural Resources and West Virginia Development Office; provided, however, these fifth priority payments may only be made if: (i) a default does not exist with respect to the debt service on the bonds issued by the School Building Authority, the State Building Commission, the Higher Education Policy Commission, the Economic Development Authority, or bonds that are otherwise secured by lottery proceeds; and (ii) the net profits of the State Lottery Fund for the preceding twelve months is equal to at least 150% of the debt service on bonds issued by the School Building Authority, the State Building Commission or the Higher Education Policy Commission, which are secured by the net profits of the lottery.

NO PORTION OF THE STATE LOTTERY FUND IS PLEDGED AS PART OF THE TRUST ESTATE TO SECURE THE 2012 SERIES BONDS. AS DESCRIBED ABOVE, HOWEVER, REVENUES OF THE STATE LOTTERY FUND IN EXCESS OF THE AMOUNT OF REQUIRED TRANSFERS TO THE SCHOOL BUILDING DEBT SERVICE FUND, THE EDUCATION, ARTS, SCIENCES AND TOURISM DEBT SERVICE FUND AND THE COMMUNITY AND TECHNICAL COLLEGE CAPITAL

IMPROVEMENT FUND TO PAY DEBT SERVICE ON BONDS SECURED THEREBY SHALL BE MADE AVAILABLE FOR TRANSFER TO THE STATE EXCESS LOTTERY REVENUE FUND TO PAY DEBT SERVICE ON BONDS REFERRED TO IN SECTION 18A OF THE LOTTERY ACT TO THE EXTENT THAT REVENUES IN THE STATE EXCESS LOTTERY REVENUE FUND ARE INSUFFICIENT TO PAY ALL SUCH DEBT SERVICE.

Historical, Estimated West Virginia Lottery Revenues

The following Table I displays historical lottery revenues for the last six fiscal years as well as projected lottery revenues for the three year period beginning in fiscal year 2012 through fiscal year 2014. Table I shows sales and profits for each lottery game and into which lottery funds the State's share is deposited. For the period of July 1, 2011 through March 31, 2012, actual lottery revenues are approximately 10.49% ahead of forecasts, principally due to the delay in competition expected from the States of Ohio and Maryland and improvements in general economic conditions nationwide.

The Lottery has anticipated an impact to gaming revenues in fiscal years beginning July 1, 2012 through June 30, 2014. The States of Ohio and Maryland are in the process of opening a total of 4 casino or destination resort gaming venues in May and June of 2012. Additionally, the State of Ohio will bring on line an additional 6 racetrack casino and 2 destination resort casinos in the next several years. The State of Maryland is continuing its efforts to expand video lottery casinos within its jurisdiction, and the Commonwealth of Pennsylvania is nearing a maturity point in its implementation of video lottery and table gaming. The near term impact to aggregate West Virginia gaming revenues is expected to decline by 16% in fiscal year 2013, led by a 26% decline in anticipated racetrack video lottery revenues. Limited Video Lottery sales are anticipated to decline by approximately 6% from fiscal year 2011 levels while Traditional Lottery sales have an approximate 9% decline based on referent competition from Ohio, Pennsylvania and Maryland.

For purposes of calculating sales of racetrack video games and limited video lottery games, as represented on Table I, sales are reported net of prizes. This method of reporting video lottery was chosen due to the unusual volume of play and replay of winnings in these types of games.

Table I
Historical, Estimated and Projected Revenues*
(In Millions of Dollars)

	Fiscal Year Actual**					Fiscal Year Projected		
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Lottery Revenues [1]								
Instant games	106.5	110.9	114.0	97.5	115.7	101.4	97.5	97.6
On-line games	86.2	87.1	84.1	83.7	77.9	83.8	71.7	71.7
Racetrack video lottery	972.6	898.0	848.2	746.2	727.0	712.0	525.4	493.8
Limited video lottery	397.0	411.6	412.4	397.3	397.5	377.4	377.4	377.4
Total Gross Revenues	**1,562.3**	**1,507.6**	**1,458.7**	**1,324.7**	**1,318.1**	**1,274.6**	**1,072.0**	**1,040.5**
Net Revenues [2]								
Instant games	30.5	13.6	17.7	13.9	14.2	12.1	8.4	8.4
On-line games	24.7	27.2	22.2	25.9	21.4	24.4	20.6	20.6
Sub-Total (Traditional)	55.2	40.8	39.9	39.8	35.6	36.5	29.0	29.0
Racetrack Video Lottery - State Lottery Fund	130.1	130.6	130.2	138.7	128.6	127.3	99.5	95.9
Racetrack Video Lottery - State Excess Lottery Revenue Fund	227.9	205.3	180.2	136.0	129.7	123.7	81.0	72.5
Limited Video Lottery - State Excess Lottery Revenue Fund	170.0	191.7	195.6	189.6	189.6	179.1	177.9	177.9
Limited Video Lottery Fees - State Excess Lottery Revenue Fund	9.6	10.7	10.1	9.8	9.6	36.8	7.5	7.5
Total Racetrack and Limited Video Lottery Net Revenues	**537.6**	**538.3**	**516.1**	**474.1**	**457.5**	**466.9**	**365.9**	**353.8**
Total Net Revenues Available for Appropriation	**592.8**	**579.1**	**556.0**	**513.9**	**493.1**	**503.4**	**394.9**	**382.8**
Available for Appropriation								
State Excess Lottery Revenue Fund	**407.5**	**407.7**	**385.9**	**335.4**	**328.9**	**339.6**	**266.4**	**257.9**
State Lottery Fund	**185.3**	**171.4**	**170.1**	**178.5**	**164.2**	**163.8**	**128.5**	**124.9**
Total	**592.8**	**579.1**	**556.0**	**513.9**	**493.1**	**503.4**	**394.9**	**382.8**

* Totals may not add due to rounding

** Based on audited financial statements

[1] Represents Total Sales

[2] Represents amount Available to State

Source: West Virginia Lottery

Revenues of State Excess Lottery Revenue Fund Available For Second-Priority Debt Service Transfers

The following Table II shows the amount of revenues of the State Excess Lottery Revenue Fund available for making the second-priority debt service transfers therefrom. See "State Excess Lottery Revenue Fund" above.

Table II
Revenues of State Excess Lottery Revenue Fund Available For Second-Priority Debt Service Transfers*
(In Millions of Dollars)

	Fiscal Year Actual					Fiscal Year Projected		
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Deposit to State Excess Lottery Revenue Fund ("SELRF")	407.5	407.7	385.9	335.4	328.9	339.6	266.4	257.9
Less: Refundable Credit	6.0	8.6	7.4	8.4	9.6	10.0	10.0	10.0
Less: First-Priority Debt Service Transfer* From SELRF - EDA Excess Lottery Grant Bonds	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Revenues of SELRF Available For Second-Priority Debt Service Transfers* From SELRF	**382.5**	**380.1**	**359.5**	**308.0**	**300.3**	**310.6**	**237.4**	**228.9**
Second-Priority Debt Service Transfers* From SELRF **								
School Building Authority Excess Lottery Revenue Bonds	0.0	0.0	19.0	19.0	19.0	19.0	19.0	19.0
HEPC Higher Education Facilities Bonds	10.0	10.0	10.0	10.0	15.0	15.0	15.0	15.0
Total Second-Priority Debt Service Transfers* From SELRF	10.0	10.0	29.0	29.0	34.0	34.0	34.0	34.0
Coverage of Second-Priority Debt Service Transfers* From SELRF Using Revenues of SELRF	**38.3**	**38.0**	**12.4**	**10.6**	**8.8**	**9.1**	**7.0**	**6.7**

Source: West Virginia Lottery

* For a complete discussion of the priority in which transfers are made from the SELRF to pay debt service on bonds, see "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION - State Excess Lottery Revenue Fund" above. Debt service transfers are only prioritized to the extent of the monthly transfers of one-tenth of the debt service coming due on such bonds in a particular year.

** The West Virginia Legislature authorized the issuance of two new series of bonds, that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

Revenues of State Excess Lottery Revenue Fund and State Lottery Fund Available For Second-Priority Debt Service Transfers

The following Table III shows the combined amount of revenues of the State Excess Lottery Revenue Fund and the State Lottery Fund available for making the second-priority debt service transfers from the State Excess Lottery Revenue Fund. See "State Excess Lottery Revenue Fund" and "State Lottery Fund" above.

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Table III
Revenues of State Excess Lottery Revenue Fund and State Lottery Fund
Available For Second-Priority Debt Service Transfers* From State Excess Lottery Revenue Fund
(In Millions of Dollars)

	Fiscal Year Actual					Fiscal Year Projected		
	2007	2008	2009	2010	2011	2012	2013	2014
Deposit to State Excess Lottery Revenue Fund ("SELRF")	407.5	407.7	385.9	335.4	328.9	339.6	266.4	257.9
Less: Refundable Credit	6.0	8.6	7.4	8.4	9.6	10.0	10.0	10.0
Less: First-Priority Debt Service Transfer* From SELRF - EDA Excess Lottery Grant Bonds	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Revenues of SELRF Available For Second-Priority Debt Service Transfers* From SELRF	**382.5**	**380.1**	**359.5**	**308.0**	**300.3**	**310.6**	**237.4**	**228.9**
Deposit to State Lottery Fund ("SLF")	185.3	171.4	170.1	178.5	164.2	163.8	128.5	124.9
Less: First-Priority Debt Service Transfer From SLF - SBA Lottery Bonds	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Less: Second-Priority Debt Service Transfer From SLF - EAST Lottery Bonds	10.0	10.0	10.0	8.2	8.0	10.0	10.0	10.0
Less: Third-Priority Debt Service Transfer From SLF - CTC Lottery Bonds	0.0	0.0	0.0	3.5	5.0	5.0	5.0	5.0
Revenues of SLF Available For Second-Priority Debt Service Transfers* From SELRF	**157.3**	**143.4**	**142.1**	**148.8**	**133.2**	**130.8**	**95.5**	**91.9**
Combined Revenues of SELRF and SLF Available For Second-Priority Debt Service Transfers* From SELRF	**539.8**	**523.5**	**501.6**	**456.8**	**433.5**	**441.4**	**332.9**	**320.8**
Second-Priority Debt Service Transfers* From SELRF **								
School Building Authority Excess Lottery Revenue Bonds	0.0	0.0	19.0	19.0	19.0	19.0	19.0	19.0
HEPC Higher Education Facilities Bonds	10.0	10.0	10.0	10.0	15.0	15.0	15.0	15.0
Total Second-Priority Debt Service Transfers* From SELRF	**10.0**	**10.0**	**29.0**	**29.0**	**34.0**	**34.0**	**34.0**	**34.0**
Coverage of Second-Priority Debt Service Transfers* From SELRF Using Combined Revenues of SELRF and SLF	**54.0**	**52.4**	**17.3**	**15.8**	**12.8**	**13.0**	**9.8**	**9.4**

Source: West Virginia Lottery

* For a complete discussion of the priority in which transfers are made from the SELRF to pay debt service on bonds, see "REVENUES, DEBT SERVICE COVERAGE AND SELECT FINANCIAL INFORMATION - State Excess Lottery Revenue Fund" above. Debt service transfers are only prioritized to the extent of the monthly transfers of one-tenth of the debt service coming due on such bonds in a particular year.

** The West Virginia Legislature authorized the issuance of two new series of bonds, that, when issued, will be paid from the State Excess Lottery Revenue Fund to the extent funds are available. The first series, authorized in 2011, permits the issuance of bonds beginning in fiscal year 2013 by the West Virginia Water Development Authority for Chesapeake Bay and Greenbrier River watershed compliance projects. The second series, authorized in 2012, permits the issuance of up to $52,500,000 of bonds in fiscal year 2014 by the West Virginia Economic Development Authority for capital improvements to Cacapon Resort State Park and Beech Fork State Park, payable from an amount equal to the certified debt service requirement, not to exceed $3,000,000, that will be deposited into the newly created Cacapon and Beech Fork State Park Lottery Revenue Debt Service Fund.

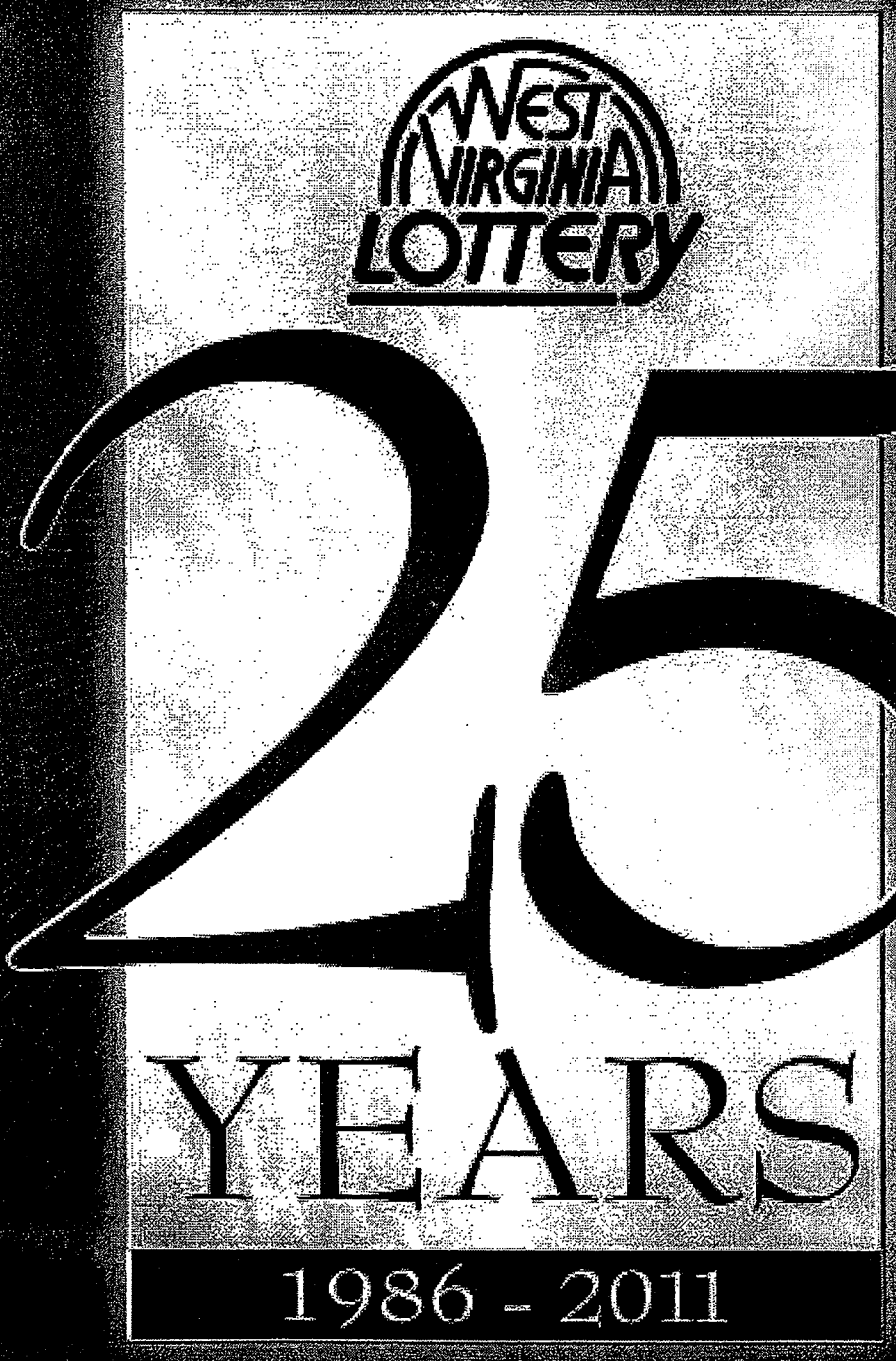
APPENDIX F

FINANCIAL STATEMENTS OF THE WEST VIRGINIA LOTTERY

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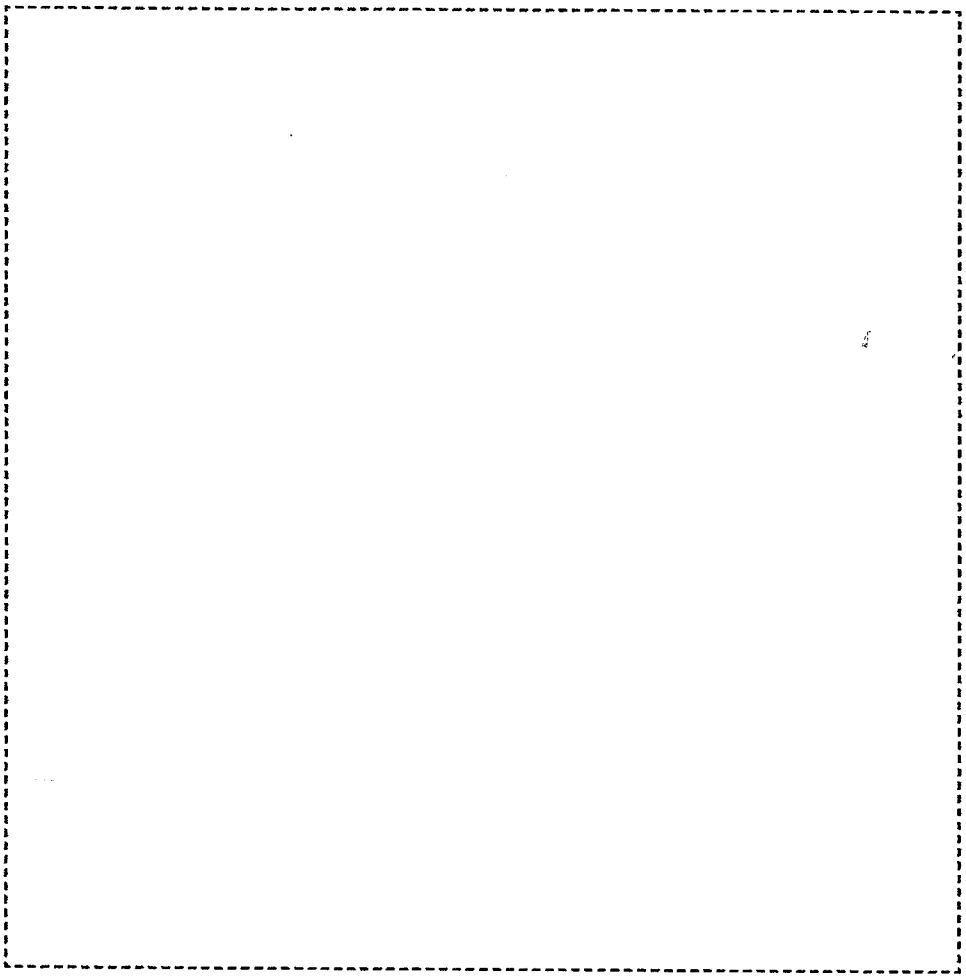
West Virginia Lottery

a component unit of the State of West Virginia



Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2011



P.O. BOX 2067
CHARLESTON, WV 25327

PHONE: 304-558-0500
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Earl Ray Tomblin
Governor

John C. Musgrave
Director

December 5, 2011

The Honorable Earl Ray Tomblin, Governor
Charles O. Lorensen, Cabinet Secretary, Department of Revenue

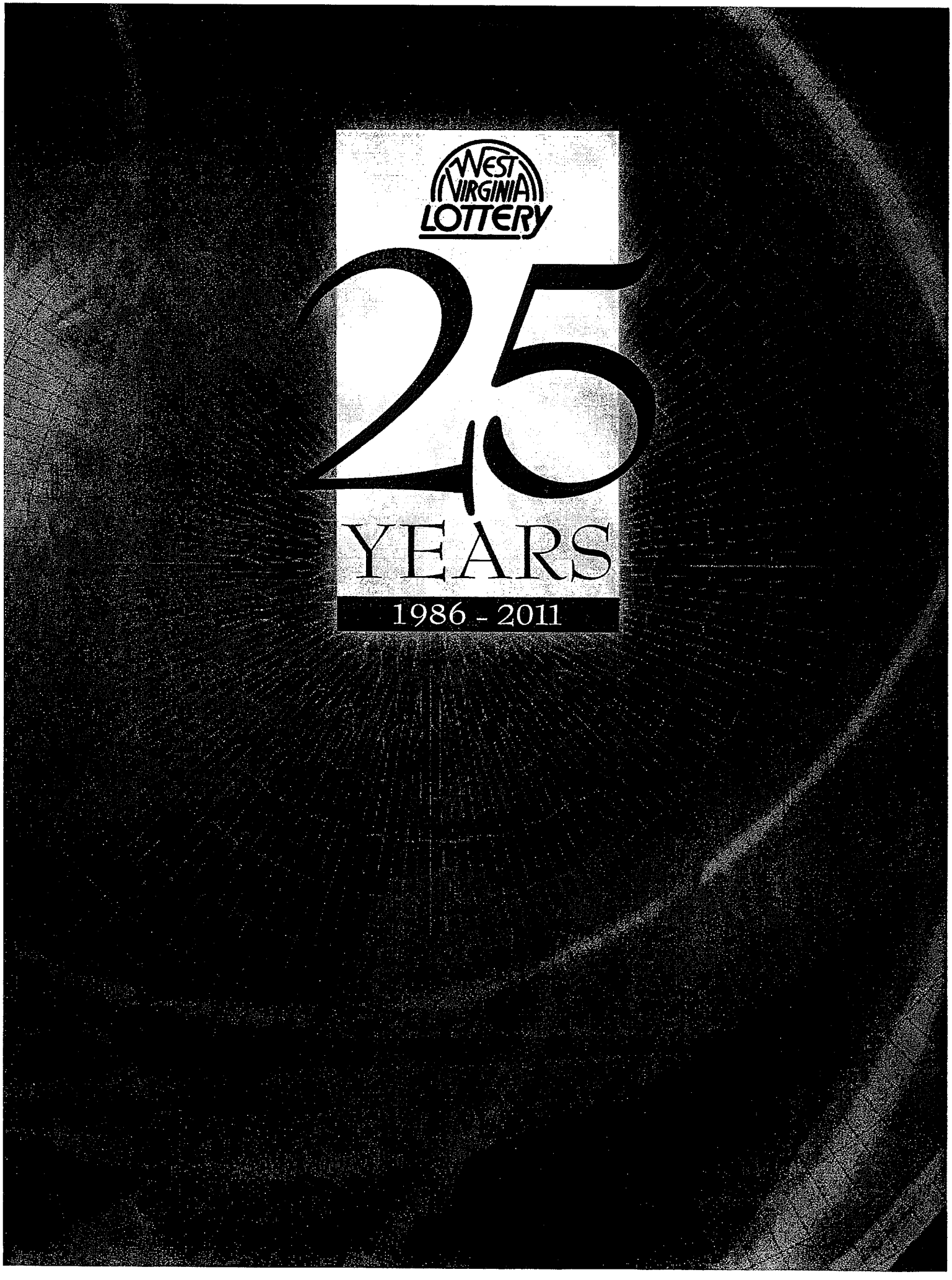
The State Lottery Act §29-22 was initially enacted in April 1985 by the West Virginia Legislature with gaming operations beginning in 1986. The West Virginia Lottery's (Lottery) mission is to generate revenue to fund programs benefiting education, senior citizens, tourism and other programs as the Legislature deems appropriate. This mission is being carried out with the utmost integrity to ensure public confidence.

During the past 25 years the Lottery is proud to have contributed more than $6.2 billion of gaming revenues to the State helping make the State of West Virginia one of only a few states to finish fiscal year 2011 with a budget surplus. These funds have provided support to a multitude of programs deemed important to our citizens and state leadership. Three of the primary benefactors include a total of $700.7 million of Lottery net profits used to sponsor services for our seniors, $2.1 billion to educate our students, and $711.5 million to advance tourism and promote the beauty of our State.

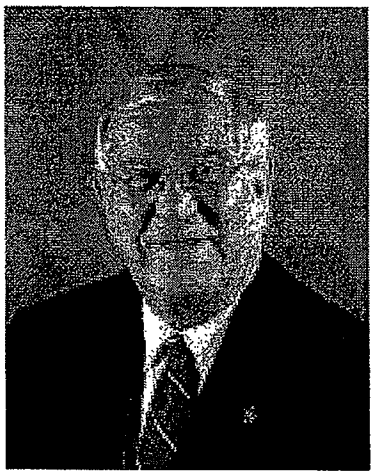
We are pleased to transmit to you the Comprehensive Annual Financial Report of the West Virginia Lottery for the fiscal year ended June 30, 2011. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. An independent certified public accounting firm has audited the financial statements contained in this report.

Sincerely,

John C. Musgrave
Director


WEST VIRGINIA LOTTERY
25
YEARS
1986 - 2011

West Virginia Lottery



Director

John C. Musgrave of Point Pleasant, WV, was appointed Director of the West Virginia Lottery in April of 1997 and has had two consecutive appointments since that time. Musgrave brings to the Lottery a strong finance background with more than two decades of public service at the federal, state and local levels.

As Lottery Director, he oversees a special revenue agency that generates more than $1.3 billion in gross sales and provides a profit to the State of West Virginia of more than $560 million to be used for senior citizens, education, parks, tourism and capital projects.

Lottery Commission



Front Row: Kenneth L. Greear, Chairman, Charleston, WV, Computer Expert
Back Row: William I. Clayton, Vice Chairman, South Charleston, WV, Public At Large; Douglas Bicksler, CPA, Lewisburg, WV, Certified Public Accountant; David L. McCormick, Jr, Morgantown, WV, Marketing Specialist; David Lemmon, Nitro, WV, Law Enforcement; Roy E. Shrewsbury, II, Beckley, WV, Public At Large
and Michael A. Adams, Esq., Weirton, WV, Lawyer

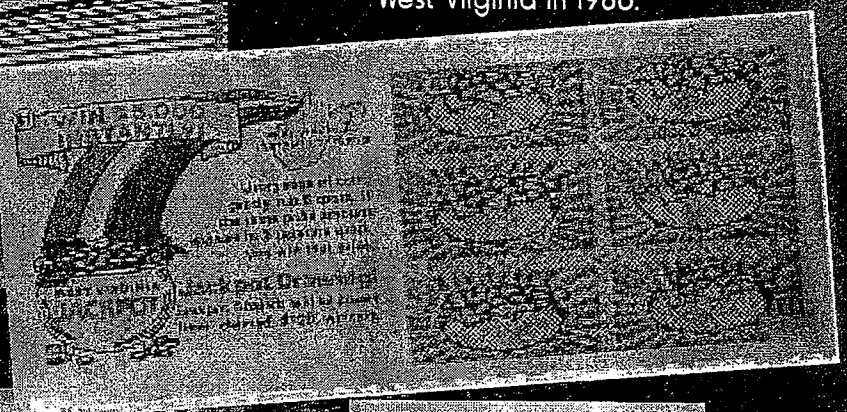
The Commission was created in 1985 to assist and advise the Director of the Lottery and to carry on a continuous study of West Virginia Lottery operations throughout the state. Members are appointed by the Governor with the approval of the Senate. In accordance with state law, the Lottery Commission is required to have seven members comprised of a lawyer, a certified public accountant, a computer expert, a marketing specialist, and one member with not less than five years experience in law enforcement. An additional two members represent the "public at large." No more than four members may be from the same political party. Unless filling an unexpired appointment, members serve overlapping terms of five years and are eligible for successive appointments to the Commission.

25 years in the making . . .



The first delivery of instant tickets to Lottery Headquarters with the late Ralph Peters, first Lottery Director receiving the shipment.

The first instant ticket sold in West Virginia in 1986.





Russ Husk of Parkersburg won $3,740,000 on the Grand Prize jackpot show in 1986 . . . our first millionaire.



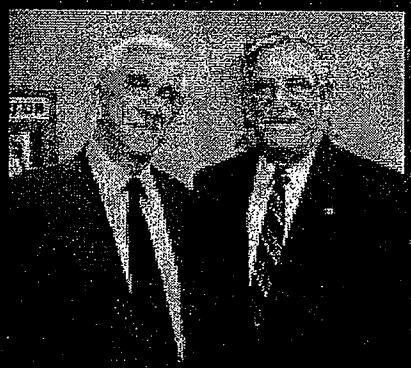
Later in 1986 Glen Stanley of Pt. Pleasant won $5,600,000 on the Grand Prize show.



Lotto America was introduced in Charleston with a 50-foot high Gorilla on top of a high rise in 1989.



Roger Boone of Lewisburg won 3,841,255 with Powerball® in 1995.



The late Leslie Neilson starred in a West Virginia Lottery commercial in 1998, shown here hamming it up with Director John Musgrave during a break in shooting.



Kathy Wiseman of Charleston won $1,000,000 during the Countdown to Cash drawing in 1999.

West Virginia Lottery

a component unit of the State of West Virginia

Prepared by

Finance and Administration Division

James M. Toney, CPA/MBA

Deputy Director of Finance and Administration

and Chief Financial Officer

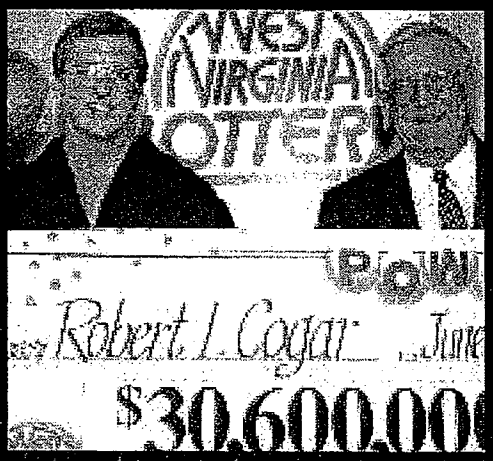
Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2011

25 years in the making . . .



Little did we know that when we shot Powerball® game show commercials in 2000 that one of the actors, Bradley Cooper, would go on to hit the big time starring in movies like 'The Hangover".



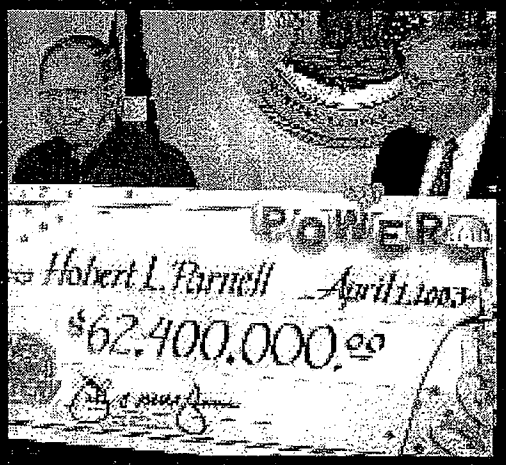
Robert Cogar bought his Powerball® ticket in Morgantown and won $30,600,000 in June of 2002.



Jack Whittaker of Hurricane won $314,900,000 with Powerball® on December 26, 2002. The win remains largest single winning ticket in lottery history.



Bob Eubanks hosted our 2006 20th Anniversary Giveaway which aired statewide. Three million in prizes was given away during the show.



Hobart Parnell bought his ticket in Princeton for a $62,400,000 Powerball® win.



A group of co-workers from FEMA shared a $10,000,000 Powerball® prize in July of 2005. The ticket was purchased in Charles Town.



On March 18, 2008 a group of eight county workers from Morgantown won a $276,000,000 jackpot in Powerball®. It was the second highest Powerball® win in West Virginia Lottery history.



Frank and Patricia Proud of Pocahontas County won $1,000,000 with Powerball® Power Play on April 8, 2010.



June 30, 2010 the West Virginia Lottery completed the closing on the purchase of City Center West for the new Lottery Headquarters.
Ed Maier (L) finalizes the deal with Lottery Director John Musgrave.

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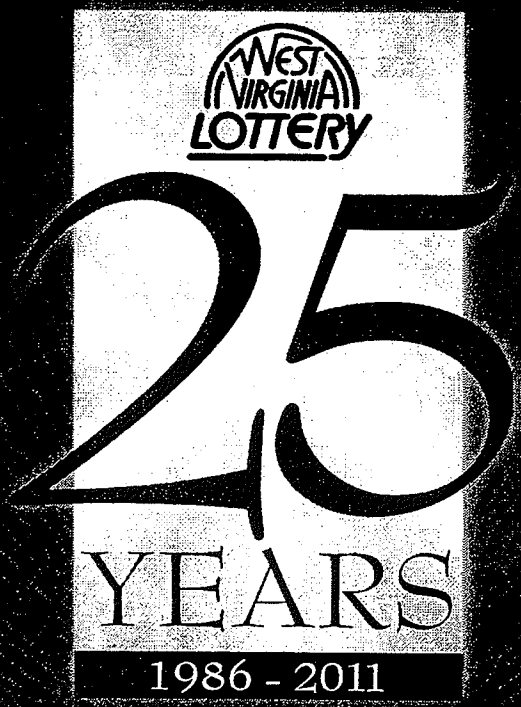
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Our Players

Our players are vital to the success of the West Virginia Lottery and all of the programs that lottery proceeds support annually.

Throughout the year, the West Virginia Lottery focused its attention on celebrating our 25th Anniversary with our players in mind. From the 25 Days of Fun to a sold-out Sugarland concert at the Charleston Civic Center, the Lottery put the players front and center. The result was a phenomenal year-long celebration that raised awareness about the Lottery and the programs it supports, a 3 percent increase in sales, and more winners.

West Virginia celebrated when Randy Smith brought home a $79 million Powerball® jackpot and Mark Boggs became our latest millionaire thanks to the 25th Anniversary Second-Chance Drawing.

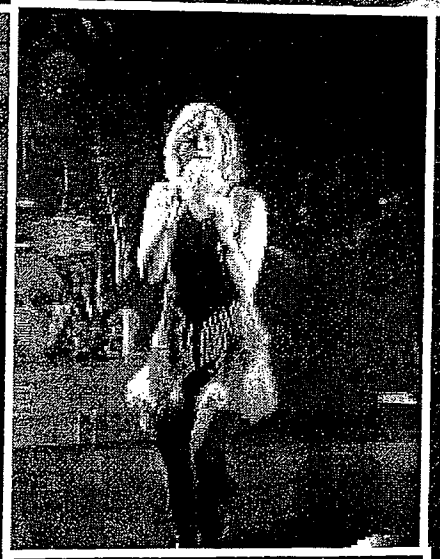
Good things make a difference and good things happen when you play!

Celebrating Our Players

Introductory Section

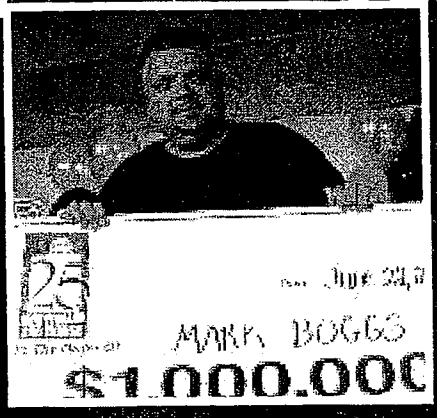










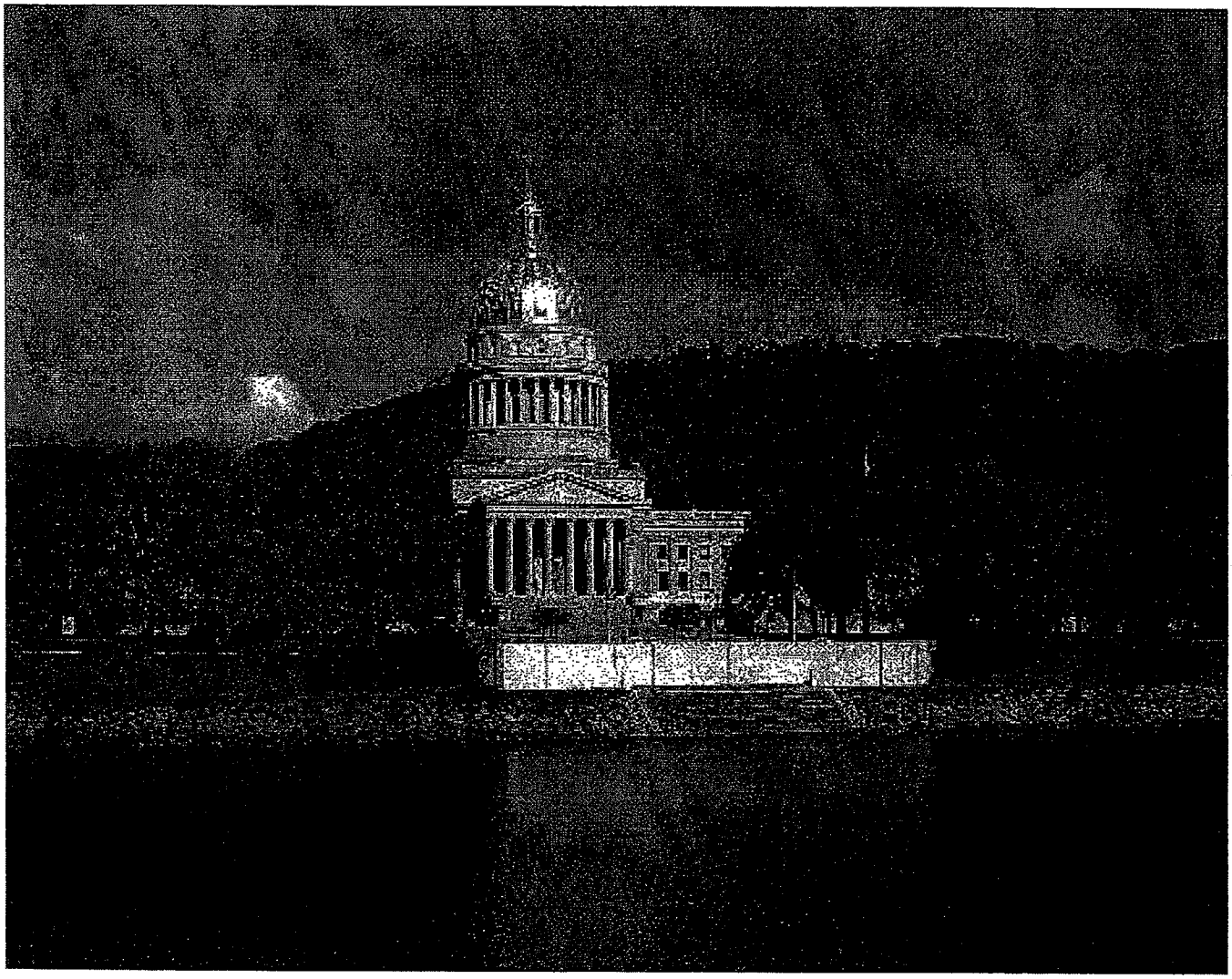






Upper left then clockwise: VIP winners for the Sugarland concert; Randy Smith, $79 million Powerball® winner; fun at the state fair; $25,000 Sugarland "Lucky Seat" winner; the Lottery at the State Fair; Mark Boggs, $1 million anniversay second-chance winner; and Jennifer Nettles of Sugarland performs at the Charleston Civic Center.

Center: Sugarland poster.



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Earl Ray Tomblin
Governor

John C. Musgrave
Director

December 5, 2011

The Honorable Earl Ray Tomblin, Governor
Charles O. Lorensen, Cabinet Secretary, Department of Revenue
Kenneth L. Greear, Chairman, West Virginia Lottery Commission
Members of the West Virginia Lottery Commission

We are pleased to transmit to you the Comprehensive Annual Financial Report of the West Virginia Lottery (the Lottery) for the fiscal year ended June 30, 2011. This report has been prepared by the Finance and Administration Division of the Lottery. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. To the best of our knowledge and belief, the enclosed data and information are accurate and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Lottery. All disclosures necessary to enable the reader to gain an understanding of the Lottery's financial activities have been included.

Presented in this report is information about the Lottery, an agency under the Department of Revenue of the State of West Virginia. The State Lottery Act §29-22 was passed in April 1985 by the West Virginia Legislature. The Lottery has operated since 1986 as a business enterprise within the framework of State laws, rules and regulations. Its mission is to generate revenue to fund programs benefiting education, senior citizens, tourism and such other programs as the Legislature may determine. This mission is being performed with the utmost integrity to ensure public confidence.

On June 14, 2006 the West Virginia State Legislature passed House Bill 106 which allows the Lottery to retain an unexpended portion of its administrative fees in an amount not to exceed $20 million beginning in fiscal year 2006 and each year through fiscal year 2012 for the purpose of constructing a state office building. These amounts are presented and described in the financial statements as Restricted Net Assets and Special Items. Prior to fiscal year 2006, all net assets in excess of $250 thousand were distributed to the State of West Virginia.

The Lottery is considered a component unit of the State of West Virginia. This report presents Lottery activity in a single enterprise fund; the fund includes all activity for which the West Virginia Lottery Commission exercises oversight responsibility. The Lottery has no component units and this report includes only the activity of the Lottery. This report does not include data and information related to any other state agency or fund.

This letter of transmittal is designed to be read in conjunction with the complementary information offered in the Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor's report.

OVERVIEW

For 25 years, West Virginians have benefited from the West Virginia Lottery. Proceeds from the Lottery have made a positive impact on education, senior programs and tourism throughout the Mountain State. In fact, the Lottery has generated more than $6.2 billion for the people of West Virginia since beginning it's operations in 1986, including commissions from Racetrack and Limited Video Lottery and profits paid to non-state government agencies.

The West Virginia Lottery celebrated its silver anniversary in fiscal year 2011 with a variety of celebratory instant games that culminated with a sold-out performance by Sugarland at the Charleston Civic Center, and Mark Boggs of Sissonville becoming the latest West Virginia Lottery millionaire thanks to the Lottery's 25th Anniversary second-chance drawing. The year also produced, yet another, Powerball® jackpot winner from West Virginia when Martinsburg's Randy Smith claimed more than $44 million (the cash option) from the August 21st $79 million Powerball® drawing.





Overall, the introduction of a special anniversary $25 instant ticket helped increase instant ticket sales by more than 19 percent over the previous fiscal year.

The 25th Anniversary celebration helped the Lottery increase it's overall sales by 3 percent and led to a transfer of an estimated $558 million to the State. The Lottery generated fiscal year-end sales totaling nearly $1.4 billion thanks in part to an increase in instant ticket sales and strong table games revenues that were fueled by the introduction of table games at Hollywood Casino at Charles Town Races.

Included in the $558 million transfer to state programs for fiscal year 2011 was $73.3 million for senior citizens, $225.7 million for education, $15.6 million for the promotion of tourism, $127.9 million to the State's General Fund for expenses that include education and health and human services, $40 million for the Infrastructure Council, and $75.4 million to other state agencies, including $29 million for PROMISE scholarships.

Overall, the West Virginia Lottery generated nearly $1.4 billion in overall sales in fiscal year 2011, while holding it's overall operating costs to under 2.17 percent of gross sales.

The Lottery continues its regulatory duties by governing several forms of gaming including traditional lottery games (instant scratch-off tickets and on-line games such as Powerball® and Mega Millions®); Racetrack Video Lottery (slot machines at the state's racetracks); Limited Video Lottery (slot machines at local video lottery parlors); and Table Games at the facilities licensed to operate them. In addition, the Lottery regulates casino video lottery and table games at The Greenbrier Historic Resort.

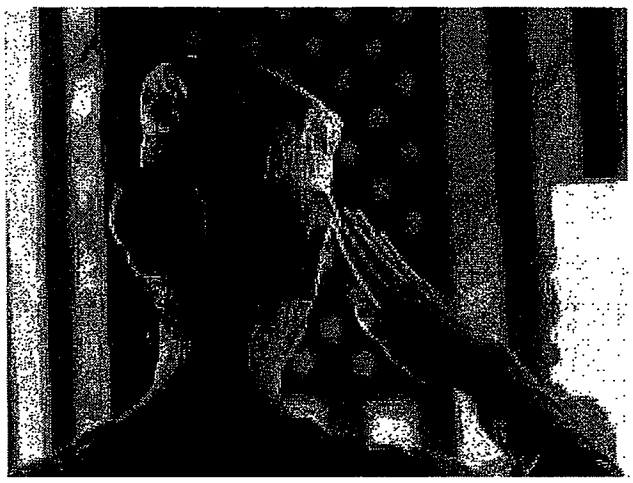
State law mandates that players receive at least 45 percent of total traditional games sales in the form of cash prizes, however, that percentage has averaged approximately 50 percent annually since the Lottery's inception.

In addition, the Lottery's traditional games operating costs have averaged approximately 12 percent, notably less than the 15 percent allowed by law. Retailers who sell lottery products receive a 7 percent commission, as well as bonuses based on total sales at their locations. Profits from traditional lottery games are directed by statutory allocation to state programs and distributed accordingly.

The payout rate for video lottery machines varies by location and game type and currently approximates 90 percent with an established range of 80 percent to 99 percent set by statute and approved by the Lottery Commission. Profits distributed from Racetrack Video Lottery, The Greenbrier Historic Resort and Limited Video Lottery, are directed both by statutory allocation and legislative budget appropriations.

State revenues from table games are derived from a 35 percent privilege tax rate that is applied to the table "win" and is distributed by statutory allocation with the largest portion directed to reduction of state debt.

Since 1994, $171.2 million of revenue generated by Racetrack Video Lottery has been directed to advertising funds for the state tourism industry through a matching grants program established with the West Virginia Division of Tourism. In fiscal year 2011, the Lottery contributed $9 million to the Division of Tourism. In addition, lottery revenue appropriated by the West Virginia Legislature to the Division of Tourism of $7.3 million, the Division of Natural Resources of $3.3 million and the State Park Improvement Fund of $5 million increases the overall total invested in enhancing the state's tourism industry to $15.6 million.



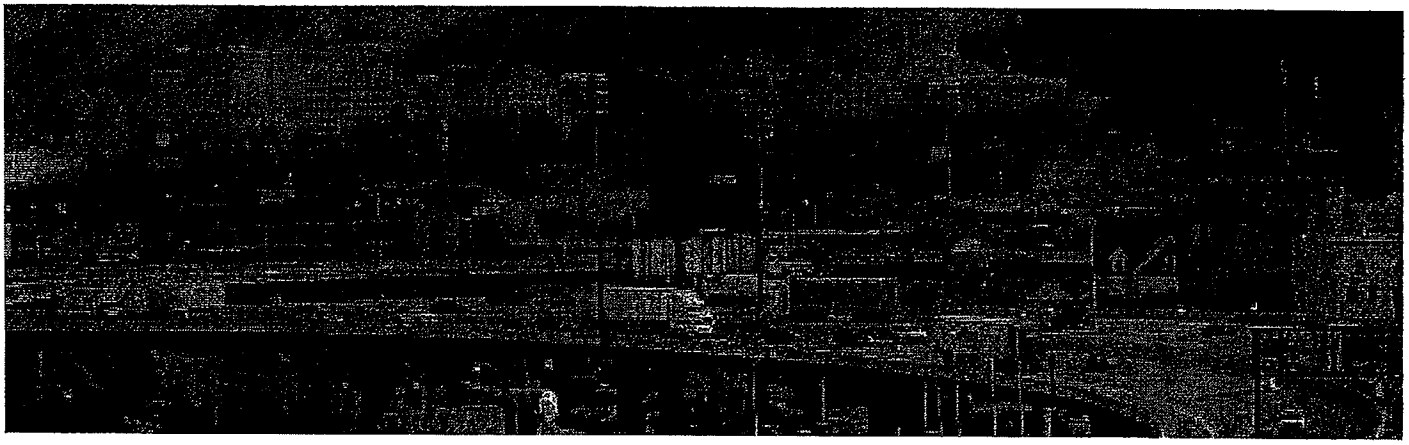
Legislation passed in fiscal year 2000 continues to provide lottery revenue from a special instant ticket game to help support funding for West Virginia Veterans. This, first of its kind, initiative has generated up to $1 million annually to support a new skilled nursing facility and a cemetery for West Virginia's veterans. In fiscal year 2011, nearly $839 thousand was distributed to support veterans projects in West Virginia.



West Virginia seniors benefit from the license fees for table games. Approved venue license fees for table games are directly deposited into the accounts of the Bureau of Senior Services. In fiscal year 2011, deposits to in-home health care services for seniors totaled $9 million from Racetrack Table Games and $250 thousand from The Greenbrier Historic Resort. In addition, West Virginia senior citizens benefited from an estimated $73.3 million in lottery revenue in fiscal year 2011.

West Virginia's college-bound high school graduates also benefit from the West Virginia Lottery's funding of the PROMISE Scholarship Fund. Revenue from Limited Video Lottery games provided $29 million to provide in-state higher education opportunities for West Virginia high school graduates. Since 2002, the West Virginia Lottery has provided more than $225 million to fund PROMISE Scholarships.

ECONOMIC OUTLOOK

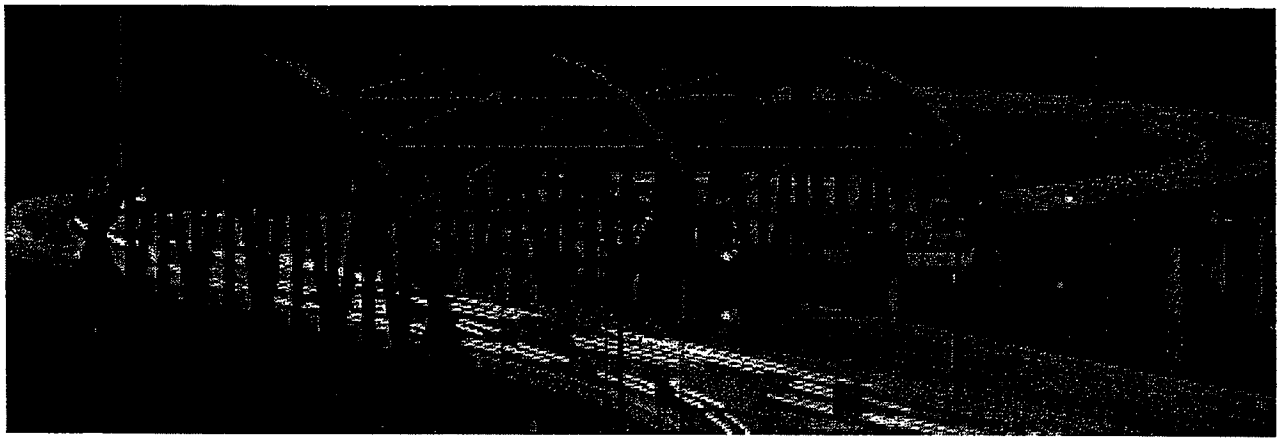


The US economic recovery that initially began in mid-2009 continues at an anemic pace in 2011. The slow rate of growth is partially attributable to a very weak housing sector, below normal consumer confidence associated with persistently high levels of unemployment, slow growth and financial problems for European countries and a trend of slightly lower State and local government employment. In response to these weakening trends, the Federal Government continues to develop new targeted fiscal stimulus programs and the Federal Reserve Board continues to provide monetary stimulus to boost the economy. One of the continuing positive factors for the economy in 2011 is the cumulative increase in National exports of nearly 37 percent from two years ago. The growth in exports helps to stabilize employment in the manufacturing sector and other export sensitive sectors. The overall pace of growth in the economy is expected to continue at a slower than comfortable pace throughout the coming year and into 2013. The US economy is forecast to show a very slight acceleration in employment growth from less than 1 percent in 2011 to an annual growth of slightly more than 1 percent in 2012. However, the national unemployment rate is still expected to remain well in excess of 9 percent throughout 2012.

Due to the impact of the Great Recession, West Virginia's payroll employment fell by roughly 30,000 jobs between January 2008 and February 2010. Employment numbers have since rebounded by 1.5 percent as of July 2011 from the seasonally adjusted trough of 739,100 set in February 2010. The goods producing sectors led the rebound with net growth of roughly 4,600 jobs. Export related industries generally outperformed other sectors. Roughly 80 percent of the goods sector employment growth was attributable to gains in mining. Most of the remaining job growth was attributable to a 4.5 percent gain in the durable goods manufacturing sector. The service sector added roughly 6,200 jobs since February 2010, including 3,800 jobs in the professional and business service sector..

Growth in employment was a contributing factor to personal income growth in 2010. West Virginia personal income growth exceeded the average growth rate for the Nation in 2010, with a growth rate of 3.6 percent. For the first quarter of 2011, West Virginia's 1.7 percent seasonally adjusted personal income growth rate ranked 36th highest among all states, and was slightly below the national average of 1.8 percent. Nearly 55 percent of the total quarterly earnings growth in West Virginia was attributable to the mining sector and another 25 percent was attributable to durable goods manufacturing. Both the mining and manufacturing sectors benefited greatly from growth in international exports. The cumulative value of West Virginia exports was nearly $5.1 billion as of July 2011, an increase of roughly 39 percent from the prior year. The value of manufacturing goods

ECONOMIC OUTLOOK



rose by nearly 7 percent and the value of metallurgical coal exports more than doubled from the prior year. In the second quarter of 2011, total West Virginia exports increased 43 percent. The increase was led by gains in minerals and ores, transportation equipment, and machinery exports. The value of total West Virginia exports to foreign countries nearly doubled over the past two years. Since exports represent nearly 10 percent of West Virginia's gross state product, the increase in foreign trade provides an important stimulus for the State economy in rebuilding following the steep recession.

Total West Virginia payroll employment growth of 5,400 jobs between December 2010 and July 2011 was led by the manufacturing, business services, trade, construction and mining sectors. IHS Global Insight projects employment growth to decelerate in the third and fourth quarters of this year before a modest rebound in 2012. Weak employment gains will be a contributing factor to a very sluggish personal income growth averaging 2 percent. West Virginia is not expected to return to its 2008 peak employment levels until 2013.

The leisure hospitality sector, including amusements and recreation (including gaming) and hospitality and food service activities, collectively lost 5,300 jobs between the fourth quarter of 2008 and the first quarter of 2010. This sector subsequently rebounded with job growth of roughly 3,000 since January 2010. IHS Global Insight projects sector job growth of 0.7 percent in 2011 and 1.1 percent in 2012 before growth tapers off in 2013. Continued high unemployment, low consumer confidence and increased gaming competition from neighboring states may influence the future performance of this sector.

There is more downside risk than upside risk to the economic forecast. Major downside risks to the forecast includes the possibility of an economic slowdown in Asia and other foreign markets that would lead to reduced export activity, a long-term suspension of surface mining permits by the federal government and increased environmental regulation of carbon gas emissions. Any of these factors could significantly reduce growth in the West Virginia economy. Gaming industry competition from neighboring states may also increase beyond current projected activities, resulting in reduced growth in the leisure and hospitality sector. The one significant upside risk is associated with the continued development of the Marcellus Shale natural gas play and the possible development of an ethane cracker plant in West Virginia. The potential gains from additional affordable natural gas production and its spin-off activities are promising economic developments for the State's future.[1]

1 Written by Mark Muchow, Deputy Cabinet Secretary, Department of Revenue

LOTTERY PRODUCTS

The West Virginia Lottery has introduced 16 different games since its inception but currently provides players the opportunity to participate in a variety of 11 games:

INSTANT games were the Lottery's first type of game introduced in January 1986. There are different ways to win in an instant or "scratch" game including matching three like dollar amounts, symbols or letters, or adding up numbers to a specified total. If the correct combination appears, the player becomes an "instant winner" without having to wait for the results of a drawing. The instant game offers a wide variety of game themes. During fiscal year 2011, there were 41 new games introduced. Instant games provided approximately 8.3 percent of total fiscal year 2011 sales at 1,561 retail locations.





DAILY 3 is an on-line game introduced in February of 1987. Players choose three numbers from 0 to 9 for prizes ranging from $40 to $500. Drawings are held six nights a week.

DAILY 4 is an on-line game also introduced in February of 1987. Players choose four numbers from 0 to 9 for prizes ranging from $100 to $5,000. Drawings are held six nights a week.





CASH 25 is an on-line game, which was introduced in February 1990. Players pick six numbers from 1 to 25 for a chance to win cash prizes ranging from $1 to $25,000. Drawings are held four nights a week every Monday, Tuesday, Thursday and Friday.

POWERBALL® is an on-line game jointly operated by 42 state lotteries, the District of Columbia and the Virgin Islands, who are members of the Multi-State Lottery Association (MUSL) or the Mega Millions® Group. This game was introduced in April 1992, revised in November of 1997, October of 2002, and August of 2005. Beginning March 2001, Powerball® added a feature called Power Play®, where winnings can be multiplied from a random number drawn between 2 and 5. Effective August 28, 2005, the matrix increased to "5 of 55" for the first set, while the second set remained the same and the second and third tier prizes were doubled. The matrix held previously was "5 of 53" for the first set and "1 of 42" for the second set. The jackpots are paid either in a cash lump sum equal to the present value of the annuitized amount or over 30 years with a guaranteed minimum jackpot of $20 million. Once the jackpot reaches the previous record jackpot of $365 million, the jackpot increase may be limited to $25 million per draw. The jackpot money over the amount required to fund the $25 million increase will continue to accrue until the jackpot is hit. At that time, the residual jackpot money will be divided equally among the current $200,000 winners. The jackpot increases each drawing if no winning ticket has matched the first set of 5 numbers and matched the "Powerball®" number of the second set. Powerball® offers eight secondary prizes of fixed amounts ranging from $3 to $200,000. The game was expanded to new jurisdictions beginning January 31, 2010, when both Powerball® and Mega Millions® began cross-selling in most jurisdictions. Drawings are held twice weekly on Wednesday and Saturday. Powerball® sales are approximately 2.6 percent of total 2011 sales at 1,561 retail locations in West Virginia.



MEGA MILLIONS® is an on-line game jointly operated by 42 state lotteries, the District of Columbia and the Virgin Islands, with members belonging to the same groups that operate Powerball®. The game was introduced on August 31, 1996 as the Big Game. The first drawing took place on September 6, 1996, with six states participating: Georgia, Illinois, Maryland, Massachusetts, Michigan and Virginia. The West Virginia Lottery and 22 other states began selling Mega Millions® January 31, 2010 in a cross-selling agreement. The game is similar to Powerball®, in play and jackpots. The matrix is "5 of 56" for the first set and "1 of 46" for the second set. The jackpots are paid either in a cash lump sum equal to the present value of the annuitized amount or over 26 years with a guaranteed minimum jackpot of $12 million. Mega Millions® offers eight secondary prizes of fixed amounts ranging from $2 to $250,000. Drawings are held twice weekly on Tuesday and Friday. Mega Millions® sells at 1,561 retail locations in West Virginia.



HOT LOTTO SIZZLER® is an on-line game jointly operated by 14 states and the District of Columbia who are members of MUSL. This game was introduced in April 2002 with drawings on Wednesday and Saturday. Players choose 5 numbers out of a field of 39 and 1 number out of a field of 19. Jackpots begin at $1 million, and increase each drawing if no winning ticket has matched the first set of 5 numbers and matched the "Hot Ball" number of the second set. Hot Lotto Sizzler® offers eight secondary prizes of fixed amounts ranging from $2 to $10,000.

TRAVEL KENO is a game restricted to lottery retailers with specific types of West Virginia Alcohol Beverage Control Administration (ABCA) licenses and was introduced in December 1992. The player selects from 1 to 10 numbers and the Lottery computer randomly picks 20 numbers from 1 to 80. With the Keno Bonus multiplier option, players have a chance to increase their winnings. Drawings are held every five minutes from 5:05 a.m. through 2:45 a.m. The winning numbers are displayed on monitors at 285 Travel Keno locations.

RACETRACK VIDEO LOTTERY games were implemented in 1994 when the West Virginia Legislature passed the Racetrack Video Lottery Act, making video lottery terminals available to the four racetracks in the state subject to passage of local referendums. In September 1994, three racetracks (Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel, Casino & Racetrack, and Mardi Gras Casino & Resort) began operating with 1,200 video lottery machines. A fourth racetrack (Hollywood Casino at Charles Town Races) began video gaming in September 1997. West Virginia is one of five state lotteries to regulate video gaming at racetracks. The other four states are Delaware, Rhode Island, New York and Pennsylvania. Games offered are poker, blackjack, keno, and spinning reel types. Effective June 1999, legislative action has allowed mechanical reel coin drop machines. As of June 30, 2008, the West Virginia Lottery Commission had an average of 9,732 terminals available for play at the four racetracks in the state. Racetrack Video Lottery sales were 52.2 percent of total 2011 sales.

LIMITED VIDEO LOTTERY games were approved by the Legislature in April 2001. The legislation provides up to 9,000 video lottery terminals to be placed in retailer locations with specific types of West Virginia ABCA licenses. West Virginia is one of three state lotteries to regulate and operate Limited Video Lottery. The other two states are South Dakota and Oregon. The first terminals were enabled for play on December 17, 2001. A total of 7,576 terminals were operating at licensed retail locations throughout the state as of June 30, 2011. Limited Video Lottery sales were 28.6 percent of total 2011 sales at 1,559 operating retailer locations.

TABLE GAMES were implemented in fiscal year 2008 when the West Virginia Legislature passed the Racetrack Table Games Act, making table games available to the four racetracks in the state subject to passage of local referendums. In October 2007, two racetracks (Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel, Casino & Racetrack) began operating with poker tables only and added full table games in December 2007. In August 2008, a third racetrack (Mardi Gras Casino & Resort) began operating with poker tables only and added full table games in October 2008. The fourth racetrack (Hollywood Casino at Charles Town Races) began operating full table games on July 1, 2010. Games offered are Poker, Blackjack, Caribbean Stud, Craps, Roulette, Three and Four Card Poker, and other miscellaneous games. Racetrack Table Games sales were 4.9 percent of total 2011 sales.

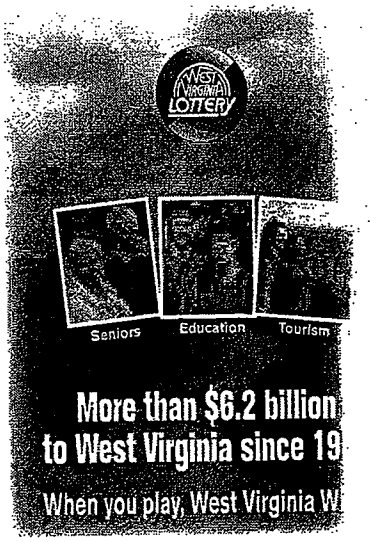


A HISTORIC RESORT in West Virginia implemented video lottery and table games in fiscal year 2010 when the Legislature passed SB 575 which revised the original Authorized Gaming Facility Act. In October 2009, The Greenbrier Historic Resort began operating both video lottery and table games. Table Games offered are Blackjack, Roulette, Craps and Three Card Poker.

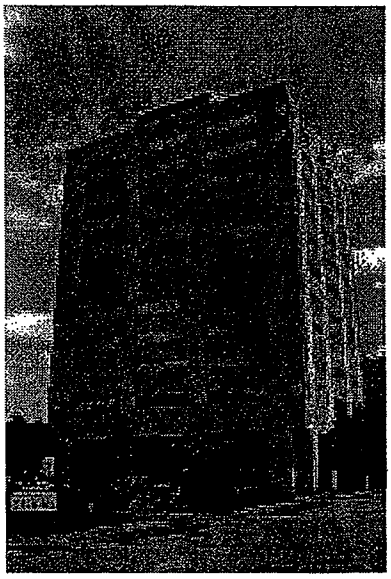
ACCOMPLISHMENTS

The Lottery increased its overall sales by 3 percent and transfered an estimated $558 million to the state despite increased competition from neighboring states and the economic downturn.

- Achieved funding of all forecasted legislative appropriations of Lottery funds.
- Total distributions in fiscal year 2011 were $594.6 million, which include $565.3 to the State of West Virginia, $7.8 million to Municipalities and Counties, and $21.5 to the four Racetracks for capital reinvestment and modernization.

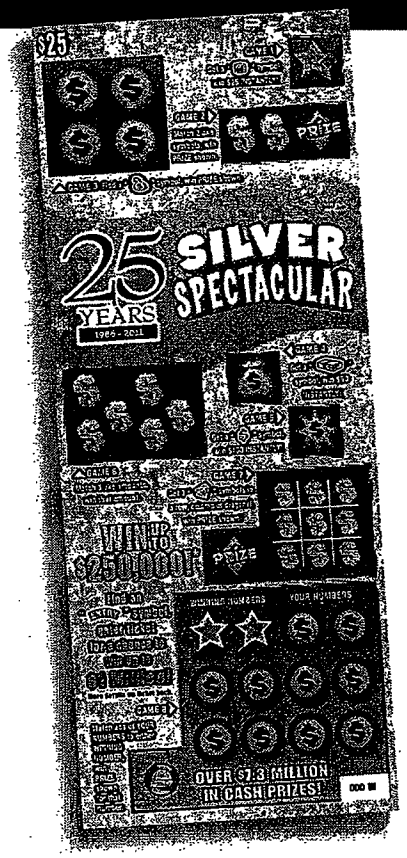


- In fiscal year 2011 the West Virginia Lottery produced $73.3 million for senior citizens, $225.7 million for education, $15.6 million for the promotion of tourism, $127.9 million to the State's General Fund for expenses that include education and health and human services, $40 million for the Infrastructure Council, and $75.4 million to other state agencies, including $29 million for PROMISE scholarships.
- The Lottery generated fiscal year-end sales totaling nearly $1.4 billion thanks in part to an increase in instant sales and strong table games revenues that were fueled by the introduction of table games at Hollywood Casino at Charles Town Races.
- The Lottery held its overall operating costs to under 2.17 percent of gross sales for the year.
- A total of 41 new instant games were launched in fiscal year 2011 with sales from traditional games (instant and on-line) totaling $193.6 million.
- The addition of table games at Hollywood Casino at Charles Town Races led to a 114.8 percent increase in table games revenue that produced $68.2 million. Overall, table games resulted in $29.6 million to the State.
- The West Virginia Lottery celebrated its 25th Anniversary with a special $25 instant ticket that helped increase traditional lottery sales by 19 percent, a series of special events statewide, a concert by Sugarland at the Charleston Civic Center, and a second-chance drawing that produced a million dollar winner.



- Martinsburg's Randy Smith claimed more than $44 million (the cash option) from the August 21st $79 million Powerball® drawing, becoming West Virginia's eighth Powerball® jackpot winner.
- Awarded all authorized 2011 - 2021 Limited Video Lottery permits through a state-wide rebid process during fiscal year 2011.

- Contract awarded to Paramount Builders for building renovations to the new Lottery Headquarters located at 900 Pennsylvania Avenue in Charleston.
- 4-year contract extension to Scientific Games Inc. for an improved Video Lottery System (Aegis), which operates all video lottery machines across the state.
- Lottery sustained a new $3 price point instant ticket beginning with the lauch of Pink Panther™ in July 2010.
- Lottery launched it's first $25, holograpic ticket in conjunction with it's 25th Anniversary Celebration.



FINANCIAL INFORMATION

ENTERPRISE OPERATIONS

The West Virginia Lottery operating activities include sales of instant and on-line tickets, the regulation of video lottery and table game operations to the general public and the related supporting functions: personnel, finance and administration, video, marketing, security, table games and licensing. No general government functions or operations are managed by the Lottery or included in this report. Sales in fiscal year 2011 increased 2.5 percent to $1.392 billion from $1.358 billion in fiscal year 2010. Total distributions required by statute increased 1 percent to $594.6 million in fiscal year 2011 from $588.7 million in fiscal year 2010. Current year distributions include $565.3 to the State of West Virginia, $7.8 million to Municipalities and Counties, and $21.6 to the four Racetracks for capital reinvestment and modernization.

SYSTEM OF ACCOUNTING AND POLICIES

The West Virginia Lottery operates as an enterprise fund that, like a private business, utilize the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BUDGETARY CONTROLS

The Lottery's budgeted funds are the State Lottery Fund and State Excess Lottery Fund. Budgetary control for these funds are addressed through their enabling legislations, which provide specific limitations on operating and administrative expenses. For budgetary purposes, the State Lottery and Excess Lottery Funds are classified as non-appropriated special revenue funds and do not have a legally adopted budget. An estimate of expected expenditures is filed annually with the Budget Division of the Department of Revenue and is monitored throughout the year by this Division. In addition, Lottery financial management staff monitors actual expenditures for compliance with operational requirements and compliance with lottery statutes.

INTERNAL CONTROL ENVIRONMENT

Management of the Lottery is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and to ensure that the accounting system allows compilation of accurate and timely financial information. The internal controls are designed to provide reasonable assurance that these objectives are met.

To enhance controls over accounting procedures, the Lottery has segregated the following functions: personnel, payroll, purchasing, accounts payable, accounts receivable and general ledger accounting. Data input and processing are separate from system programming with management providing approval and oversight. In addition, an internal auditor reviews all areas of Lottery operations and reports to the Finance and Audit Committee of the Lottery Commission.

Since the Lottery manages a valuable ticket inventory and controls the disbursement of prizes, the following steps are taken to ensure the operations remain secure and meet the highest ethical standards:

- Hiring specialized security and law enforcement staff
- Maintaining secure Lottery facilities and limiting access
- Performing background checks on retailers, contractors and Lottery employees
- Printing lottery tickets with special inks, dyes and security codes
- Providing detailed procedures for random on-line drawings
- Hiring an independent CPA firm to witness the drawings
- Providing a variety of access and other controls to all computer systems
- Providing operating policies and procedures

The Lottery currently has 198 employees; the majority of the staff are located at Lottery headquarters. The drawing studio is located at the broadcast facility of the television station in Charleston, West Virginia, which produces the nightly drawings.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Virginia Lottery for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 14th consecutive year that the West Virginia Lottery has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

FUTURE PROJECTS

- Complete the refurbishments to the West Virginia Lottery headquarters building by the end of the third quarter in fiscal year 2012.
- Additional state agencies (Alcohol Berverage Control Administration, Municipal Bond Commission, Racing Commission, Real Estate Division and the Division of Banking) scheduled to move into Lottery headquarters in fiscal year 2012.
- Addition of approximately 500 digital jackpot signs at retail locations.
- Instant ticket RFQ to be awarded February 2012 for the printing production of Lottery instant tickets.
- Initial stages of a new advertising contract to be awarded in 2013.
- Complete installation of all new limited video lottery machines and software for authorized permit holders by the end of second quarter in fiscal year 2012.
- Implement the agency-based fixed asset system by the end of fiscal year 2012.
- Implement the document imaging system by end of fiscal year 2012.

INDEPENDENT AUDIT

West Virginia statutes require an annual audit by an independent certified public accountant. The independent auditors' opinion on the Lottery's financial statements is included in the financial section of this report.

ACKNOWLEDGEMENTS

This report demonstrates the collaborative efforts of the Finance and Administration Division and Marketing Division of the West Virginia Lottery. We appreciate the contributions of this year's project team comprised of Mara Pauley, Games Accounting Manager/Project Coordinator; Nikki Orcutt, Deputy Director of Marketing; Mike Ross, Advertising Manager; and Randy Burnside, Public Relations Manager. We could not have successfully completed this report without their efficient and dedicated services. The Lottery continues its commitment to providing thorough and relevant financial information to the public.

This comprehensive annual financial report reflects our commitment to maintain the highest standards of accountability while working to maintain public trust through ethics and integrity. The Lottery also extends its sincere gratitude to Commission Chairman Kenneth L. Greear and the members of the West Virginia Lottery Commission for their diligence to the law in operating the Lottery in a professional and forward-thinking manner.

James M. Toney, CPA/MBA
Deputy Director of Finance and Administration

John C. Musgrave
Director of West Virginia Lottery

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Virginia Lottery

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

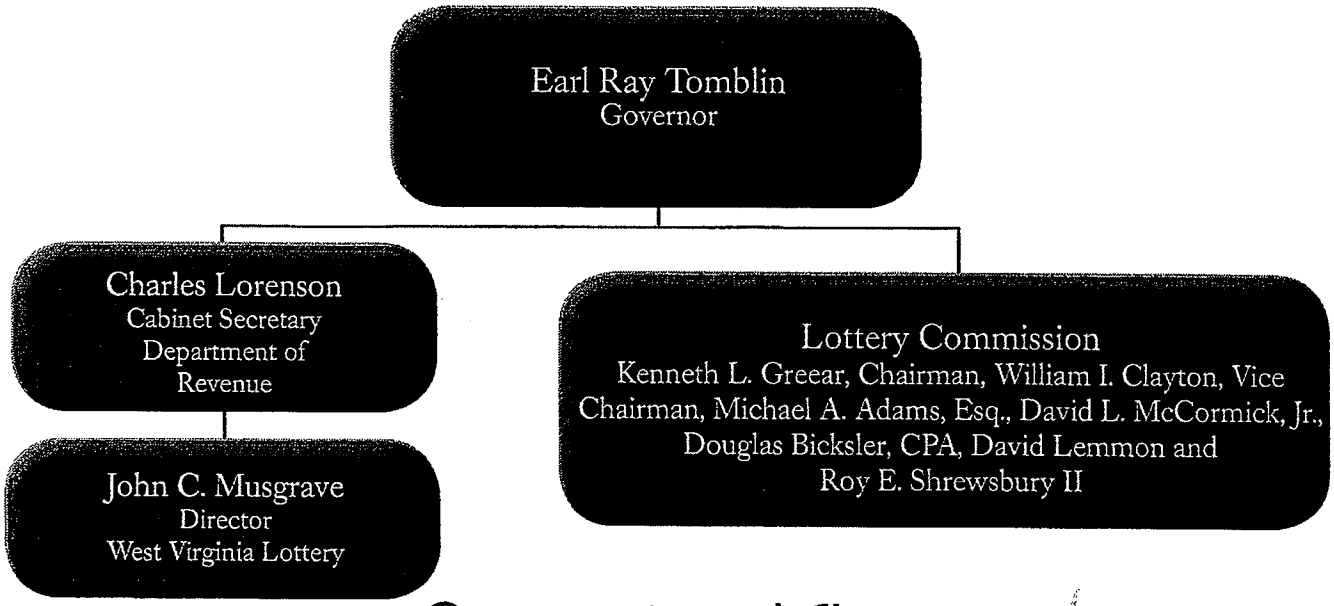


President

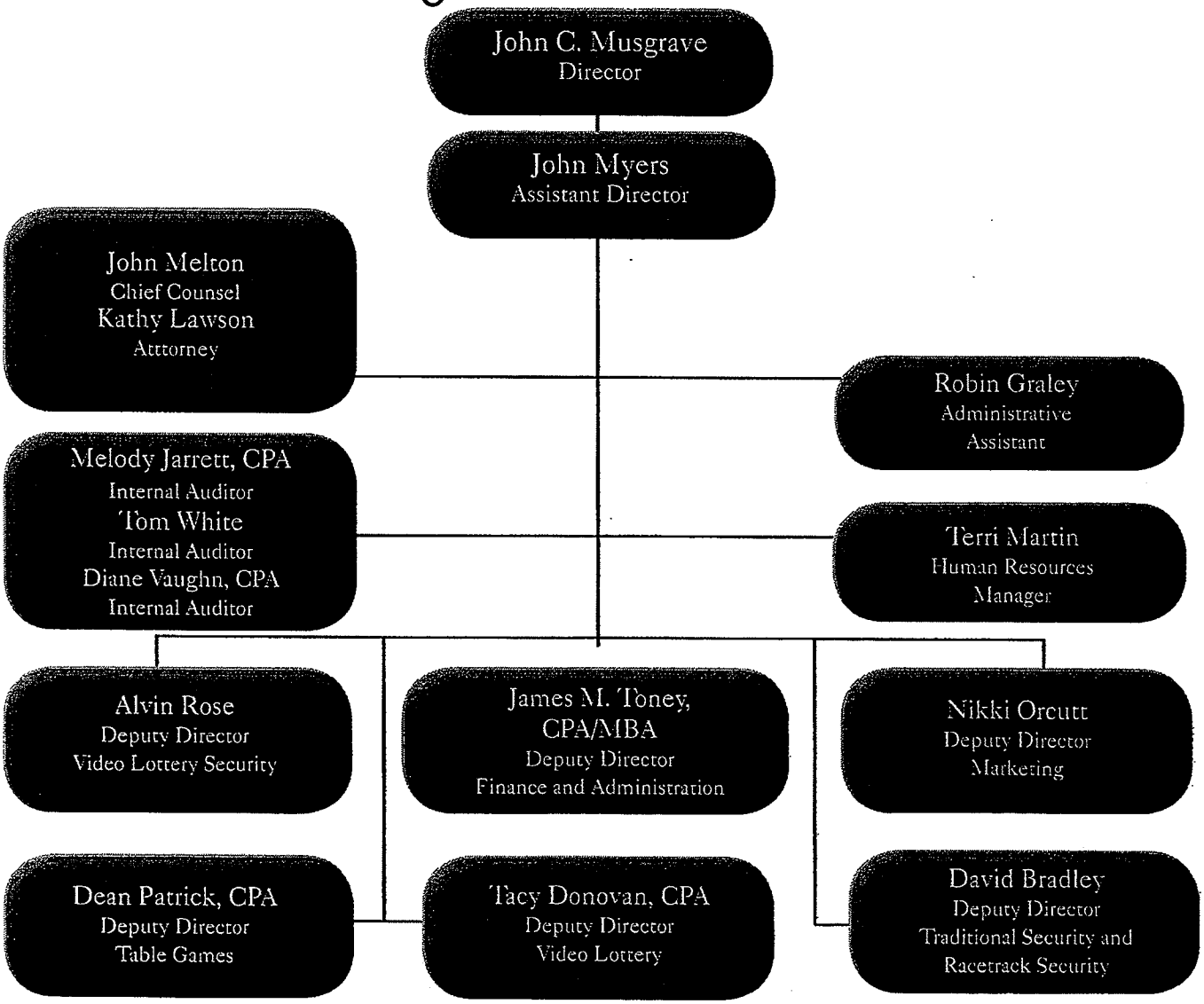
Executive Director

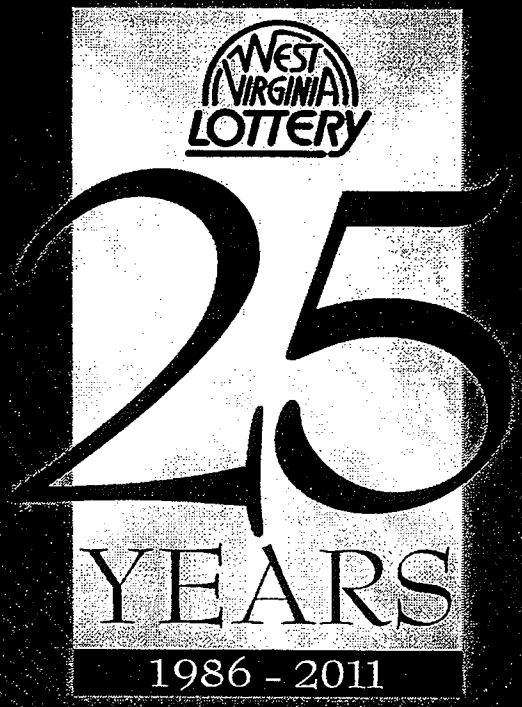
West Virginia Lottery

Principal Officials



Organizational Chart





Our Retailers

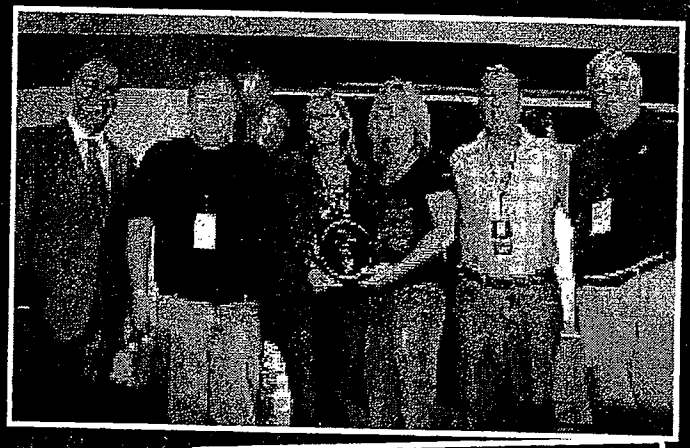
Our retailers are the foundation from which the Lottery's success is built. They are on the front lines daily, interacting with our customers and they truly are the face of the Lottery for thousands of players.

Our retailers are diligent and take pride in their association with the West Virginia Lottery and in selling our products. Because of this, the Lottery continues to thrive and millions of dollars in revenues go to support education, seniors and tourism annually in West Virginia.

None of our success would be possible without the hundreds of individuals across the state that make up our network of retailers and that is why we take the time to recognize them for their contributions. During this year's 25th Anniversary Celebration, we saluted our Top 25 retailers with a VIP reception prior to the Sugarland Concert at the Charleston Civic Center. This was just a small way of saying thanks for making so many good things happen in West Virginia.

Celebrating Our Retailers

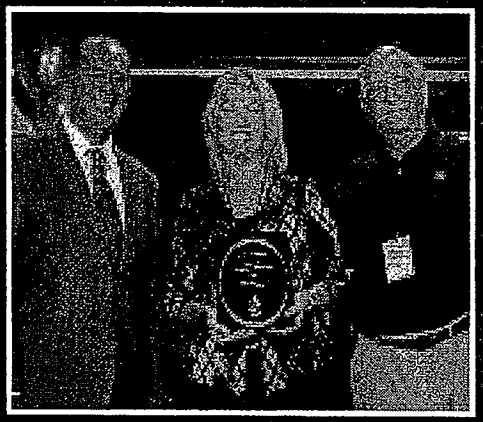
















At a special VIP reception after the Sugarland concert in June our top 25 retailers received special recognition from Governor Tomblin and Director Musgrave. They included: First Row, Lynn's Self Serve, Elkins and M&B Market, Weirton. Second Row, Wheeling Island Hotel and One Stop 101, South Charleston. Third Row: Go Mart 67, Charleston, L.A. Liquors and Lottery, Logan and Joe's Mart, St. Albans. Fourth Row: Cargo Oil #1, Logan.

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INDEPENDENT AUDITOR'S REPORT

West Virginia Lottery Commission
Charleston, West Virginia

We have audited the accompanying balance sheets of the West Virginia Lottery (the Lottery), a component unit of the State of West Virginia, as of and for the years ended June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Lottery's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Lottery as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 28 be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

300 CHASE TOWER | 707 VIRGINIA STREET, EAST | CHARLESTON, WV 25301 | PHONE: 304.345.8400 | FAX: 304.345.8451

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Allen Hansen, A.C.

October 11, 2011

Management's Discussion and Analysis

-Unaudited-

Our discussion of the West Virginia Lottery's (the Lottery) financial performance provides for an overview of the Lottery's financial activities for the fiscal years ended June 30, 2011 and 2010. In reading the Management's Discussion and Analysis (MD & A), the current year refers to fiscal year ending June 30, 2011, and the prior year refers to fiscal year ending June 30, 2010. This analysis is to be considered in conjunction with the financial statements, which begin on page 29.

Financial Highlights

The Lottery's operating income increased in 2011 and decreased in 2010. The 2011 increase was due to increases in instant game and table game revenue. The decrease in 2010 was primarily the result of increased competition in neighboring states and the downturn in the overall economy. The following summary is provided below:

- Lottery revenues for the current year increased $34.4 million or 2.5% compared to the prior year, which decreased $134.9 million or 9% over 2009.
- Commissions for the current year increased $10.1 million or 1.6% compared to the prior year, which decreased $57.4 million or 8.3% over 2009.
- Gross profit for the current year increased $10.2 million or 1.7% compared to the prior year, which decreased $67.8 million or 10.1% over 2009.
- Nonoperating expenses increased $6 million or 1% compared to the prior year, which decreased $49.7 million or 7.8% over 2009. The predominant nonoperating expense is the distributions to the State of West Virginia, which decreased $3.7 million or 0.6% compared to the prior year, which decreased $47.7 million or 7.7% over 2009.

Using This Annual Report

The Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary type enterprise fund using the accrual basis of accounting much like a private business entity. As such, this report consists of a series of financial statements, along with explanatory notes to the financial statements. To assess the Lottery's financial position, the reader of these statements should pay particular attention to changes in the components of assets and liabilities as set forth in the Balance Sheets and changes in operating revenues, expenses and nonoperating distributions to the State of West Virginia as set forth in the Statements of Revenues, Expenses and Changes in Fund Net Assets.

Balance Sheets

As shown in Table 1, current assets increased $45.1 million or 15.7% compared to the prior year, which increased $24.4 million or 9.3% over 2009, due to the timing of distributions to the State of West Virginia at year-end.

Restricted assets decreased in 2011 due to continuing renovation of the Lottery's future headquarters building and decreased in 2010 due to the acquisition of a Lottery headquarters building on June 30, 2010 and the accrued distribution of surplus funds from the revenue center construction fund. See Notes 11 and 12 to the financial statements for additional information on restricted assets and these special items.

Balance Sheets (Continued)

Capital assets, net of accumulated depreciation and amortization, increased in 2011 by $7.1 million or 30.3% and increased by $20 million or 606.3% in 2010 due to the continuing renovation of a Lottery headquarters building acquired on June 30, 2010. For additional information on capital assets, please refer to Note 4 to the financial statements.

Table 1
Assets
(in $000's)

	2011	2010	2009
Current assets	$ 331,382	$ 286,297	$ 261,868
Restricted assets	4,324	8,355	69,871
Capital assets, net of accumulated depreciation and amortization	30,421	23,349	3,306
Total assets	$ 366,127	$ 318,001	$ 335,045

As shown in Table 2, the Lottery's current liabilities increased $45.4 million or 16.1% compared to the prior year, which increased $29.8 million or 11.8% when compared to 2009 due to the Limited Video Lottery bid fees that are reflected as deferred revenue until the new permits become effective on July 1, 2011.

Net assets – restricted decreased in 2011 due to the continuing renovation of the Lottery's future headquarters which was acquired on June 30, 2010. The acquisition of a Lottery headquarters building on June 30, 2010 and the accrued distribution of surplus funds from the revenue center construction fund accounted for the decrease in restricted net assets in 2010. See Note 12 to the financial statements for additional information on restricted net assets and special items.

Net assets – invested in capital assets increased in 2011 by $7 million or 30.3% due to the continuing renovation of the Lottery's future headquarters. Refer to Note 4 to the financial statements for additional information on capital assets.

Net assets – unrestricted changed in fiscal years 2011, 2010 and 2009 as a result of Lottery Commission orders setting aside or distributing funds committed by the Commission for acquisition of capital assets. In 2010, with the purchase of a building and land to serve as Lottery headquarters, the unrestricted net assets set aside for this purpose by Lottery Commission orders were no longer needed and were accrued for distribution to the State of West Virginia.

Balance Sheets (Continued)

Table 2
Liabilities and Net Assets
(in $000's)

	2011	2010	2009
Current liabilities	$ 327,055	$ 281,618	$ 251,857
Net assets - restricted	2,039	8,355	69,871
Net assets - invested in capital assets	30,421	23,349	3,306
Net assets - unrestricted	6,612	4,679	10,011
Total net assets	39,072	36,383	83,188
Total liabilities and net assets	$ 366,127	$ 318,001	$ 335,045

The content of Table 3 is a summary of activities and is related to the discussion of Table 4.

Table 3
Revenues, Expenses and Changes in Fund Net Assets
(in $000's)

	2011	2010	2009
Revenues:			
On-line games	$ 77,870	$ 83,741	$ 84,241
Instant games	115,697	97,483	113,854
Racetrack video lottery	726,952	746,208	848,233
Limited video lottery	397,544	397,287	412,489
Table games	68,154	31,726	34,219
Historic resort	6,232	1,649	-
	1,392,449	1,358,094	1,493,036
Less:			
Commissions:			
On-line games	5,457	5,849	5,901
Instant games	8,098	6,824	7,970
Racetrack video lottery	404,945	414,988	463,649
Limited video lottery	194,797	194,671	202,120
Table games	29,288	12,473	13,458
Historic resort	3,126	847	-
	645,711	635,652	693,098

(Continued)

Table 3 (Continued)
Revenues, Expenses and Changes in Fund Net Assets
(in $000's)

	2011	2010	2009
Prizes, ticket and vendor costs:			
On-line prize costs	40,374	41,818	42,451
Instant ticket prize costs	80,333	66,165	76,998
Ticket costs	2,275	1,511	1,528
Vendor fees and costs	8,372	7,744	5,935
	131,354	117,238	126,912
Gross profit	615,384	605,204	673,026
Administrative expenses:			
Advertising and promotions	9,481	7,349	7,160
Wages and related benefits	11,978	10,921	9,645
Telecommunications	648	648	2,208
Contractual and professional	4,588	4,741	5,030
Rental	649	697	727
Depreciation and amortization	1,501	1,840	1,988
Other administrative expenses	1,346	1,042	994
	30,191	27,238	27,752
Other operating income:	11,805	11,059	11,401
Operating income	596,998	589,025	656,675
Nonoperating income (expense):			
Investment income	297	390	2,720
Interest expense	-	-	(1)
Distributions to municipalities and counties	(7,792)	(7,787)	(8,085)
Distributions to racetracks-capital reinvestment	(21,558)	(11,968)	(15,983)
Distributions to the State of West Virginia	(565,256)	(568,945)	(616,623)
	(594,309)	(588,310)	(637,972)
Net income before special item	2,689	715	18,703
Special item - restricted net assets accrued for distribution to the State of West Virginia	-	(40,000)	-
Special item - unrestricted net assets accrued for distribution to the State of West Virginia	-	(7,520)	-
Net income (loss)	2,689	(46,805)	18,703
Net assets, beginning of year	36,383	83,188	64,485
Net assets, end of year	$ 39,072	$ 36,383	$ 83,188

-Unaudited-

Sales and Prizes, Commissions, Ticket Costs and Vendor Fees

Table 4 compares sales (referred to as lottery revenues in financial statements), prizes, commissions, ticket printing costs, vendor fees and costs and gross profit for each lottery game category for fiscal years 2011, 2010 and 2009. Sales and gross profits fluctuated in certain categories; however, gross profit percentages remained consistent from year to year.

Table 4
Lottery Sales
(in $000's)

	Instant			On-Line*		
	2011	2010	2009	2011	2010	2009
Gross sales	$ 115,697	$ 97,483	$ 113,854	$ 77,870	$ 83,741	$ 84,241
Less direct costs:						
Prizes and bonuses	80,333	66,165	76,998	40,374	41,818	42,451
Commissions	8,098	6,824	7,970	5,457	5,849	5,901
Ticket printing costs	2,275	1,511	1,528	-	-	-
Vendor fees and costs	4,987	4,203	3,411	3,385	3,541	2,524
Total direct costs	95,693	78,703	89,907	49,216	51,208	50,876
Gross Profit	$ 20,004	$ 18,780	$ 23,947	$ 28,654	$ 32,533	$ 33,365
Gross profit percentage	17.3%	19.3%	21.0%	36.8%	38.8%	39.6%

	Racetrack Video Lottery			Limited Video Lottery		
	2011	2010	2009	2011	2010	2009
Gross sales	$ 726,952	$ 746,208	$ 848,233	$ 397,544	$ 397,287	$ 412,489
Less direct costs:						
Prizes and bonuses	-	-	-	-	-	-
Commissions	404,945	414,988	463,649	194,797	194,671	202,120
Ticket printing costs	-	-	-	-	-	-
Vendor fees and costs	-	-	-	-	-	-
Total direct costs	404,945	414,988	463,649	194,797	194,671	202,120
Gross Profit	$ 322,007	$ 331,220	$ 384,584	$ 202,747	$ 202,616	$ 210,369
Gross profit percentage	44.3%	44.4%	45.3%	51.0%	51.0%	51.0%

	Table Games			Historic Resort			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Gross sales	$ 68,154	$ 31,726	$ 34,219	$ 6,232	$ 1,649	$ -	$ 1,392,449	$ 1,358,094	$ 1,493,036
Less direct costs:									
Prizes and bonuses	-	-	-	-	-	-	120,707	107,983	119,449
Commissions	29,288	12,473	13,458	3,126	847	-	645,711	635,652	693,098
Ticket printing costs	-	-	-	-	-	-	2,275	1,511	1,528
Vendor fees and costs	-	-	-	-	-	-	8,372	7,744	5,935
Total direct costs	29,288	12,473	13,458	3,126	847	-	777,065	752,890	820,010
Gross Profit	$ 38,866	$ 19,253	$ 20,761	$ 3,106	$ 802	$ -	$ 615,384	$ 605,204	$ 673,026
Gross profit percentage	57.0%	60.7%	60.7%	49.8%	48.6%	0.0%	44.2%	44.6%	45.1%

Instant Sales

Instant ticket sales increased in 2011 by $18.2 million or 18.7% compared to the 2010 decrease of $16.4 million or 14.4% over 2009. Forty-one new games were introduced in 2011 and approximately twenty-six game options were available for play in the field in both years. The Lottery continues to implement the results of research and design efforts, including licensed or trademarked games, new play styles and continued monitoring of the mix of play styles and colors more closely to create a better variety of game presentation available at one time. The first twenty-five dollar ticket was introduced to celebrate the Lottery's 25th Anniversary during the year ended June 30, 2011. Four five-dollar games were introduced in 2011. There was an increase in the one-dollar game introductions, to meet player demand.

Instant prizes and commissions have a direct correlation to sales, therefore, as sales increase or decrease, so do the related prizes and commissions paid by the Lottery. Prize expenses for instant games are controllable by designing and printing a predetermined number and value of winning tickets. While each game has a designed prize payout structure, the overall amount paid as prize expense is consistent.

Vendor fees and costs are primarily 4.3% of instant and on-line ticket sales for 2011 and 2010 and 3.0% for 2009. The Lottery (as is the case with most lotteries located in North America) has elected to enter into a long-term contract to provide a central computer system, retailer terminals and related equipment to sell and cash all tickets for instant and on-line games.

Powerball® Sales

Powerball® is a multi-state lotto game offering larger jackpots with occasional jackpots in excess of $100 million. Sales decreased in 2011 by $12.9 million or 26.6% and decreased in 2010 by $2.4 million or 4.8%. Sales are generally driven by the jackpot size.

Prize costs are 50% of sales and over time such prize payouts generally reflect the design of the game and the related mathematical odds of winning.

Traditional retailers are those retailers licensed by the Lottery to sell instant and/or all or certain on-line games (which includes Powerball®) and by statute were paid 7% of such sales.

Mega Millions® Sales

Mega Millions sales began in January 2010 offering jackpots starting at $12 million and other prizes ranging from $2 to $250,000. Sales for the year ended June 30, 2011 and 2010 were $10.9 million and $2.7 million, respectivity.

Approximately 50% of every dollar wagered goes back to the players in prizes and approximately 7% goes to retailer commissions.

All Other On-line Games

All other on-line games consist of Daily 3, Daily 4, Cash 25, Travel Keno and the multi-state game Hot Lotto™. Sales decreased in 2011 by $1.2 million or 3.6% and decreased in 2010 by $755.9 thousand or 2.3%. In general, prize costs by game will increase or decrease from year-to-year in proportion to the sales for a particular game.

Racetrack Video Lottery

Racetrack video lottery revenues are reported as total wagers net of prizes and credits. Revenues decreased $19.3 million or 2.6% in 2011 and decreased $102 million or 12% in 2010.

A portion of racetrack video lottery sales, as prescribed by statute, are paid to racetracks and other private entities associated with the racing industry and are reported as commissions. See Note 6 to the financial statements for further discussion of racetrack video lottery distributions. The decreases in commissions of $10 million or 2.4% in 2011 and $48.7 million or 10.5% in 2010 was due to the economy as well as competition from neighboring states which recently legalized video lottery games. This competition has decreased the revenue at two of the state's four race tracks licensed to operate video lottery games and which border that state.

In following with industry trends, "coin drop" machines have been phased out in favor of ticket in ticket out (TITO) machines. The TITO machines have helped to lessen the decline in racetrack video lottery revenues from competition.

The changes in active machines are presented in Tables 5 and 6 below which illustrate the fluctuations during the last three fiscal years.

Table 5

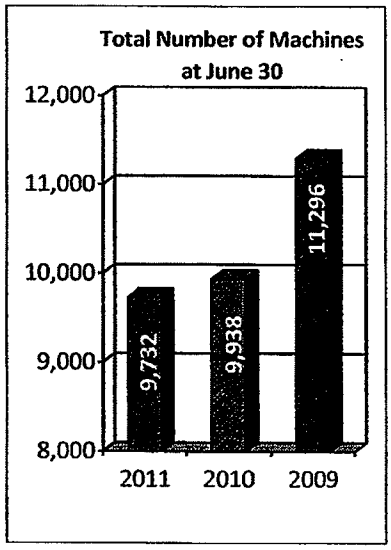
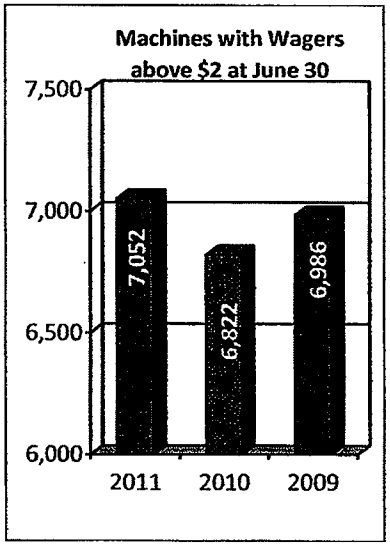


Table 6



Limited Video Lottery

Sales increased by $257 thousand or 0.1% in 2011 over 2010, which decreased by $15.2 million or 3.7% over 2009. The increase in commissions of $126 thousand or 0.1% in 2011 over 2010 and the decrease of $7.4 million or 3.7% over 2009, are paid to operators and retailers as provided for by statute and have a direct correlation to changes in sales.

- Table 7 illustrates the decrease in machines by 364 in 2011 as compared to the decrease of 20 in 2010.

Table 7

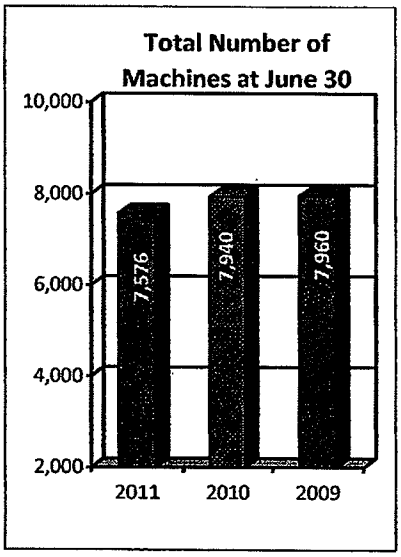


Table Games

West Virginia Lottery table games were in operation at three of the state's four racetracks during fiscal year 2010, with Charles Town implementing table games in fiscal year 2011. Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts. Revenues increased $36.4 million or 114.8% in 2011 and decreased $2.5 million or 7.3% in 2010.

All table games revenues are distributed according to statute. A portion of table games revenues are paid to entities associated with the racetracks and are reported as commissions. See Note 8 to the financial statements. Commissions increased $16.8 million or 134.8% in 2011 and decreased $985 thousand or 7.3% in 2010.

Historic Resort

On November 4, 2008 Greenbrier County, West Virginia voters passed a local referendum to allow The Greenbrier Resort (Historic Resort) to implement gaming at their facility. Video lottery and table games were implemented at the Historic Resort during the year ended June 30, 2010 at a temporary site. On July 1, 2010 The Historic Resort opened its newly constructed site. Revenues from video lottery are calculated as defined in Note 9 to the financial statements. Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts.

Historic Resort (Continued)

Combined revenues for video lottery and table games at the Greenbrier Resort were $6.2 million in 2011 and $1.6 million in 2010.

All revenues are distributed according to statute. A portion of revenues are paid to entities associated with the Historic Resort and are reported as commissions. Commissions were $3.1 million in 2011 and $847 thousand in 2010.

Other Operating Income

Refer to Table 3. Changes in other operating income are primarily related to fees collected for the permitting and licensure of manufacturers, operators, retailers and service technicians. Every May 1, a $1,000 permit fee is assessed on each limited video lottery permit held by operators and retailers. These permit fees comprise the most significant concentration of revenue in this financial statement category.

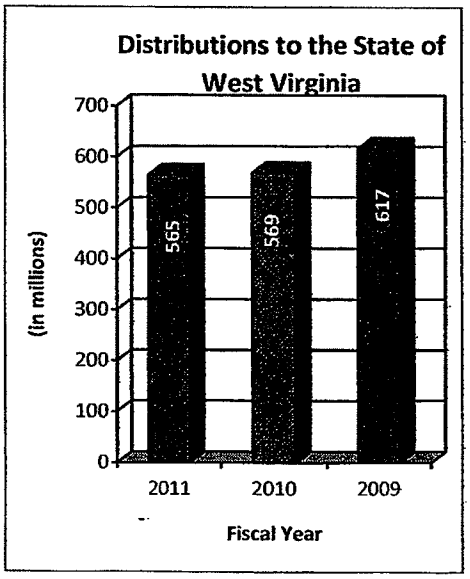
Nonoperating Income (Expense)

Refer to Table 3. Nonoperating expenses reflect a 2% distribution to counties and incorporated municipalities of net terminal income from limited video lottery operations. This distribution will fluctuate with any changes in limited video lottery revenues.

A portion of net revenue from racetrack video lottery is accrued and distributed to each racetrack for capital improvements.

Refer to Table 8. The Lottery's payments to the State Lottery Fund and State Excess Lottery Revenue Fund decreased by $4 million for the current fiscal year compared to a decrease of $48 million in 2010.

Table 8



Net Income (Loss) and Special Items

Effective June 30, 2006, the West Virginia Legislature directed the Lottery to set aside certain unexpended administrative funds of up to $20 million per year for six years into the Revenue Center Construction Fund. In fiscal year 2010 the Lottery purchased a building and land to serve as the Lottery headquarters and it was determined that unexpended excess funds set aside in restricted net assets for the purchase of capital assets were surplus funds and would be returned by distribution to the State of West Virginia. This distribution is reported as a special item.

In June 2010, the Lottery Commission approved the distribution of funds previously set aside as unrestricted net assets for future capital asset purchases to be returned by distribution to the State of West Virginia. This distribution is also reported as a special item. Refer to Notes 11 and 12 to the financial statements for additional information.

Other Currently Known Facts

Limited Video Lottery permits are issued to qualifying recipients for a 10-year period which initially expired on June 30, 2011. During the year ended June 30, 2011, bid fees were paid by successful bidders for the right to be permitted for 10-years beginning July 1, 2011. These bids fees are recorded as deferred revenue for the year ended June 30, 2011 on the Balance Sheet.

On March 12, 2011, the Legislature passed Senate Bill 550 which provides for the creation of the Racetrack Modernization Fund. The Modernization Fund is available to reimburse the licensed tracks $1 for every $2 spent on the costs of facility modernization. For the years ended June 30, 2011 through June 30, 2020, the Lottery is to transfer up to $10 million from racetrack administrative surplus funds to the Modernization Fund which is allocated to each track on a pro rata basis according to their administrative contribution for the fiscal year.

WEST VIRGINIA LOTTERY

BALANCE SHEETS
(In Thousands)

June 30, 2011 and 2010

ASSETS	2011	2010
Current assets:		
Cash and cash equivalents	$ 298,968	$ 256,355
Accounts receivable	29,783	26,986
Inventory	497	683
Other assets	2,134	2,273
Total current assets	331,382	286,297
Noncurrent assets:		
Restricted cash and cash equivalents	4,324	8,355
Capital assets	38,965	39,524
Less accumulated depreciation and amortization	(8,544)	(16,175)
	30,421	23,349
Total noncurrent assets	34,745	31,704
Total assets	$ 366,127	$ 318,001
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	$ 210,990	$ 241,039
Deferred permit fees	58,863	-
Estimated prize claims	12,011	13,128
Accounts payable	4,440	3,050
Other accrued liabilities	40,751	24,401
Total current liabilities	327,055	281,618
Net assets:		
Restricted by enabling legislation for capital projects	2,039	8,355
Invested in capital assets	30,421	23,349
Unrestricted	6,612	4,679
Total net assets	39,072	36,383
Total liabilities and net assets	$ 366,127	$ 318,001

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
(In Thousands)

Years Ended June 30, 2011 and 2010

	2011	2010
Lottery revenues:		
On-line games	$ 77,870	$ 83,741
Instant games	115,697	97,483
Racetrack video lottery	726,952	746,208
Limited video lottery	397,544	397,287
Table games	68,154	31,726
Historic resort	6,232	1,649
	1,392,449	1,358,094
Less commissions:		
On-line games	5,457	5,849
Instant games	8,098	6,824
Racetrack video lottery	404,945	414,988
Limited video lottery	194,797	194,671
Table games	29,288	12,473
Historic resort	3,126	847
	645,711	635,652
Less on-line prize costs	40,374	41,818
Less instant prize costs	80,333	66,165
Less ticket costs	2,275	1,511
Less vendor fees and costs	8,372	7,744
	131,354	117,238
Gross profit	615,384	605,204
Administrative expenses:		
Advertising and promotions	9,481	7,349
Wages and related benefits	11,978	10,921
Telecommunications	648	648
Contractual and professional	4,588	4,741
Rental	649	697
Depreciation and amortization	1,501	1,840
Other administrative expenses	1,346	1,042
	30,191	27,238
Other operating income	11,805	11,059
Operating income	596,998	589,025
Nonoperating income (expense):		
Investment income	297	390
Distributions to municipalities and counties	(7,792)	(7,787)
Distributions for capital reinvestment	(21,558)	(11,968)
Distributions to the State of West Virginia	(565,256)	(568,945)
	(594,309)	(588,310)
Income before special item	2,689	715
Special item - restricted net assets accrued for distribution to the State of West Virginia	-	(40,000)
Special item - unrestricted net assets accrued for distribution to the State of West Virginia	-	(7,520)
Net income (loss)	2,689	(46,805)
Net assets, beginning of year	36,383	83,188
Net assets, end of year	$ 39,072	$ 36,383

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF CASH FLOWS
(In Thousands)

Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash receipts from customers and other sources	$ 1,460,320	$ 1,375,478
Cash payments for:		
Personnel costs	(10,659)	(9,636)
Suppliers	(16,890)	(13,567)
Other operating costs	(768,100)	(760,068)
Cash provided by operating activities	664,671	592,207
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(595,305)	(577,610)
Distributions to municipalities and counties	(7,813)	(7,797)
Distributions to racetracks from racetrack capital reinvestment fund	(14,695)	(15,822)
Cash used in noncapital financing activities	(617,813)	(601,229)
Cash flows from capital and related financing activities		
Purchases of capital assets	(8,573)	(21,883)
Cash flows from investing activities:		
Investment earnings	297	390
Increase (decrease) in cash and cash equivalents	38,582	(30,515)
Cash and cash equivalents (including restricted cash and cash equivalents), beginning of year	264,710	295,225
Cash and cash equivalents (including restricted cash and cash equivalents), end of year	$ 303,292	$ 264,710

(Continued)

WEST VIRGINIA LOTTERY

STATEMENTS OF CASH FLOWS
(In Thousands)
(Continued)

Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 596,998	$ 589,025
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,501	1,840
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,797)	6,325
Inventory	186	(35)
Other assets	139	282
Increase (decrease) in:		
Estimated prize claims	(1,117)	190
Accounts payable	1,390	1,334
Deferred permit fees	58,863	-
Other accrued liabilities	9,508	(6,754)
Cash provided by operating activities	$ 664,671	$ 592,207

The accompanying notes are an integral part of these financial statements.

1 - LEGISLATIVE ENACTMENT

The West Virginia Lottery (the Lottery) was established by the State Lottery Act (the Act) passed April 13, 1985, which created a fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (the Commission) and a director. The Commission, consisting of seven members, and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games, to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia (the State) and local governments as required by law. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The West Virginia Lottery is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with accounting principles generally accepted in the United States of America for governmental entities, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements, interpretations and Auditing Standards Updates issued after November 30, 1989, unless the GASB specifically adopts such FASB statements, interpretations or Auditing Standards Updates.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of classification of balances and major fund determination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lottery Game Operations (Continued)

The historic resort video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes video lottery revenue consisting of "gross terminal income" equivalent to all wagers, net of related prizes; and historic resort table games revenue consisting of a privilege tax of thirty-five percent of adjusted gross receipts for the operation of table game as historic resort lottery revenues.

Amounts required by statute to be paid to the private and local government entities are reported as commissions. The Lottery Act as amended has established specific requirements for historic resort video and table games lotteries and imposed certain restrictions limiting the licensing for operation of historic resort lottery games in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from historic resort lottery games, and requires the licensed historic resort to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-earning deposits in a State internal investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7-like pool carried at amortized cost which approximates the fair value of the underlying securities.

Inventory

Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at cost as determined by the specific identification method.

Other Assets

Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

Capital Assets

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding $25,000 and a useful life greater than one year. These assets include a building, leasehold improvements, and purchased equipment comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, and are carried at cost. Depreciation is computed by the straight-line method using useful lives of three to forty years.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

The Lottery leases, under a cancelable operating lease, its current office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases.

Accrued Employee Benefits

The Lottery has accrued $523,398 and $500,740 of earned but unused annual leave time at June 30, 2011 and 2010, respectively, for estimated obligations that may arise in connection with compensated absences at the current rate of employee pay. Employees fully vest in all earned but unused annual leave. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon retirement, at which time such unused leave can be converted into post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. To the extent that eligible conversion benefits are determined, a liability has been accrued as a result of the Lottery's participation in the State's post-employment benefits plan, in accordance with GASB Statement No. 45.

Deferred Revenue

Deferred revenue consists of limited video lottery permit fees collected in the current year and paid by licensees for the right to be permitted for the 10 year period beginning July 1, 2011. These permit fees will be recognized as revenue in the year ended June 30, 2012.

Net Assets

Net assets are presented as either unrestricted, restricted by enabling legislation for capital project, or invested in capital assets which represents the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games. Operating expenses include commissions, prize costs, other direct costs of providing lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Advertising and Promotions

The Lottery expenses the costs of advertising and promotions as they are incurred.

3 - CASH AND CASH EQUIVALENTS

At June 30, 2011 and 2010, the carrying amounts of deposits (overdrafts) with financial institutions were ($56) thousand and ($60) thousand, respectively, with bank balances of $(1) and $6 thousand, respectively, which is covered by federal depository insurance. It is the Lottery's policy to require any balances over the insured amount be collateralized with securities held by the State of West Virginia's agent in the State's name.

At June 30, 2011 and 2010, the carrying amounts of deposits with financial institutions, the State Treasurer, and the West Virginia Board of Treasury Investments (BTI) were as follows (in thousands):

	2011	2010
Deposits with financial institutions	$ (56)	$ (60)
Cash on hand at the Treasurer's Office	78,319	40,006
Investments with BTI reported as cash equivalents	225,029	224,764
	$ 303,292	$ 264,710

The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions and transfers funds to the BTI for investment in accordance with West Virginia statutes, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable. The Lottery's cash balances are invested by the BTI in the BTI's West Virginia Money Market Pool.

The deposits with the BTI are part of the State of West Virginia's consolidated money market pool. Investment income is pro-rated to the Lottery at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Lottery with overnight notice.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The West Virginia Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. The BTI itself has not been rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the West Virginia Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated A-1 by Standard & Poor's and P1 by Moody's. Additionally, the pool must have at least 15% of its assets in United States Treasury issues.

3 - CASH AND CASH EQUIVALENTS (Continued)

The following table provides information on the credit ratings of the West Virginia Money Market Pool's investments (in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	Carrying Value	Percent of Assets
Commercial paper	P-1	A-1	$ 1,069,576	35.43%
Corporate bonds and notes	Aal-Aa3	AA-A	127,000	4.21
U.S. agency bonds	Aaa	AAA	170,788	5.66
U.S. Treasury notes*	Aaa	AAA	298,345	9.88
U.S. Treasury bills *	Aaa	AAA	231,051	7.65
Negotiable certificates of deposit	P-1	A-1	140,000	4.64
U.S. agency discount notes	P-1	A-1	697,164	23.10
Money market funds	Aaa	AAAm	200,279	6.64
Repurchase agreements, with underlying U.S. agency and Treasury notes	Aaa	AAA	84,357	2.79
			$ 3,018,560	100.00%

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The weighted average maturity of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides the weighted average maturities for the various asset types in the West Virginia Money Market Pool.

Security Type	Carrying Value (In Thousands)	Weighted Average Maturity In Days
Repurchase agreements	$ 84,357	1
US Treasury notes	298,345	137
US Treasury bills	231,051	34
Commercial paper	1,069,576	35
Certificates of deposit	140,000	58
U.S. Agency discount notes	697,164	45

3 - CASH AND CASH EQUIVALENTS (Continued)

Interest rate risk (Continued)

Security Type	Carrying Value (In Thousands)	Weighted Average Maturity In Days
Corporate bonds and notes	127,000	20
U.S. agency bonds and notes	170,788	66
Money market funds	200,279	1
Total assets	$ 3,018,560	

The weighted average maturity of the investments of the West Virginia Money Market Pool as of June 30, 2011, is 46 days.

Concentration of credit risk - West Virginia statutes prohibit the West Virginia Money Market Pool from investing more than 5% of its assets in securities issued by one corporate name or corporate issue. At June 30, 2011, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial credit risk - At June 30, 2011, the West Virginia Money Market Pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102%, and the collateral is held in the name of the BTI. Securities lending collateral that is reported in the BTI's audited Statement of Assets and Liabilities is invested in the lending agent's money market fund.

Foreign currency risk - The West Virginia Money Market Pool has no securities that are subject to foreign currency risk.

4 - CAPITAL ASSETS

A summary of capital asset activity is as follows (in thousands):

	Historical cost at June 30, 2009	Additions	Deletions	Historical cost at June 30, 2010	Additions	Deletions	Historical cost at June 30, 2011
Capital assets, not depreciated							
Building	$ -	$ 20,174	$ -	$ 20,174	$ -	$ -	$ 20,174
Construction in progress	-	-	-	-	8,444	-	8,444
Land	-	1,434	-	1,434	-	-	1,434
Capital assets, being depreciated							
Improvements	1,170	-	-	1,170	-	-	1,170
Equipment	16,471	275	-	16,746	129	(9,132)	7,743
	$ 17,641	$ 21,883	$ -	$ 39,524	$ 8,573	$ (9,132)	$ 38,965

4 - CAPITAL ASSETS (Continued)

	Accumulated depreciation at June 30, 2009	Additions	Deletions	Accumulated depreciation at June 30, 2010	Additions	Deletions	Accumulated depreciation at June 30, 2011
Improvements	$ 1,080	$ 51	$ -	$ 1,131	$ 11	$ -	$ 1,142
Equipment	13,255	1,789	-	15,044	1,490	(9,132)	7,402
	$ 14,335	$ 1,840	$ -	$ 16,175	$ 1,501	$ (9,132)	$ 8,544

5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the HOT LOTTO™ game, and MEGA MILLIONS® jackpot game on behalf of other participating lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery POWERBALL®, HOT LOTTO™, and MEGA MILLIONS® games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO™, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the MUSL POWERBALL® jackpot game were $35,669,004 and $48,593,678 for the years ended June 30, 2011 and 2010, respectively, and related prize costs were $17,836,702 and $24,299,364, respectively.

Revenues derived from the Lottery's participation in the HOT LOTTO™ game were $5,831,270 and $6,447,315 for the years ended June 30, 2011 and 2010, respectively, and related prize costs were $2,916,239 and $3,224,120, respectively.

Revenues derived from the Lottery's participation in the MEGA MILLIONS® game were $10,915,389 and $2,678,674 for the years ended June 30, 2011 and 2010, respectively, and related prize costs were $5,720,774 and $1,384,136, respectively.

5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (Continued)

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	POWERBALL®	HOT LOTTO™	MEGA MILLIONS®
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	$125,000,000	$9,000,000	-

The Lottery's share of the prize reserve fund balances with MUSL as of June 30, were as follows:

	2011		2010	
	Total Prize Reserve	Lottery Share	Total Prize Reserve	Lottery Share
POWERBALL ®	$ 122,413,591	$ 2,386,175	$ 113,399,532	$ 2,385,173
HOT LOTTO ™	7,441,187	489,806	6,491,541	392,458
MEGA MILLONS ®	9,146,437	189,440	(629,706)	(11,044)
	$ 139,001,215	$ 3,065,421	$ 119,261,367	$ 2,766,587

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of $14,548,743 and $15,991,948 at June 30, 2011 and 2010, of which the Lottery's share was $1,663,862 and $1,752,719, respectively.

6 - RACETRACK VIDEO LOTTERY

The racetrack video lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining thirty-four percent (34%) of net terminal revenue is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10 titled "Nonoperating Distributions to the State of West Virginia."

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 55% of the net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund. The Lottery, along with the Rhode Island and Delaware state lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered.

6 - RACETRACK VIDEO LOTTERY (Continued)

A summary of racetrack video lottery revenues for the years ended June 30, 2011 and 2010, follows (in thousands):

	2011	2010
Total credits (bets) played	$ 8,023,046	$ 8,188,573
Credits (prizes) won	(7,205,678)	(7,372,586)
Promotional credits played	(87,380)	(66,022)
MWAP Contributions	(3,035)	(3,757)
Gross terminal income	726,953	746,208
Administrative costs	(17,456)	(17,524)
Net terminal income	709,497	728,684
Commissions	(404,945)	(414,988)
Racetrack video lottery revenues available for distribution	$ 304,552	$ 313,696

A summary of racetrack video lottery revenues paid or accrued for certain State funds to conform with the legislation follows (in thousands):

	2011	2010
State Lottery Fund	$ 128,176	$ 129,799
State Excess Lottery Revenue Fund	127,177	133,462
Capital Reinvestment Fund	11,366	11,915
Tourism Promotion Fund	9,224	9,460
Development Office Promotion Fund	2,516	2,580
Research Challenge Fund	3,354	3,440
Capitol Renovation and Improvement Fund	4,612	4,730
Parking Garage Fund	919	930
Cultural Facilities and Capitol Resources Fund	1,500	1,500
Capitol Dome and Capitol Improvements Fund	4,708	4,880
Workers Compensation Debt Reduction Fund	11,000	11,000
Total nonoperating distributions	$ 304,552	$ 313,696

On March 12, 2011, the Legislature passed Senate Bill 550 which provides for the creation of the Racetrack Modernization Fund. The Modernization Fund is available to reimburse the licensed tracks $1 for every $2 spent on the costs of facility modernization. For each year ended June 30, 2011 through June 30, 2020, the Lottery is to transfer up to $10 million from racetrack administrative surplus funds to the Modernization Fund which is allocated to each track on a pro rata basis according to their administrative contribution for the fiscal year. For the year ended June 30, 2011, the Lottery transferred $10 million to the Racetrack Modernization Fund.

7 - LIMITED VIDEO LOTTERY

The limited video lottery legislation established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from limited gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the years ended June 30, 2011 and 2010 follows (in thousands):

	2011	2010
Total credits played	$ 4,671,596	$ 4,659,212
Credits (prizes) won	(4,274,052)	(4,261,925)
Gross terminal income	397,544	397,287
Administrative costs	(7,950)	(7,946)
Gross profit	389,594	389,341
Commissions	(194,797)	(194,671)
Distributions to municipalities and counties	(7,792)	(7,787)
Limited video lottery revenues available for distribution	$ 187,005	$ 186,883

8 - TABLE GAMES

The passage of table games legislation allowed local referendums in each of the four counties in which a race track is located to approve table games. Three of the four race tracks were previously authorized to operate table games and the fourth began operating table games during the year ended June 30, 2011.

Table games include blackjack, roulette, craps, and various types of poker. The Lottery receives a privilege tax of 35% of adjusted gross receipts, from each licensed racetrack, which is deposited weekly into the Lottery's racetrack table games fund.

From the gross amounts deposited into the table games fund, the Lottery, on a monthly basis retains 4% of the adjusted gross receipts for administrative expenses of which at least $100,000 and not more than $500,000 annually will be transferred to the Lottery's compulsive gambling treatment fund.

8 - TABLE GAMES (Continued)

The Lottery then transfers 2.5% of adjusted gross receipts from all thoroughbred and greyhound racetracks participating in licensed table games to the special funds established by each racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. A transfer of 2% of the adjusted gross receipts is made from all licensed racetracks to the thoroughbred development fund and the greyhound breeding development fund to be divided pro rata among the development funds.

Transfers of 2% for the year ended June 30, 2011 and 1% for the year ended June 30, 2010 of the adjusted gross receipts were made from each licensed racetrack to the county commissions of the counties where racetracks participating in licensed table games are located to be divided pro rata among the counties. Transfers of 3% for the year ended June 30, 2011 and 2% for the year ended June 30, 2010 of the adjusted gross receipts were made from each licensed racetrack to the governing bodies of municipalities within counties where racetracks participating in licensed table games are located as prescribed by statute. Finally, a transfer of .5% of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located is to be divided equally among the municipalities. The Lottery, in accordance with the enabling legislation, will distribute the remaining amounts hereinafter referred to as the net amounts in the racetrack table games funds as follows:

- A transfer of 4%, into a special fund to be established by the West Virginia Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association.

- A transfer of 10%, to be divided and paid in equal shares, to each county commission in the state where table games are not located.

- A transfer of 10%, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located.

- A transfer of 76%, to the state debt reduction fund.

8 - TABLE GAMES (Continued)

The transfer to the state debt reduction fund is included in Note 10 - Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the year ended June 30, 2011 and 2010 was $194,724,548 and $90,644,701, respectively. A summary of table games revenues for the year ended June 30, 2011 and 2010 follows (in thousands):

	2011	2010
Table games privilege tax	$ 68,154	$ 31,726
Interest on table games fund	6	3
Administrative costs	(7,789)	(2,720)
Total available for distribution	60,371	29,009
Less distributions:		
Racetrack purse funds	4,868	2,266
Thoroughbred & greyhound development funds	3,894	1,813
Racing commission pension plan	1,636	870
Municipalities/counties	18,890	7,524
Total distributions	29,288	12,473
Table games distribution to the state debt reduction fund	$ 31,083	$ 16,536

9 – HISTORIC RESORT HOTEL

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as "a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility."

9 – HISTORIC RESORT HOTEL (Continued)

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for the licensed historic resort hotel. After deduction of the surcharge, the remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the years ended June 30, 2011 and 2010 follows (in thousands):

	2011	2010
Total credits played	$ 49,464	$ 11,333
Credits (prizes) won	(45,097)	(10,175)
Promotional credits played	(274)	(25)
Gross terminal income	4,093	1,133
Capital reinvestment	(192)	(53)
Administrative costs	(221)	(61)
Hotel commissions	(1,731)	(479)
Net terminal income	$ 1,949	$ 540
Historic Resort Hotel Fund	$ 1,253	$ 347
Human Resource Benefit Fund	696	193
Total	$ 1,949	$ 540

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the years ended June 30, 2011 and 2010 were $6,110,847 and $1,475,617, respectively.

9 – HISTORIC RESORT HOTEL (continued)

The following table shows the privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2011 and 2010:

	2011	2010
Table games privilege tax	$ 2,139	$ 516
Administrative costs	(275)	(66)
Total available for distribution	$ 1,864	$ 450
Historic Resort Hotel Fund	1,558	376
Human Resource Benefit Fund	306	74
Total distributions	$ 1,864	$ 450

Historic Resort Hotel Fund

Historic Resort Hotel Fund deposits are allocated after a fifteen percent (15%) lottery administrative cost. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) are distributed as follows for the years ended June 30, 2011 and 2010:

- 64% is paid to the State of West Virginia General Revenue Fund;
- 19% is paid to the State Debt Reduction Fund;
- 3% is paid to the State of West Virginia Tourism Promotion Fund;
- 4% is paid to the county where the gaming facility is located;
- 2.5% is paid to the municipality where the gaming facility is located as prescribed by statute;
- 2.5% is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 2.5% is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 2.5% is divided and paid in equal shares, to each municipality in the State not already receiving a distribution.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands) for the years ended June 30, 2011 and 2010:

	2011	2010
Historic Resort Hotel video lottery	$ 1,253	$ 347
Historic Resort table games	1,558	376
Historic Resort Hotel Fund net income	$ 2,811	$ 723
Municipalities/ Counties	394	101
State General Revenue Fund	1,799	463
State Debt Reduction Fund	534	137
State Tourism Promotion Fund	84	22
Total distributions	$ 2,811	$ 723

10 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the current governing legislation. For the years ended June 30, 2011 and 2010, the State Legislature budgeted $164,117,424, and $164,503,245 respectively of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of $1,800,000, $1,000,000, and $500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently debt service payments are $4,800,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the years ended June 30, 2011 and 2010, the Lottery made or accrued all budgeted distributions and accrued additional distributions of $35,123,405 and $43,420,445, respectively. The Lottery does not have a legally adopted annual budget.

Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of June 30, 2011 and 2010, the Lottery accrued additional distributions relating to racetrack video lottery operations in the amounts of $775,703 and $228,319, respectively.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations. As of June 30, 2011 and 2010, the Lottery accrued additional distributions relating to table games operations in the amounts of $2,856,174 and $1,387,400, respectively. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort operations. As of June 30, 2011 and 2010, the Lottery accrued additional distributions relating to Historic Resort operations of $91,556 and $73,228, respectively.

A summary of the required statutory and budgeted distributions to certain state agencies to conform with the various legislation follows (in thousands):

	2011	2010
Budgetary distributions:		
State Lottery Fund:		
Bureau of Senior Services	$ 63,731	$ 57,187
Department of Education	30,275	34,343
Library Commission	10,726	11,195
Higher Education - Central Office	11,112	13,916
Tourism	7,273	7,606
Natural Resources	3,317	3,450
Division of Culture & History	5,600	5,881
Department of Education & Arts	1,087	1,192
Building Commission	7,998	8,240

10 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA (Continued)

	2011	2010
School Building Authority	17,998	17,997
Community and Technical College	5,000	3,497
Total State Lottery Fund	164,117	164,504
State Excess Lottery Revenue Fund:		
General Purpose Account	65,000	65,000
Education Improvement Fund	29,000	29,000
WV Infrastructure Council Fund	40,000	40,000
Higher Education Improvement Fund	15,000	10,000
State Park Improvement Fund	5,000	5,000
School Building Authority	19,000	19,000
Economic Development Fund	19,000	19,000
Refundable Credit - General Revenue Fund	9,553	8,371
Department of Education	94,598	45,530
Division of Finance (ERP)	-	25,000
Department of Environmental Protection	-	2,000
Division of Corrections	-	5,375
Racing Commission	2,000	2,500
Excess Lottery Surplus (General Fund)	62,900	69,588
Excess Lottery Surplus (Teachers Retirement Savings Realized)	32,772	-
Public Defender Services	-	11,000
Total State Excess Lottery Revenue Fund	393,823	356,364
Total Required Statutory and Budgetary Distributions	557,940	520,868
Veterans Instant Ticket Fund	839	467
Other racetrack video lottery distributions:		
Tourism Promotion Fund	9,036	9,645
Development Office Promotion Fund	2,464	2,630
Research Challenge Fund	3,286	3,507
Capitol Renovation and Improvement Fund	4,518	4,822
Parking Garage Funds	911	939
Cultural Facilities and Capitol Resources Fund	1,500	1,500
Capitol Dome and Capitol Improvements Fund	4,571	5,014
Workers Compensation Debt Reduction Fund	11,000	11,000
	37,286	39,057
Table games state reduction fund	29,613	16,670

10 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA (Continued)

	2011	2010
Historic resort hotel distributions:		
State General Revenue Fund	1,785	408
State Debt Reduction Fund	530	121
Tourism Promotion Fund	84	19
Total	2,399	548
Total required statutory and budgeted distributions to the State of West Virginia	628,077	577,610
Less: distributed July 2011	(32,772)	-
Total nonoperating distributions to the State of West Virginia (cash basis)	595,305	577,610
Accrued nonoperating distributions, beginning of year	(241,039)	(202,184)
Accrued nonoperating distributions, end of year	210,990*	241,039
Special item – restricted net assets accrued for distribution to State of West Virginia	-	(40,000)
Special item – unrestricted net assets accrued for distribution to State of West Virginia	-	(7,520)
Total nonoperating distributions to the State of West Virginia	$ 565,256	$ 568,945

*Includes nonoperating distribution to West Virginia Teachers Retirement System of $32,772 paid on July 5, 2011.

11 - RESTRICTED NET ASSETS

House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed $20,000,000 beginning in the year ended June 30, 2006 and each year through the year ended June 30, 2012. These assets were to be set aside in the revenue center construction fund for the design and construction of a building in the West Virginia Capitol Complex for the use of the Lottery and certain other State of West Virginia governmental entities. In the year ended June 30, 2010, the Legislature approved the purchase and improvement of an existing building not located in the West Virginia Capitol Complex. The Lottery set aside interest income earned on the amounts deposited in the revenue center construction fund of $0 and $91,452, respectively, for the years ended June 30, 2011 and 2010.

11 - RESTRICTED NET ASSETS (Continued)

Restricted net asset activity is as follows for the years ending June 30, 2011 and 2010 (in thousands):

	2011	2010
Begininng restricted net assets	$ 8,355	$ 69,871
Interest earned on restricted net assets	-	92
Aquisition of capital assets in accordance with enabling legislation	(6,316)	(21,608)
Accrued distributions of surplus restricted net assets to the State of West Virginia	-	(40,000)
Ending restricted net assets	$ 2,039	$ 8,355

12 – SPECIAL ITEMS

On June 30, 2010, the Lottery purchased a building to serve as its new headquarters. Coinciding with the building purchase, the Lottery determined that certain restricted net assets and other unrestricted net asset funds previously set aside for the construction or purchase of capital assets (described in Note 11) were surplus funds and accordingly, were to be distributed to the State of West Virginia. The return of these surplus funds is recorded as a special item accrued for distribution to the State of West Virginia and represents an expense of the Lottery for the year ending June 30, 2010.

13 - RETIREMENT BENEFITS

All full-time Lottery employees are eligible and required to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement Board (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements for each retirement system it administers, which can be obtained from Consolidated Public Retirement Board, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304-1636 or by calling 1-800-654-4406.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 12.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the

13 - RETIREMENT BENEFITS (Continued)

State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, which equaled the required contributions for the three years ended June 2011, 2010, and 2009, were as follows (in thousands)

	2011	2010	2009
Lottery contributions	$ 1,017	$ 832	$ 666
Employee contributions	339	312	290
Total contributions	$ 1,356	$ 1,144	$ 956

14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, S.E., Suite 2, Charleston, West Virginia, 25304-2345, or by calling 1-888-680-7342.

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is $903 and $901 per employee per month for the years ending June 30, 2011 and 2010, respectively. The Lottery's ARC was $1,560,274, $1,458,892, and $620,360 and the Lottery has paid premiums of $294,952, $226,212, and $185,563, which represent 18.9%, 15.5%, and 29.9% of the ARC, respectively, for the years ending June 30, 2011, 2010, and 2009. As of June 30, 2011 and 2010 the Lottery has recorded a liability of $2,749,868 and $1,484,546, respectively, for OPEB.

15 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia and other providers. Each of the state administered risk pools have issued separate audited financial reports on their operations. Those reports include the required supplementary information regarding the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual risk pools can be obtained directly from their respective administrative offices.

Public Employees' Insurance Agency (PEIA)

The Lottery participates in the Public Employees Insurance Agency (PEIA) which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage, as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to $1 million for lifetime for health and $10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

Board of Risk and Insurance Management (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a risk pool currently operating as a risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first $1 million per property event and purchases excess insurance on losses above that level. Excess coverage through an outside insurer under this program is limited to $200 million per event, subject to limits on certain property. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims. During the year ended June 30, 2011, no changes in coverage were made and paid claims did not exceed coverage.

15 - RISK MANAGEMENT (Continued)

Workers Compensation Insurance

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

16 – LEASING ACTIVITY

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal years ended June 30, 2011 and 2010 approximated $648,731 and $697,279 respectively.

The Lottery is a lessor of certain office space under the terms of non-cancellable operating leases to various tenants. Rental revenues for the year ended June 30, 2011 were $1,037,291. Expected future rental income (in thousands) under the leases with terms in excess of one year are as follows:

Year Ended June 30	Rental Income
2012	$ 939
2013	962
2014	986
2015	248
Total	$ 3,135

17 - COMMITMENTS

The Lottery Commission has designated unexpended administrative funds from various fiscal years for the acquisition of capital assets. As of June 30, 2011 and 2010, $4,480,629 and $5,921,057, respectively, are included in unrestricted net assets for this purpose.

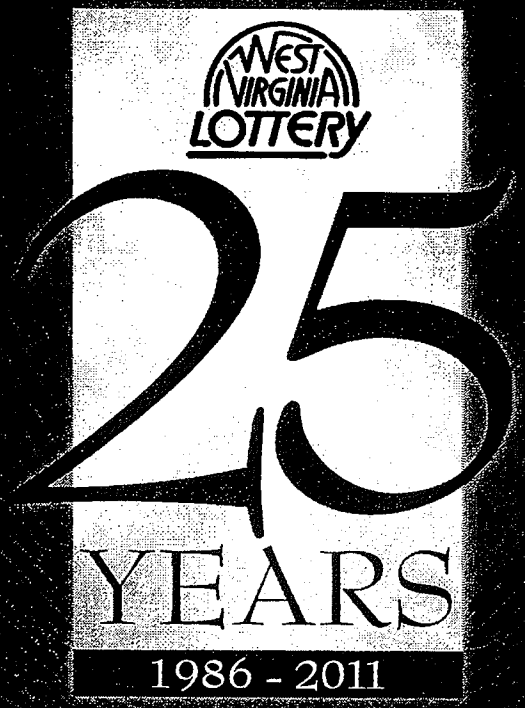
At June 30, 2011, the Lottery has outstanding construction commitments of $10,231,527. The Lottery has received an appropriation for the year ended June 30, 2012 from the State of West Virginia to satisfy these commitments.

18 - EFFECT OF NEW ACCOUNTING PRONOUNCEMENT

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' ("AICPA") Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Since Lottery management has elected not to apply post-November 30, 1989 FASB Statements and Interpretations, the implementation of this Statement will not have a significant impact on its financial statements.



Our Employees

Our employees take great pride in their work and know that their contributions are key in creating a better tomorrow for West Virginia.

Thanks to their hard work and dedication the West Virginia Lottery is able to meet its obligations to the people of West Virginia on an annual basis, and often times exceed those expectations as it did this past fiscal year.

The West Virginia Lottery generated nearly $1.4 billion in sales during fiscal year 2011, while keeping operating costs under 2.17 percent. That is a credit to every employee within the organization.

The Lottery employs nearly 200 West Virginians in a wide array of jobs ranging from auditors and lottery investigators to IT specialists and Program Analysts. This diverse and talented group makes a difference every day.

Celebrating Our Employees



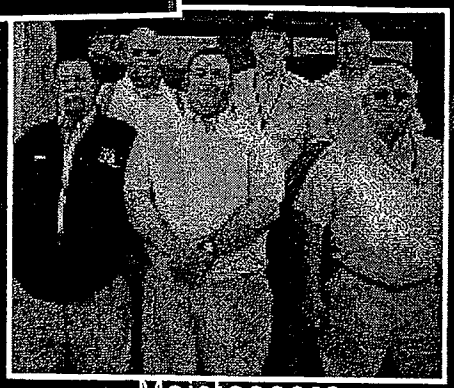
Executive





Licensing

Finance and Administration



Maintenance



Marketing



Security

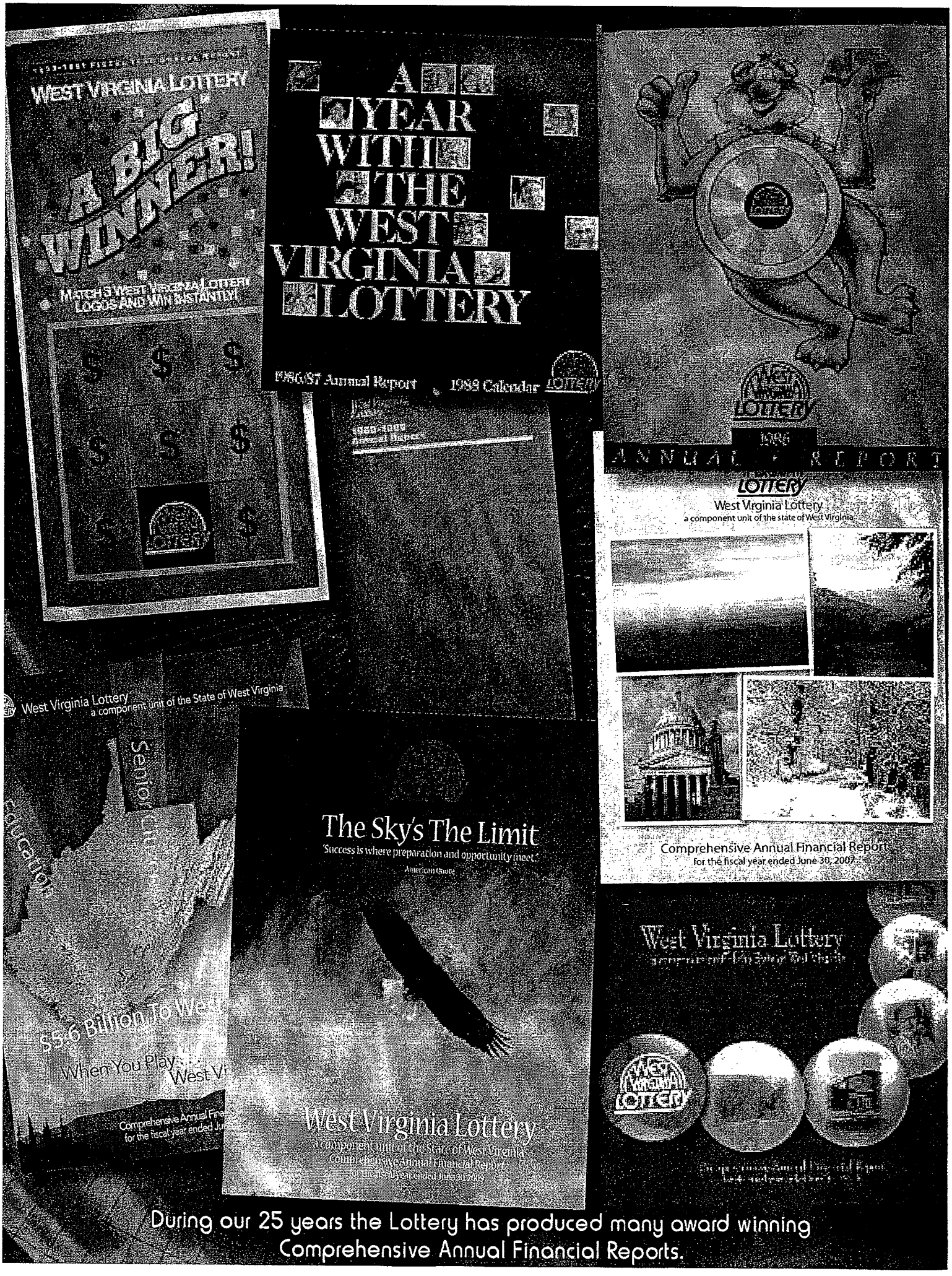


Video Lottery Security



Video Lottery

The West Virginia Lottery is made up of approximately 200 employees who are located at the headquarters in Charleston as well as field employees located across the State who serve four Racetracks, a Historic Resort, and more than 1,500 Limited Video Lottery retail locations.


WEST VIRGINIA LOTTERY
A BIG WINNER!
MATCH 3 WEST VIRGINIA LOTTERY LOGOS AND WIN INSTANTLY!
A YEAR WITH THE WEST VIRGINIA LOTTERY
1986-87 Annual Report
1989 Calendar
LOTTERY
1986
ANNUAL REPORT
LOTTERY
West Virginia Lottery
a component unit of the state of West Virginia
Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2007
West Virginia Lottery
a component unit of the State of West Virginia
Senior
Education
$5.6 Billion To
When You Play
The Sky's The Limit
"Success is where preparation and opportunity meet."
American Proverb
West Virginia Lottery
a component unit of the State of West Virginia
Comprehensive Annual Financial Report
West Virginia Lottery
During our 25 years the Lottery has produced many award winning
Comprehensive Annual Financial Reports.

STATISTICAL SECTION

This section of the West Virginia Lottery's comprehensive annual financial report depicts charts and graphs to aide in understanding the information presented in the financial statements and note disclosures about the Lottery's overall financial health.

Financial Trends/Revenue Capacity

The accompanying schedules depicting financial and revenue trends contain information to help the reader understand how the financial performance and well-being have changed over time and how the Lottery assesses its most significant revenue sources; traditional instant and on-line games, the video lottery segment and table games. The continued expansion of venues that offer a variety of gaming options has sustained revenues for the Lottery.

Demographic and Economic Information

The accompanying schedules depicting demographic and other economic relationships offer indicators to help the reader understand the environment within which the Lottery's financial activities take place. Indexes such as player income distribution, per capita income and competitive revenues generated by other lottery systems are relevant in assessing the Lottery's performance.

Operating Information

There are many factors that impact the level of demand for Lottery products. For our on-line games, the sizes of the publicized jackpots drive the sales level. As an example, a Powerball® jackpot of $100 million will generate more sales than a jackpot of $15 million. For our instant ticket games, the level of demand is impacted by many factors such as game themes, play-styles, price points and prize payouts. Racetrack Video Lottery and Table Games sales are largely driven by tourism. Weekends and holidays generate higher sales than weekdays. Limited Video Lottery sales are seasonally affected. Cold months tend to generate higher sales than warmer months. In an effort to minimize the effect of these nuances, the accompanying schedules contain information by year and game type to help the reader understand how the Lottery's financial performance and overall growth have trended.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports or the audited financial statements for the relevant year.

WEST VIRGINIA LOTTERY

Sales By Product and Other Revenues
Last Ten Fiscal Years

	2002	2003	2004	2005
Instant	$94,322,791	$105,395,146	$109,843,864	$111,863,092
Powerball®	75,911,123	51,067,026	63,373,462	49,214,536
Other MUSL games	1,525,689	2,805,269	2,579,140	3,342,726
Daily 3	10,076,565	9,927,812	9,386,172	9,293,550
Daily 4	4,695,641	4,724,179	4,540,767	4,421,188
Cash 25	6,614,501	6,242,641	6,190,917	6,112,910
Travel Keno	13,757,028	11,924,361	10,953,721	9,966,638
Mega Millions®				
Total On-line	$112,580,547	$86,691,288	$97,024,179	$82,351,548
Video (net of prizes)				
Racetrack	$595,946,640	$717,079,486	$854,858,062	$894,530,565
Limited	$45,760,647	$172,743,695	$241,710,952	$310,328,583
Table Games (privilege tax)				
Video (net of prizes)				
Table Games (privilege tax)				
Total Historic Resort				
Total Sales	$848,610,625	$1,081,909,615	$1,303,487,057	$1,399,073,788
License Fees	14,574,772	11,485,136	13,610,521	15,789,742
Miscellaneous	942,569	605,467	503,013	578,477
Other Operating Income	$15,517,341	$12,090,603	$14,113,534	$16,368,219
Nonoperating Income	$7,190,034	$813,454	$474,138	$1,923,223
Total Revenues	$871,318,000	$1,094,813,672	$1,318,024,729	$1,417,365,230

Expenses, Distributions and Net Income
Last Ten Fiscal Years

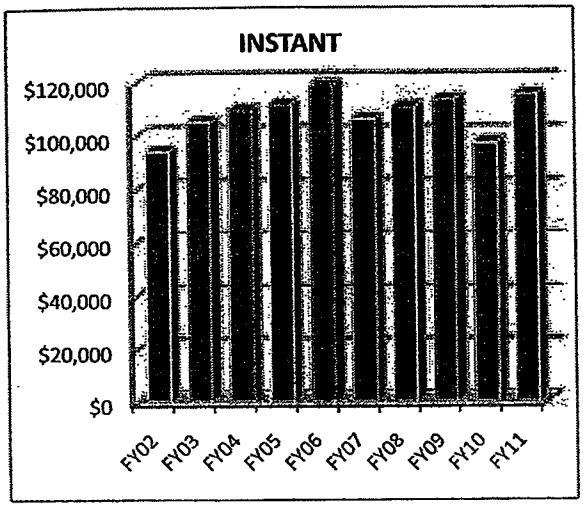
	2002	2003	2004	2005
Prizes (traditional)	$120,180,048	$114,651,424	$123,263,630	$117,125,999
Commissions				
Instant	5,896,537	7,377,661	7,689,770	7,831,524
On-line	7,041,257	6,086,088	6,772,587	5,767,083
Racetrack	354,762,709	412,325,047	477,797,417	496,649,792
Limited	31,391,705	99,799,713	137,388,489	173,115,051
Table Games	-	-	-	-
Historic Resort	-	-	-	-
Total Commissions	$399,092,208	$525,588,509	$629,648,263	$683,363,450
Administration (includes ticket costs)	$30,360,103	$29,452,769	$31,980,883	$29,672,628
Total Operating Expenses	$549,632,359	$669,692,702	$784,892,776	$830,162,077
Nonoperating Distributions				
Municipalities and Counties	-	3,384,191	4,776,034	6,083,020
Capital Reinvestment Fund	5,811,039	10,695,115	16,250,347	17,849,943
State of West Virginia	315,874,602	411,041,664	512,105,572	563,320,190
Total Distributions	$321,685,641	$425,120,970	$533,131,954	$587,253,153
Net Income	$0	$0	$0	$0

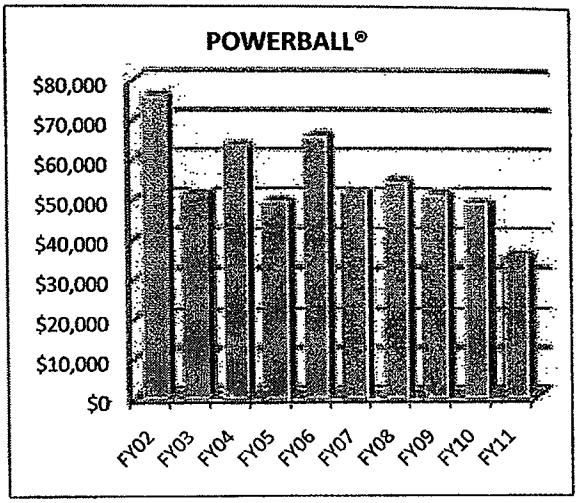
2006	2007	2008	2009	2010	2011
$119,123,846	$106,493,081	$110,862,020	$113,853,880	$97,482,584	$115,697,423
65,530,836	51,729,318	54,052,429	51,016,100	48,593,678	35,669,004
3,324,293	4,726,225	4,021,347	4,881,127	6,447,315	5,831,270
9,394,009	9,265,281	9,124,536	8,916,094	8,401,794	8,621,978
4,523,509	4,660,620	4,622,396	4,760,533	4,694,743	4,967,805
5,936,395	6,006,570	5,752,037	5,596,814	5,512,376	5,440,930
10,249,487	9,769,174	9,603,308	9,070,501	7,412,987	6,423,516
				2,678,674	10,915,389
$98,958,529	$86,157,188	$87,176,053	$84,241,169	$83,741,567	$77,869,892
$942,250,631	$972,591,775	$897,952,931	$848,232,669	$746,208,159	$726,952,241
$362,181,294	$397,016,887	$411,587,201	$412,488,946	$397,287,133	$397,544,342
		$15,877,334	$34,219,101	$31,725,645	$68,153,589
				1,132,902	4,092,891
				516,466	2,138,796
				$1,649,368	$6,231,687
$1,522,514,300	$1,562,258,931	$1,523,455,539	$1,493,035,765	$1,358,094,456	$1,392,449,174
10,445,040	9,864,349	11,225,977	10,573,157	10,317,529	10,157,522
748,276	532,596	710,975	827,731	741,824	1,648,012
$11,193,316	$10,396,945	$11,936,952	$11,400,888	$11,059,353	$11,805,534
$5,152,532	$7,556,505	$10,031,139	$2,719,936	$390,334	$297,669
$1,538,860,148	$1,580,212,381	$1,545,423,630	$1,507,156,589	$1,369,544,143	$1,404,552,377

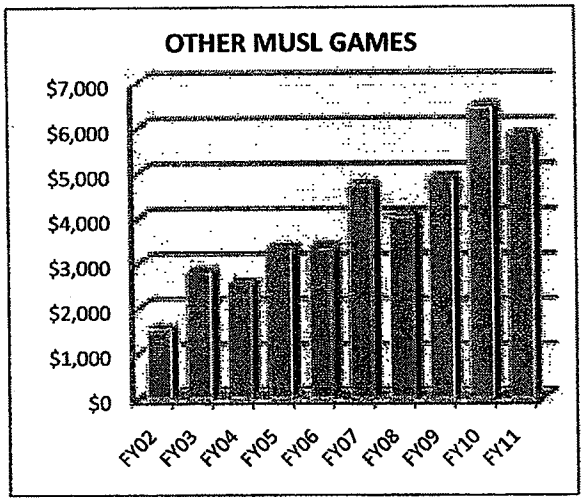
2006	2007	2008	2009	2010	2011
$131,903,210	$115,792,130	$121,169,284	$119,449,497	$107,983,663	$120,706,835
8,338,753	7,454,496	7,762,564	7,969,759	6,823,692	8,098,815
6,936,315	6,019,193	6,113,745	5,900,642	5,849,450	5,456,854
508,326,365	522,744,477	487,276,099	463,649,031	414,987,691	404,944,515
195,112,272	206,127,102	205,636,799	202,119,568	194,670,681	194,796,720
-	-	6,249,023	13,458,369	12,473,391	29,288,210
-	-	-	-	846,922	3,126,210
$718,713,705	$742,345,268	$713,038,230	$693,097,369	$635,651,827	$645,711,324
$31,329,670	$30,905,929	$33,478,401	$35,215,252	$36,493,179	$40,838,831
$881,946,585	$889,043,327	$867,685,915	$847,762,118	$780,128,669	$807,256,990
7,098,999	7,781,531	8,067,110	8,084,783	7,786,828	7,791,869
19,774,016	20,997,371	17,987,933	15,983,212	11,968,468	21,558,438
610,040,548	639,150,849	631,155,117	616,622,965	616,465,269	565,256,651
$636,913,563	$667,929,751	$657,210,160	$640,690,960	$636,220,565	$594,606,958
$20,000,000	$23,239,303	$20,522,555	$18,703,511	($46,805,091)	$2,688,429

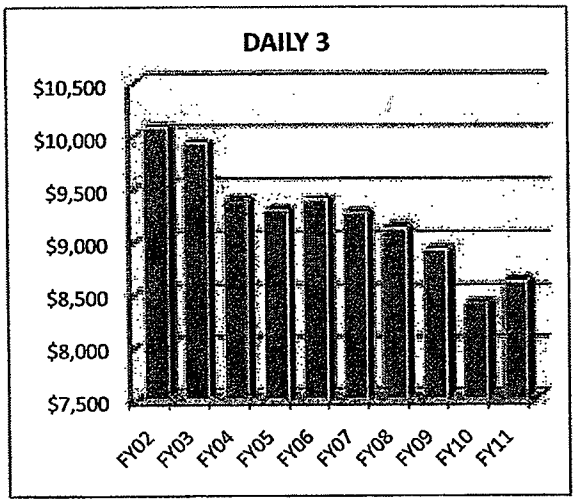
WEST VIRGINIA LOTTERY

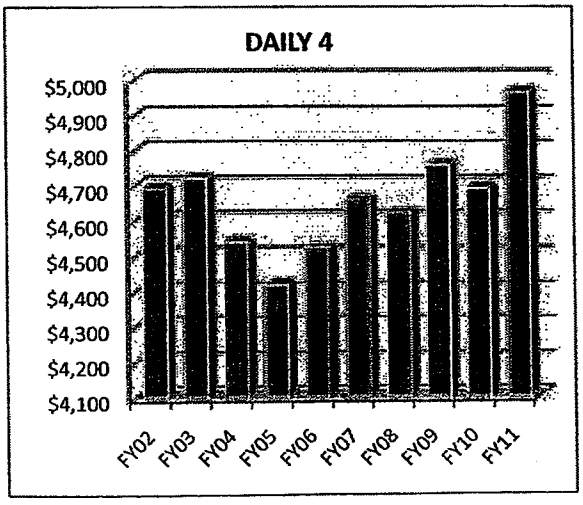
Sales By Product Line
Last Ten Fiscal Years
(000's)

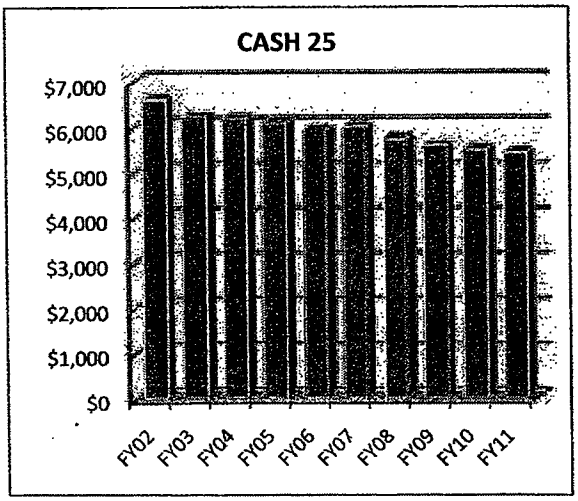








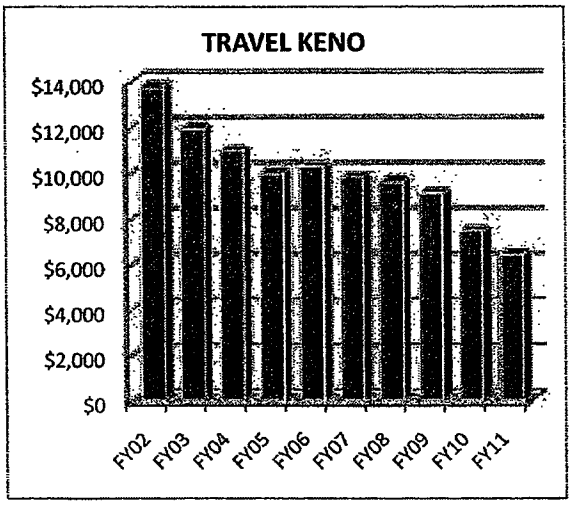


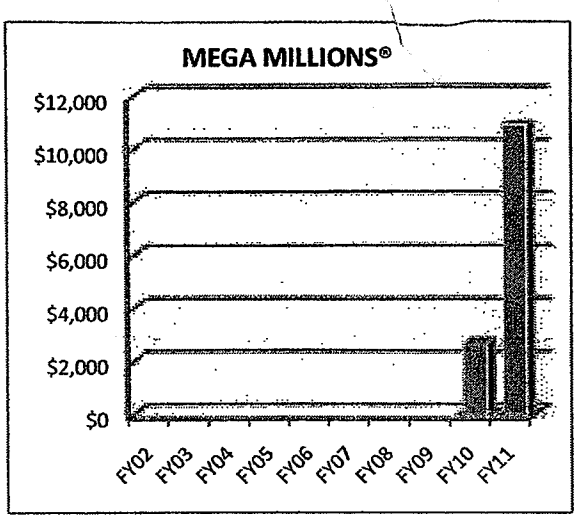


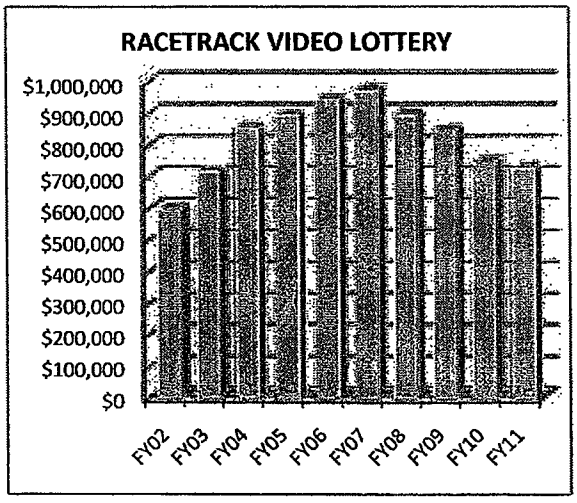
Source: West Virginia Lottery

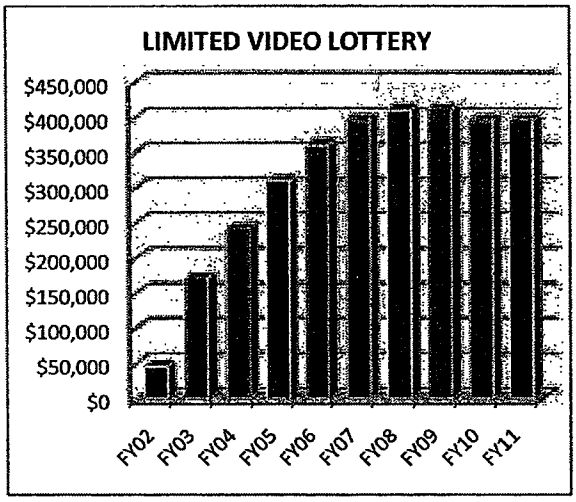
WEST VIRGINIA LOTTERY

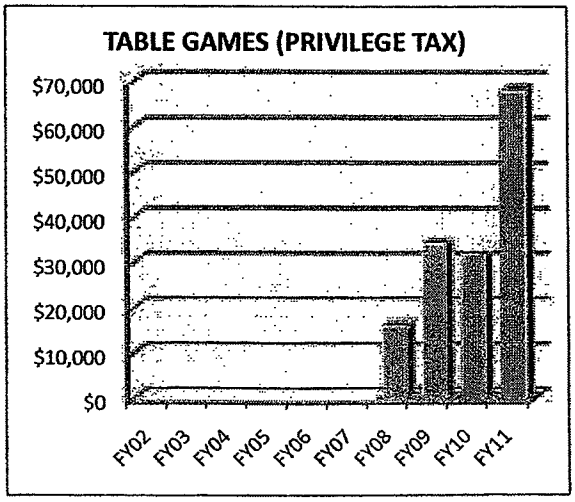
Sales By Product Line
Last Ten Fiscal Years
(000's)

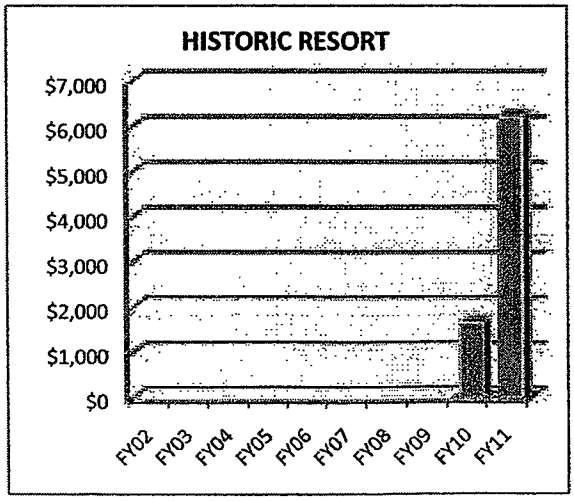








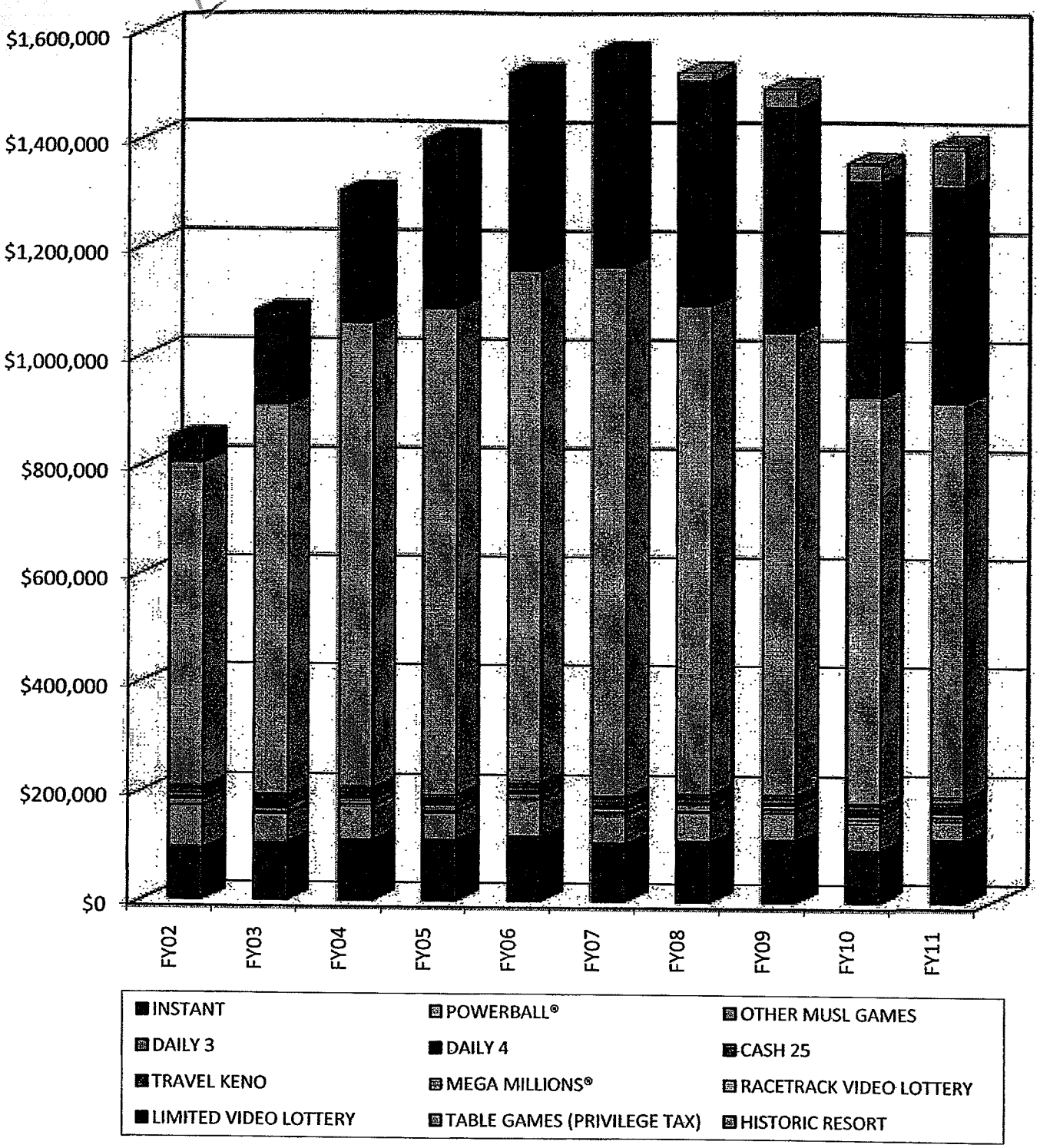




Source: West Virginia Lottery

ST VIRGINIA LOTTERY

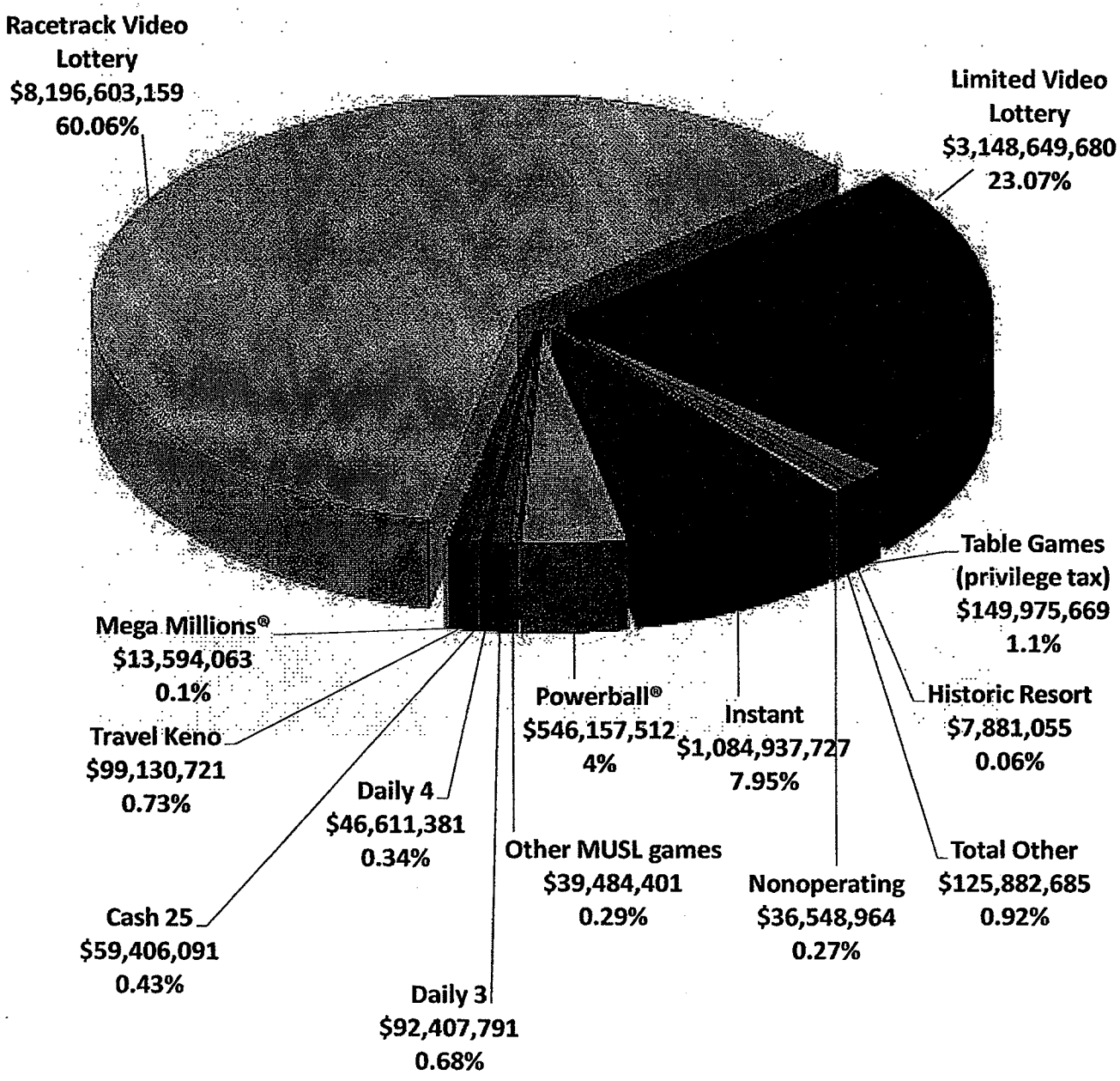
Sales By Product
Last Ten Fiscal Years
(000's)



Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

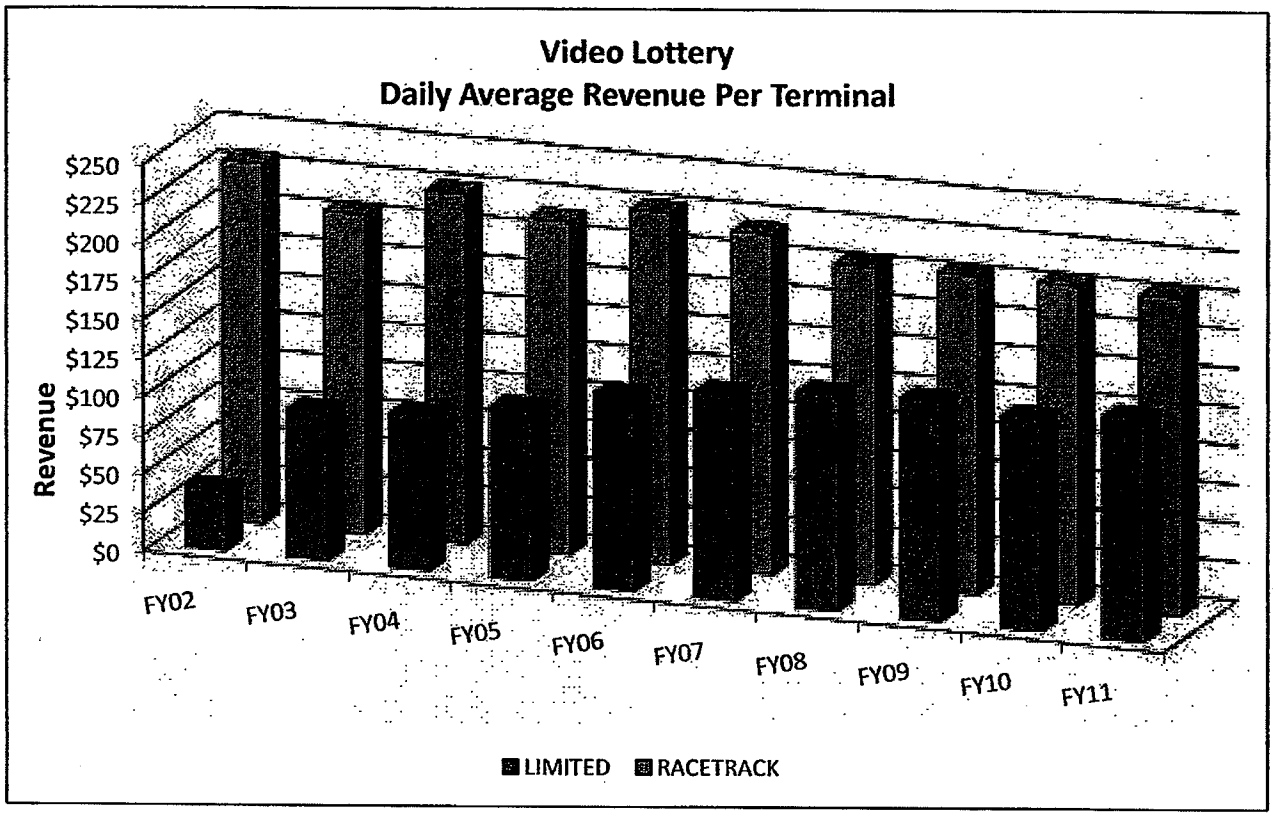
Total Revenues $13,647,270,899
Last Ten Fiscal Years

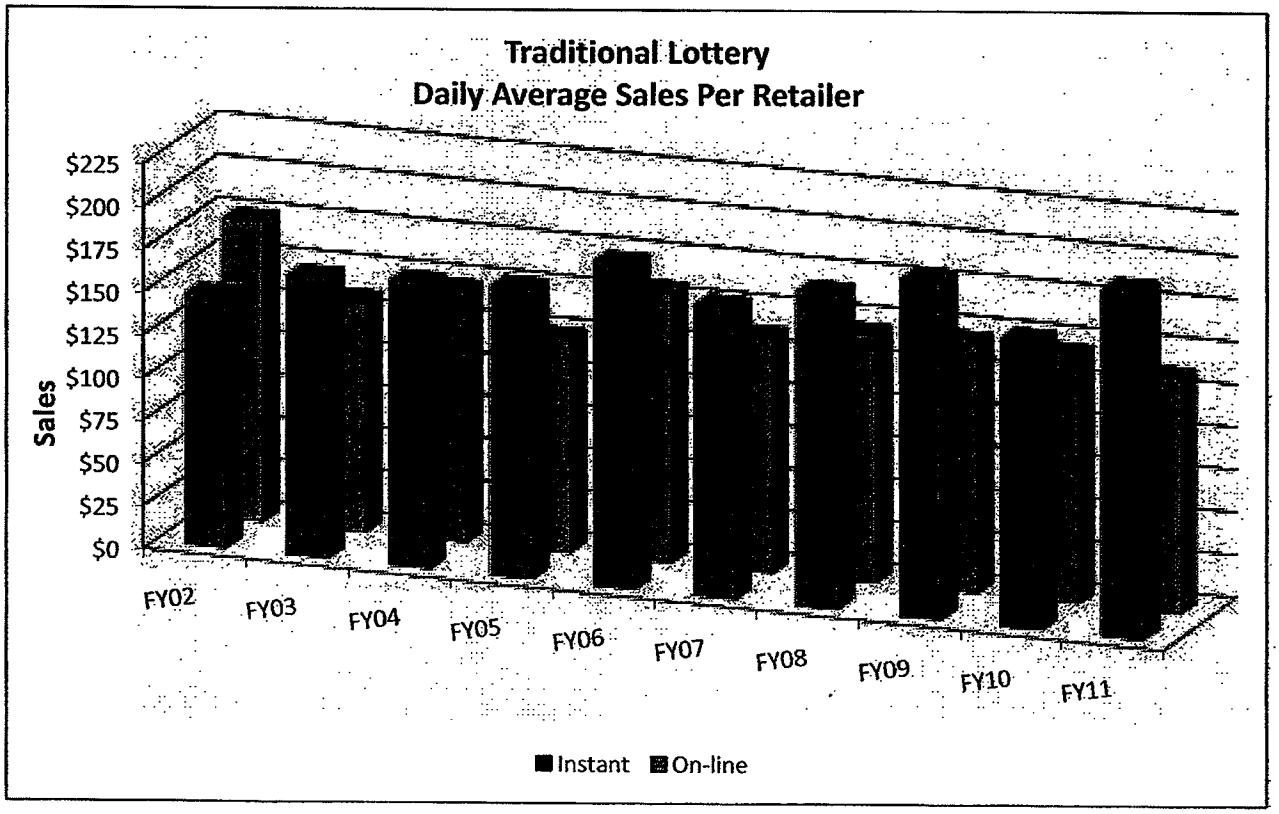


Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

Daily Averages
Last Ten Fiscal Years

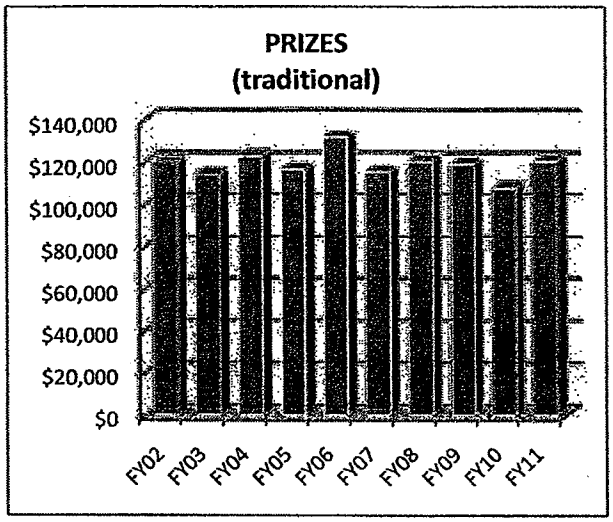


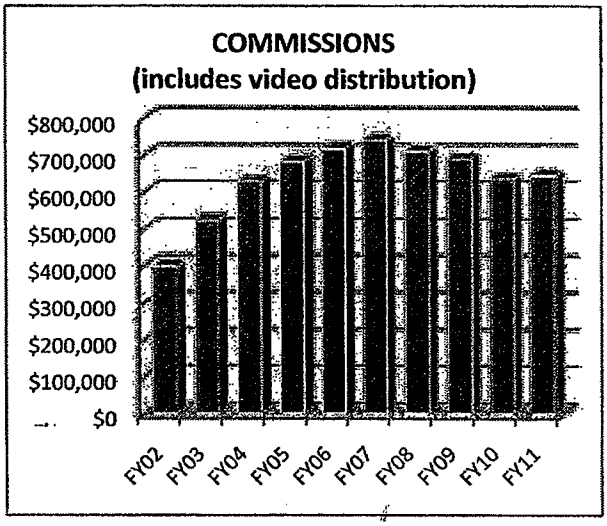


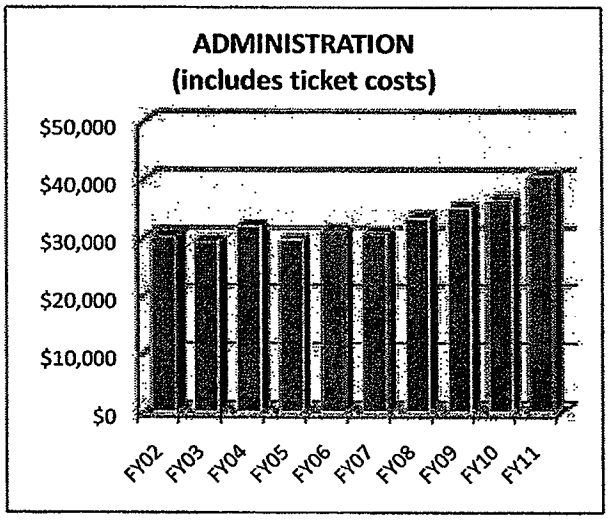
Source: West Virginia Lottery

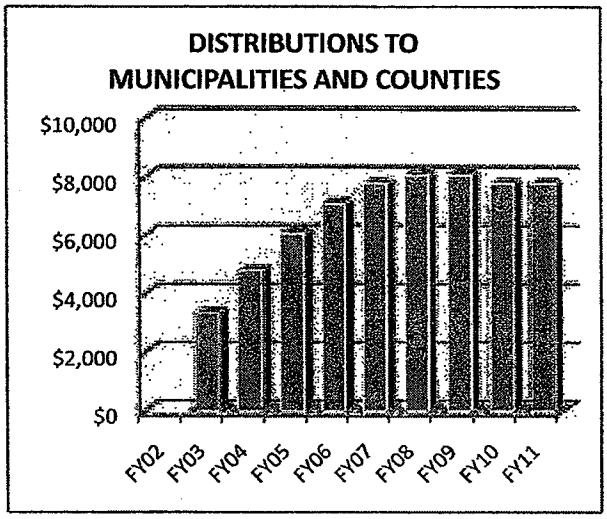
WEST VIRGINIA LOTTERY

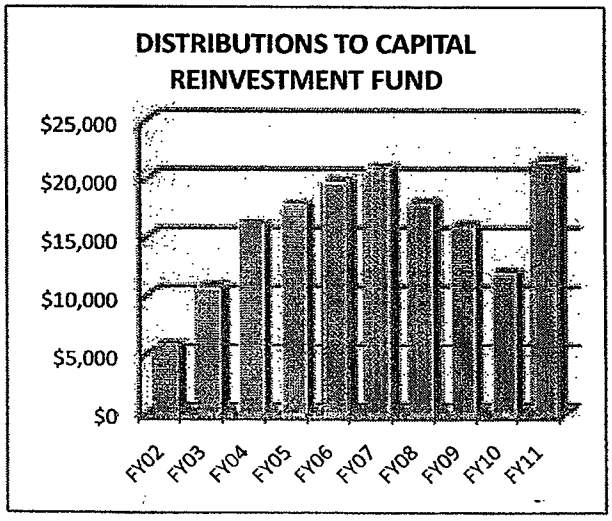
Expenses and Nonoperating Distributions
Last Ten Fiscal Years
(000's)

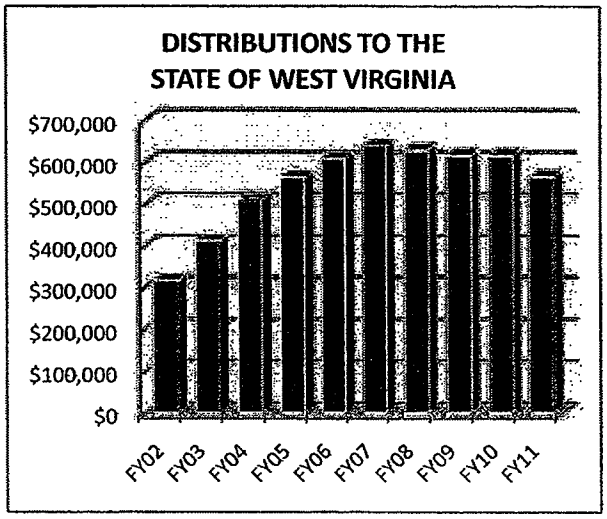








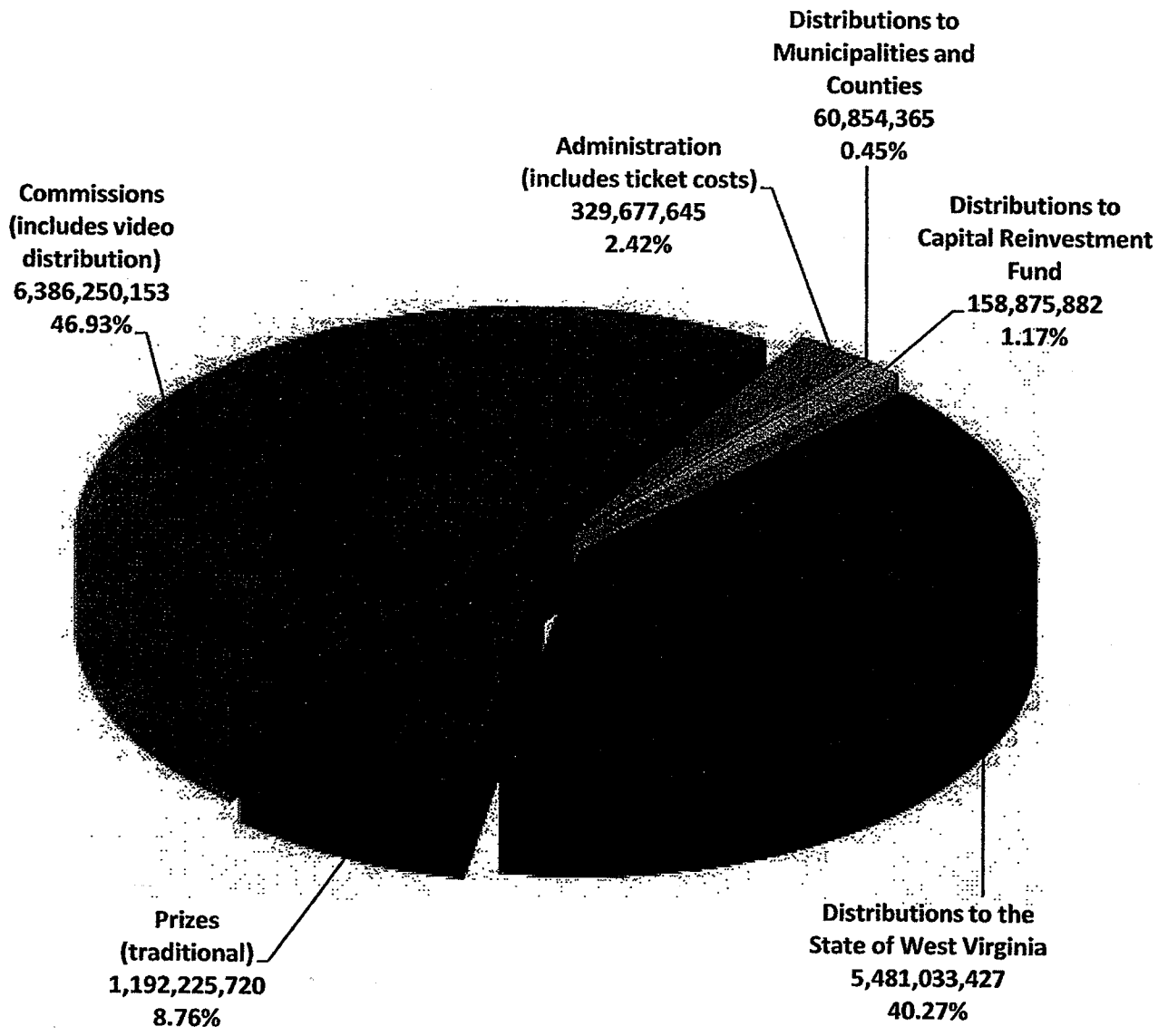




Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

Total Expenses and Nonoperating Distributions $13,608,917,192
Last Ten Fiscal Years



Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

Total Net Assets
(000's)

	2002	2003	2004	2005	2006
Net Assets					
Restricted	$ -	$ -	$ -	$ -	$ 20,000
Invested in capital assets	6,195	4,754	3,184	2,024	1,149
Unrestricted (deficit)	(5,945)	(4,504)	(2,934)	(1,774)	(899)
Total net assets	$ 250	$ 250	$ 250	$ 250	$ 20,250

	2007	2008	2009	2010	2011
Net Assets					
Restricted	$ 30,367	$ 58,487	$ 69,871	$ 8,355	$ 2,039
Invested in capital assets	1,451	5,251	3,306	23,349	30,421
Unrestricted (deficit)	11,671	747	10,011	4,679	6,612
Total net assets	$ 43,489	$ 64,485	$ 83,188	$ 36,383	$ 39,072

Source: West Virginia Lottery

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2011
Excludes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Prizes	Net Income	Population	Sales/Capita
Arizona	$583.5	$362.9	$146.3	6.7	$87.09
Arkansas	$464.0	$307.5	$156.6	2.9	$160.00
California	$3,438.6	$1,904.8	$1,128.6	37.3	$92.19
Colorado	$518.9	$323.9	$113.4	5.1	$101.75
Connecticut	$1,016.6	$620.1	$289.3	3.5	$290.46
Delaware	$124.0			0.9	$137.78
D.C. (end 6/30)	$231.3	$123.3	$64.3	0.6	$385.50
Florida	$4,008.7			18.7	$214.37
Georgia	$3,597.9	$2,120.8	$846.1	9.9	$363.42
Idaho	$147.2	$90.2	$37.5	1.6	$92.00
Illinois	$2,278.8	$1,414.6	$690.0	12.9	$176.65
Indiana	$791.4	$494.5	$188.6	6.4	$123.66
Iowa	$271.4	$158.9	$112.5	3.0	$90.47
Kansas	$243.8	$142.4	$70.0	2.8	$87.07
Kentucky	$772.3	$482.9	$212.3	4.3	$179.60
Louisiana	$383.6	$168.5	$136.4	4.5	$85.24
Maine	$216.4	$134.2	$50.2	1.3	$166.46
Maryland[2,3]	$1,714.4	$1,028.0	$519.4	5.7	$300.77
Massachusetts	$4,403.3			6.6	$667.17
Michigan[1,6]	$2,364.1	$1,383.4	$731.9	9.9	$238.80
Minnesota	$504.4	$311.0	$121.9	5.3	$95.17
Missouri	$1,001.3	$621.6	$259.4	6.0	$166.88
Montana	$46.0	$24.8	$10.6	1.0	$46.00
Nebraska	$131.9	$76.9	$32.1	1.8	$73.28
New Hampshire	$228.4	$139.3	$62.3	1.3	$175.69
New Jersey	$2,636.4	$1,542.2	$890.9	8.7	$303.03
New Mexico	$135.5	$73.6	$41.3	2.0	$67.75
New York[2,3,4]	$6,758.7	$3,968.1	$3,049.2	19.6	$344.83
North Carolina	$1,461.1	$861.6	$437.4	9.5	$153.80
North Dakota	$23.0	$46.1	$92.2	0.7	$32.86
Ohio	$2,596.1	$1,550.0	$738.8	11.5	$225.75
Oklahoma	$198.2	$106.6	$69.4	3.7	$53.57
Oregon[2,3]	$317.5	$206.4	$560.0	3.9	$81.41
Pennsylvania	$3,207.9	$2,179.4	$960.0	12.6	$254.60
Rhode Island[2,3]	$230.7	$142.3	$354.9	1.1	$209.73
South Carolina	$1,047.1		$271.0	4.6	$227.63
South Dakota[2,3]	$46.6	$27.4	$105.2	0.8	$58.25
Tennessee	$1,186.6	$695.1	$293.5	6.3	$188.35
Texas[1,5]	$3,783.2	$2,425.2	$960.6	25.2	$150.13
Vermont	$95.6	$60.6	$21.4	0.6	$159.33
Virginia	$1,482.7	$881.0	$435.2	8.0	$185.34
Washington	$510.5			6.7	$76.19
West Virginia[2,3,7]	$193.6	$119.5		1.8	$107.56
Wisconsin	$502.5			5.7	$88.16
Total	$55,895.7	$27,319.6	$15,260.7	293.0	$7,565.72

2011 data source: La Fleur's Magazine/Vol. 19, No. 1 Sept/Oct 2011

[1]Estimated Sales

[2]Doesn't include VLT prizes

[3]Includes traditional and VLT profit

[4]Fiscal Year ends 3/31

[5]Fiscal Year ends 8/31

[6]Fiscal Year ends 9/30

[7]Gross sales were $1,392.5, including VLT sales of $1,128.6 and Table Games sales of $70.3

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2010
Excludes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Prizes	Net Income	Population	Sales/Capita
Arizona	$551.5	$334.5	$141.9	6.6	$83.56
Arkansas	$383.7	$251.0	$82.6	2.9	$132.31
California	$3,041.0	$1,611.4	$1,077.0	37.0	$82.19
Colorado	$501.2	$310.4	$112.9	5.0	$100.24
Connecticut	$996.8	$608.8	$285.5	3.5	$284.80
Delaware	$123.2			0.9	$136.89
D.C. (end 6/30)	$233.9	$118.5	$69.6	0.6	$389.83
Florida	$3,900.5			18.5	$210.84
Georgia	$3,645.4	$2,129.1	$883.9	9.8	$371.98
Idaho	$146.9			1.5	$97.93
Illinois	$2,216.2	$1,210.7	$657.9	12.9	$171.80
Indiana	$739.1			6.4	$115.48
Iowa	$256.3	$150.5	$57.9	3.0	$85.43
Kansas	$243.7			2.8	$87.04
Kentucky	$772.5	$484.6	$214.2	4.3	$179.65
Louisiana	$372.4	$189.7	$133.7	4.5	$82.76
Maine	$217.3		$52.2	1.3	$167.15
Maryland	$1,706.6	$1,030.9	$510.6	5.7	$299.40
Massachusetts	$4,412.1	$3,174.9	$903.5	6.6	$668.50
Michigan[1,6]	$2,348.0	$1,392.5	$704.2	10.0	$234.80
Minnesota	$499.0	$305.2	$122.6	5.3	$94.15
Missouri	$971.6	$868.1	$255.0	6.0	$161.93
Montana	$47.0	$25.9	$10.6	1.0	$47.00
Nebraska	$130.6			1.8	$72.56
New Hampshire	$233.2	$121.8	$66.0	1.3	$179.38
New Jersey	$2,605.2	$1,501.7	$893.6	8.7	$299.45
New Mexico	$143.6	$78.6	$43.6	2.0	$71.80
New York[2,4]	$6,781.1	$3,952.0	$2,666.4	19.5	$347.75
North Carolina	$1,421.3	$835.3	$430.8	9.4	$151.20
North Dakota	$24.3	$12.7	$5.8	0.6	$40.50
Ohio	$2,487.1	$1,525.2	$728.6	11.5	$216.27
Oklahoma	$199.7			3.7	$53.97
Oregon[2,3]	$320.7	$206.0	$526.1	3.8	$84.39
Pennsylvania	$3,065.7	$1,867.1	$915.7	12.6	$243.31
Rhode Island[2,3]	$234.7	$144.3	$344.6	1.1	$213.36
South Carolina	$1,007.5			4.6	$219.02
South Dakota[2,3]	$45.7	$25.5	$116.9	0.8	$57.13
Tennessee	$1,138.4	$664.0	$288.9	6.3	$180.70
Texas[5]	$3,738.4	$2,299.6	$1,007.8	24.8	$150.74
Vermont	$97.5	$61.1	$21.6	0.6	$162.50
Virginia	$1,435.1	$852.7	$430.2	7.9	$181.66
Washington	$491.0			6.7	$73.28
West Virginia[2,3,7]	$181.2	$107.1	$560.8	1.8	$100.67
Wisconsin	$480.8			5.7	$84.35
Total	$54,588.7	$28,451.4	$15,323.2	291.3	$7,469.67

2010 data source: La Fleur's Magazine/Vol. 18, No. 1 Sept/Oct 2010

[1] Estimated Sales

[2] Doesn't include VLT prizes

[3] Includes traditional and VLT profit

[4] Fiscal Year ends 3/31

[5] Fiscal Year ends 8/31

[6] Fiscal Year ends 9/30

[7] Gross sales were $1,358.1, including VLT sales of $1,144.6 and Table Games sales of $33.2

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2011
Includes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Profit	Population	Sales/Capita
Arizona	$583.54	$146.33	6.7	$87.10
Arkansas (9/28/09-6/30/10)	$464.02	$94.23	2.9	$160.01
California	$3,438.58	$1,125.82	37.3	$92.19
Colorado	$518.92	$113.40	5.1	$101.75
Connecticut	$1,016.61	$289.30	3.5	$290.46
Delaware[1]	$636.39	$287.00	0.9	$707.10
District of Columbia (9/30)	$245.00	$63.00	0.6	$408.33
Florida	$4,008.72	$1,191.82	18.7	$214.37
Georgia	$3,597.92	$846.11	9.9	$363.43
Idaho	$147.15	$37.00	1.6	$91.97
Illinois	$2,278.70	$689.97	12.9	$176.64
Indiana	$791.45	$188.23	6.4	$123.66
Iowa	$271.39	$68.06	3.0	$90.46
Kansas	$232.37	$70.00	2.8	$82.99
Kentucky	$772.35	$212.25	4.3	$179.62
Louisiana	$383.59	$136.36	4.5	$85.24
Maine	$216.43	$49.55	1.3	$166.48
Maryland[2]	$1,817.38	$576.57	5.7	$318.84
Massachusetts	$4,416.29	$887.91	6.6	$669.13
Michigan (9/30)	$2,346.11	$726.97	9.9	$236.98
Minnesota	$504.44	$121.89	5.3	$95.18
Missouri	$1,000.68	$259.42	6.0	$166.78
Montana	$46.02	$10.61	1.0	$46.02
Nebraska	$131.92	$32.55	1.8	$73.29
New Hampshire	$228.40	$62.20	1.3	$175.69
New Jersey	$2,636.49	$930.00	8.7	$303.04
New Mexico	$135.54	$41.30	2.0	$67.77
New York (3/31)	$7,868.21	$3,049.15	19.6	$401.44
North Carolina	$1,461.11	$436.24	9.5	$153.80
North Dakota	$23.00	$5.92	0.7	$32.86
Ohio[2]	$2,601.00	$738.81	11.5	$226.17
Oklahoma	$198.15	$69.40	3.7	$53.55
Oregon	$2,763.98	$559.90	3.9	$708.71
Pennsylvania	$3,207.91	$960.61	12.6	$254.60
Rhode Island[2]	$1,125.60	$354.86	1.1	$2,046.55
South Carolina	$1,047.12	$271.13	4.6	$227.63
South Dakota	$630.53	$105.20	0.8	$788.16
Tennessee	$1,186.56	$293.49	6.3	$188.34
Texas (8/31)	$3,811.27	$982.03	25.2	$151.24
Vermont	$95.55	$21.40	0.6	$159.25
Virginia	$1,482.69	$444.21	8.0	$185.34
Washington	$510.46	$150.13	6.7	$76.19
West Virginia[1]	$1,322.16	$558.12	1.8	$734.53
Wisconsin	$502.65	$143.69	5.7	$88.18
Total	$64,704.35	$18,402.14	293.0	$12,845.99

2011 data source: NASPL website: www.NASPL.org

[1]Includes net VLT sales (Cash in less cash out)

[2]Includes gross VLT sales (Cash in)

[2]Lottery Estimates

WEST VIRGINIA LOTTERY

U.S. Lotteries Unaudited Sales For Fiscal Year 2010
Includes Video Lottery Terminal (VLT) Sales
($ millions)

	Sales	Profit	Population	Sales/Capita
Arizona	$551.50	$141.90	6.6	$83.56
Arkansas (9/28/09-6/30/10)	$383.70	$82.70	2.9	$132.31
California	$3,086.16	$1,055.18	37.0	$83.41
Colorado	$501.20	$112.90	5.0	$100.24
Connecticut	$996.85	$285.50	3.5	$284.81
Delaware	$684.50	$275.50	0.9	$760.56
District of Columbia (9/30)	$232.00	$66.00	0.6	$386.67
Florida	$3,900.50	$1,247.00	18.5	$210.84
Georgia	$3,645.00	$883.90	9.8	$371.94
Idaho	$147.00	$36.50	1.5	$98.00
Illinois	$2,209.30	$657.88	12.9	$171.26
Indiana	$739.10	$188.80	6.4	$115.48
Iowa	$256.96	$57.91	3.0	$85.42
Kansas	$243.66	$69.03	2.8	$87.02
Kentucky	$772.50	$214.30	4.3	$179.65
Louisiana	$372.39	$134.08	4.5	$82.75
Maine	$216.73	$52.20	1.3	$166.72
Maryland	$1,712.04	$510.61	5.7	$300.36
Massachusetts	$4,423.00	$903.50	6.6	$670.15
Michigan (9/30)	$2,347.90	$704.20	10.0	$234.79
Minnesota	$498.97	$122.25	5.3	$94.15
Missouri	$971.05	$256.04	6.0	$161.84
Montana	$47.03	$10.61	1.0	$47.03
Nebraska	$130.58	$32.35	1.8	$72.54
New Hampshire	$233.89	$66.08	1.3	$179.92
New Jersey	$2,605.16	$924.16	8.7	$299.44
New Mexico	$143.60	$43.60	2.0	$71.80
New York (3/31)	$7,818.32	$2,666.38	19.5	$400.94
North Carolina	$1,421.33	$430.79	9.4	$151.21
North Dakota	$24.42	$6.33	0.6	$40.70
Ohio	$2,486.00	$728.60	11.5	$216.17
Oklahoma	$199.93	$69.97	3.7	$54.04
Oregon	$1,027.68	$516.70	3.8	$270.44
Pennsylvania	$3,065.72	$915.74	12.6	$243.31
Rhode Island	$702.40	$344.65	1.1	$638.55
South Carolina	$1,007.16	$272.43	4.6	$218.95
South Dakota	$260.99	$116.91	0.8	$326.24
Tennessee	$1,138.00	$288.90	6.3	$180.63
Texas (8/31)	$3,750.00	$1,100.00	24.8	$151.21
Vermont	$97.48	$21.64	0.6	$162.47
Virginia	$1,435.00	$430.00	7.9	$181.65
Washington	$491.02	$121.35	6.7	$73.29
West Virginia	$1,358.00	$568.90	1.8	$754.44
Wisconsin	$481.58	$143.10	5.7	$84.49
Total	$58,816.60	$17,877.07	291.3	$9,681.38

2010 data source: NASPL website: www.NASPL.org

[1]Includes net VLT sales (Cash in less cash out)

[2]Includes gross VLT sales (Cash in)

[3]Net Proceeds

WEST VIRGINIA LOTTERY

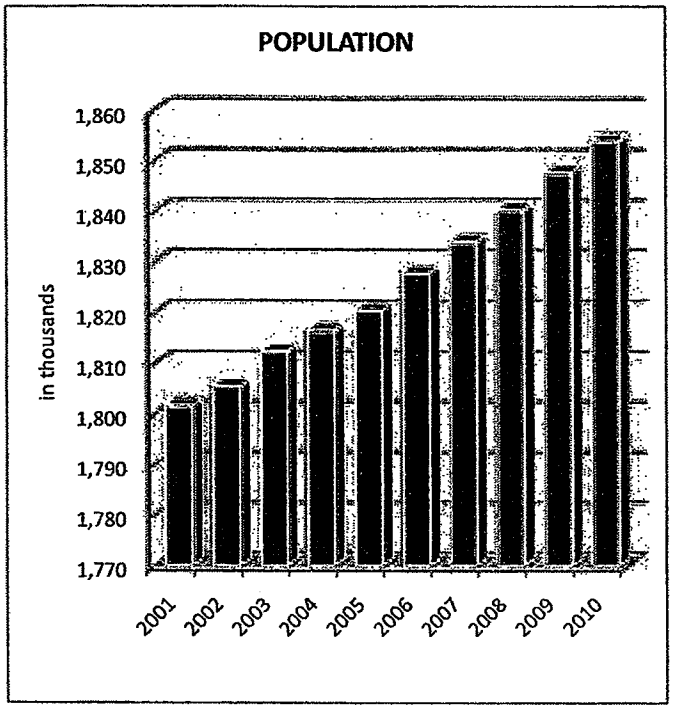
State Demographic and Economic Information

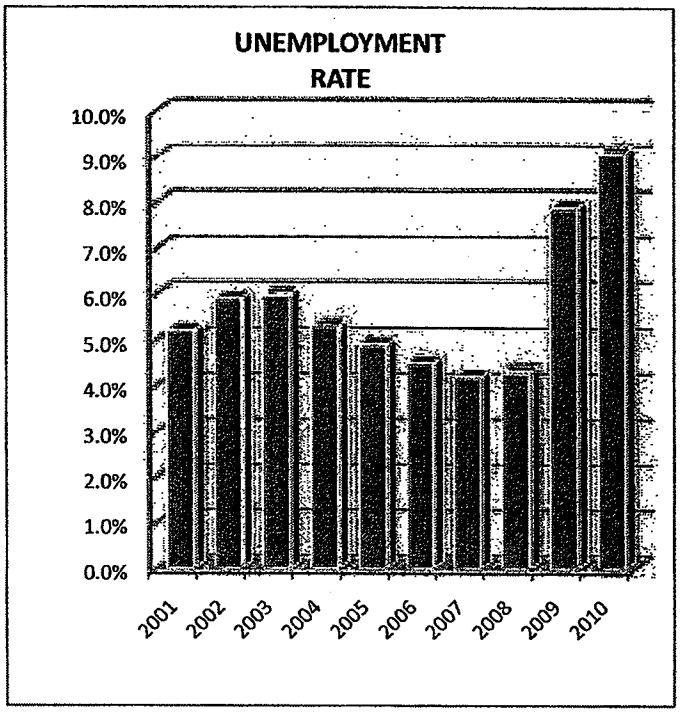
YEAR	POPULATION	PERSONAL INCOME (in millions)	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2010	1,853,973	$59,325	$31,999	9.1%
2009	1,847,775	$57,419	$31,075	7.9%
2008	1,840,310	$57,620	$31,310	4.3%
2007	1,834,052	$54,100	$29,497	4.2%
2006	1,827,912	$51,862	$28,372	4.5%
2005	1,820,492	$48,139	$26,443	4.9%
2004	1,816,438	$46,500	$25,599	5.3%
2003	1,812,295	$44,897	$24,773	6.0%
2002	1,805,414	$43,876	$24,302	5.9%
2001	1,801,481	$42,466	$23,573	5.2%

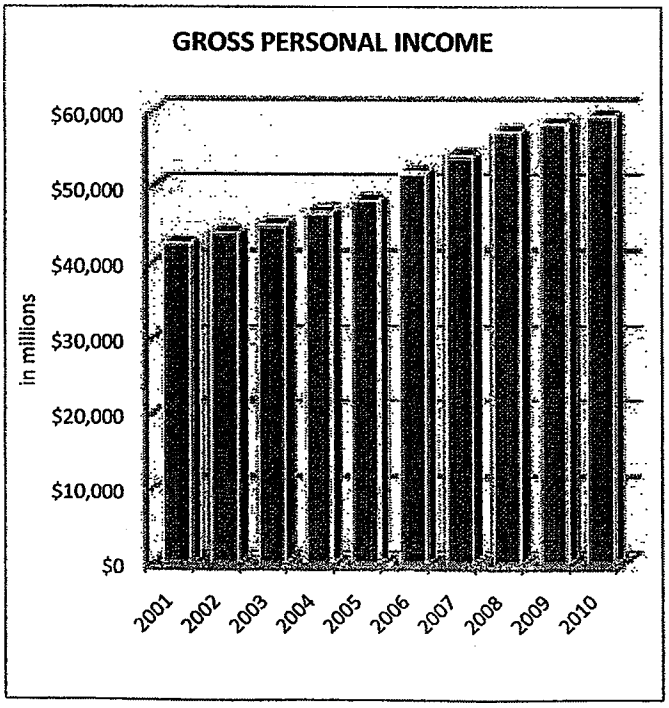
Source: Work Force West Virginia and U.S. Bureau of Economic Analysis based on calendar year.
Note: 2011 information is not available and therefore not presented.

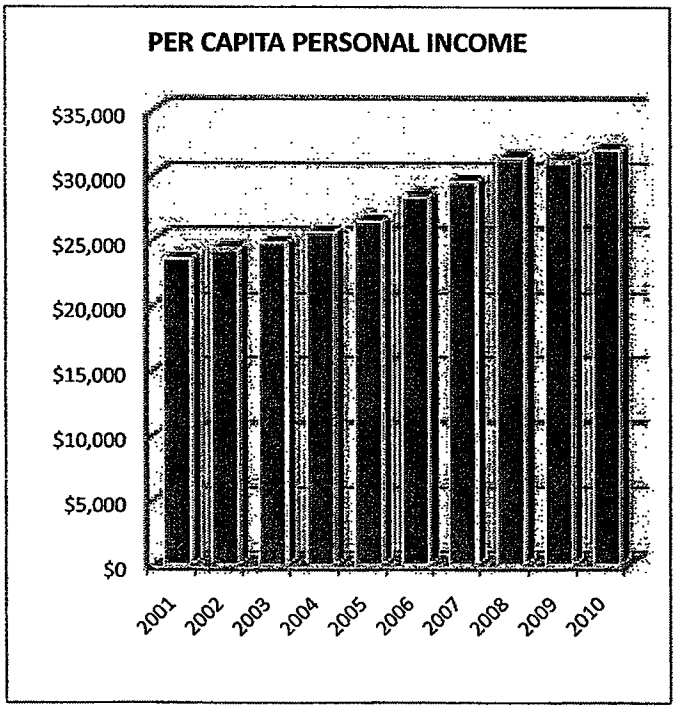
WEST VIRGINIA LOTTERY

State Demographics





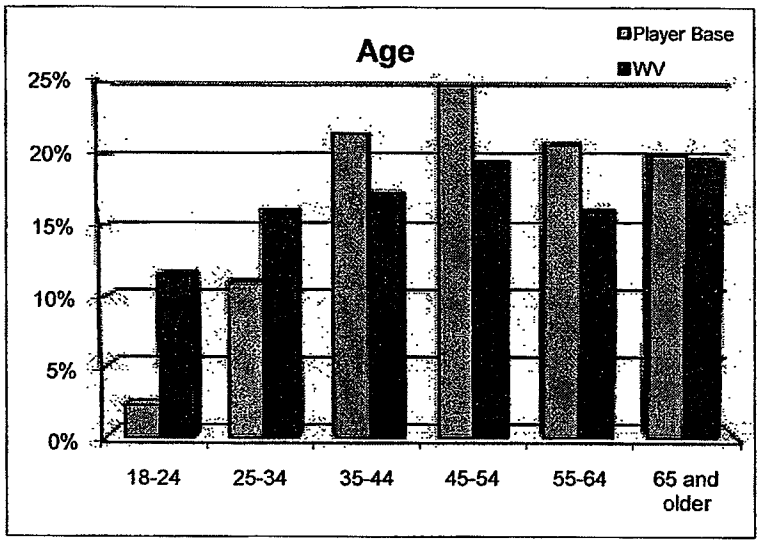


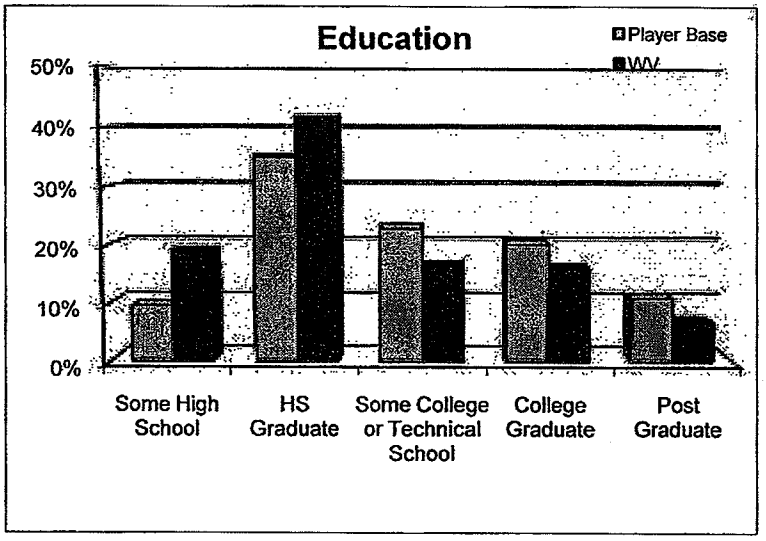


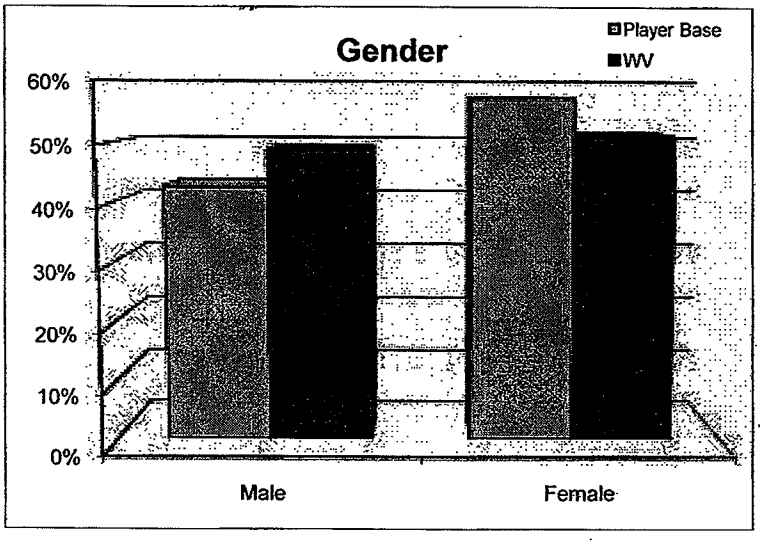
Source: Work Force West Virginia and U.S. Bureau of Economic Analysis based on calendar year.

WEST VIRGINIA LOTTERY

Player and Population Demographics





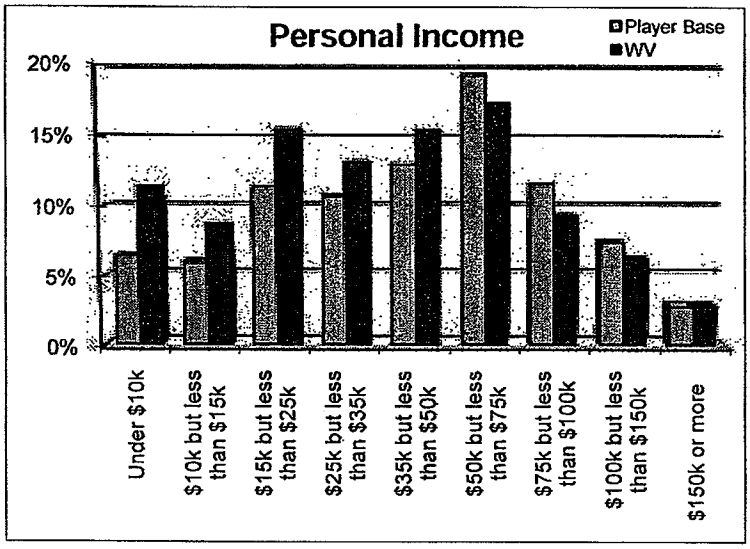


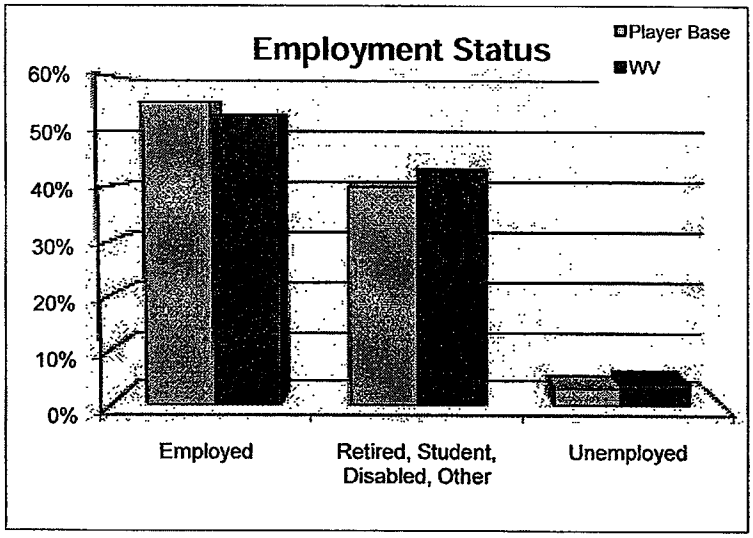
Source: West Virginia Lottery
Tracking Study, March 2009
RL Repass & Partners, Inc.

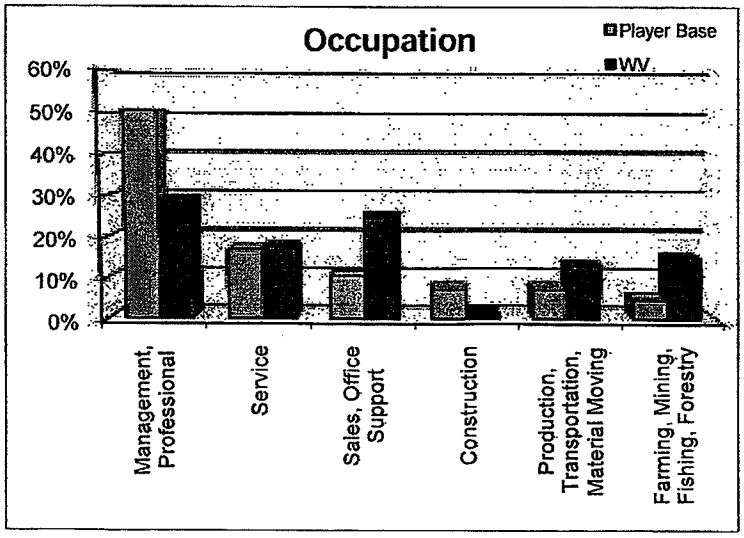
ACS Demographic and Housing Estimates:
2005-2007

WEST VIRGINIA LOTTERY

Player and Population Demographics







Source: West Virginia Lottery
Tracking Study, March 2009
RL Repass & Partners, Inc.

ACS Demographic and Housing Estimates: 2005-2007

WEST VIRGINIA LOTTERY

Number of Employees

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Executive	15	14	15	14	18	20	20	18
Finance & Administration	22	21	30	23	23	24	23	37
Marketing	8	7	7	7	7	7	7	7
Video	27	26	26	28	27	27	29	30
Security (traditional & video)	29	31	32	37	46	47	46	47
Table Games					39	47	51	69
Total	101	99	110	109	160	172	176	198

Source: West Virginia Lottery
Note: Only eight years of data was available.

STATE OF WEST VIRGINIA

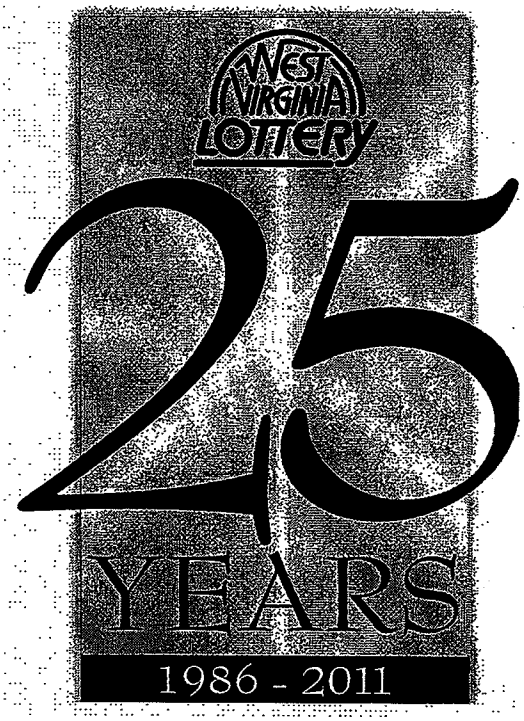
ANNUAL RANKING
TOP TEN EMPLOYERS

Business Name	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Allegheny Energy Service Corporation	10	9	10							
American Electric Power	9		7	6	6	5	6	5	5	9
Charleston Area Medical Center	3	3	2	2	3	3	3	3	3	3
Consolidation Coal Company				8	8		10	9	6	5
CSX / CSX Hotels Inc.	6	6	5	5	5	8	5	8	8	4
E I Dupont De Nemours & Company	7	7	8	7						
Eldercare Resources Corporation						6	7	6		
ISG Weirton Inc				10						
Kroger	5	4	4	4	4	4	4	4	4	4
Lowe's Home Centers, Inc.					7	7	8	10	7	7
Mentor Management, Inc. (Mentor Network, The)										10
Mylan Pharmaceuticals Inc.									10	6
Pilgrim's Pride Corporation of West Virginia						9				
Res-Care Inc.									9	
St. Mary's Hospital		10			10	10	9	7	8	8
Verizon	8	8	9	9	9					
Wal-Mart Associates, Inc.		1	1	1	1	1	1	1	1	1
Weirton Steel Corporation	4	5	6							
West Virginia University Hospitals / United Hospitals	2	2	3	3	2	2				
WV United Health System							2	2	2	2

Source: Work Force West Virginia website: www.wvbep.org
Note: Number represents the ranking of the employer for the year.



2011 West Virginia Lottery headquarters staff


WEST VIRGINIA LOTTERY
25
YEARS
1986 - 2011

West Virginia Lottery 2011 CAFR Project
An in-house production of the West Virginia Lottery

Lottery Director
John C. Musgrave

Deputy Director of Finance and Administration
and Chief Financial Officer
James M. Toney, CPA/MBA

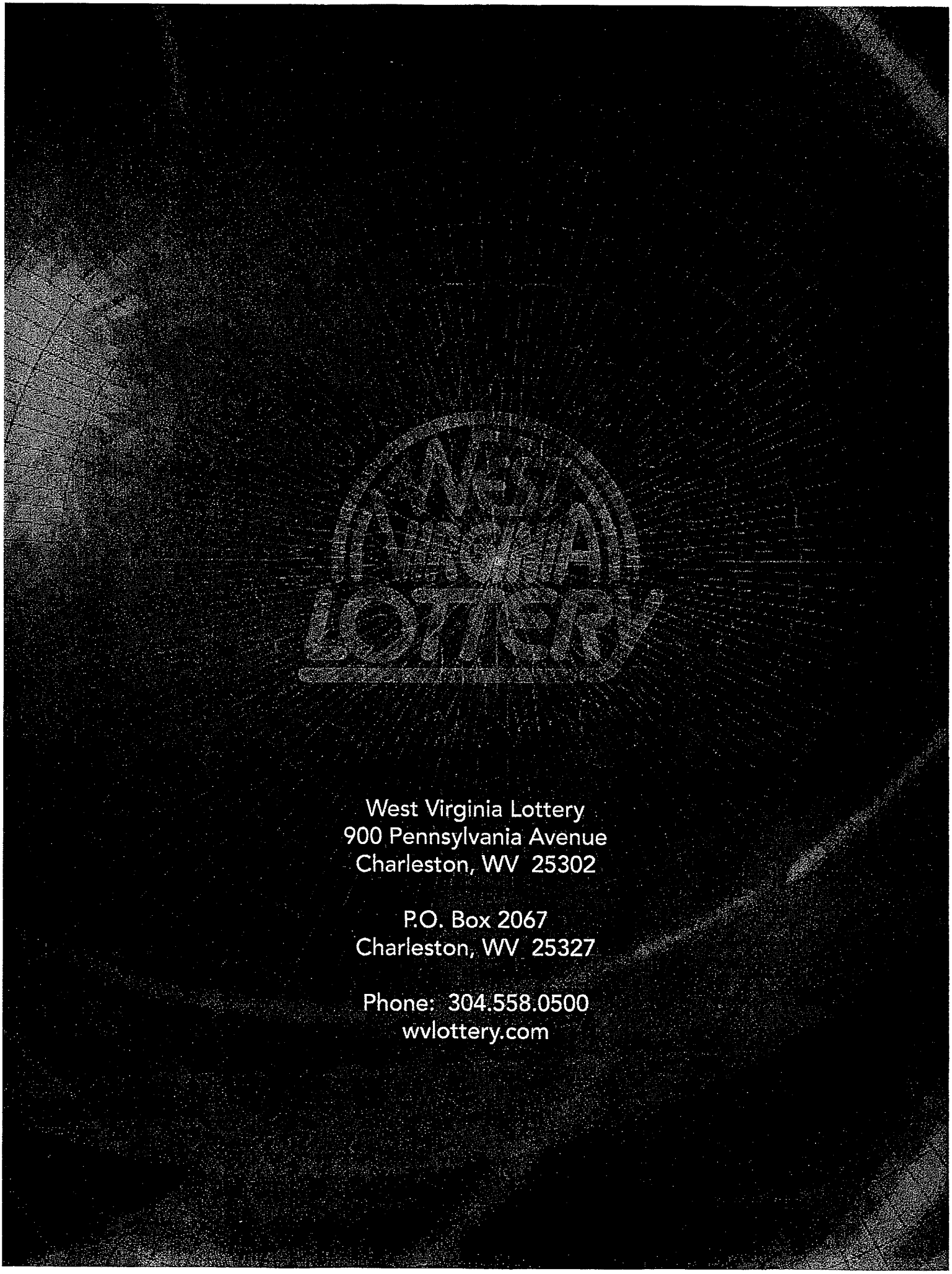
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Mara Pauley

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Greenbrier Resort photo Courtesy of The Greenbrier
Full Lottery headquarters staff photo by Ray Moore
Jennifer Nettles photo by Jeff Hewitt, GTECH
Some historic photos from Lottery archives



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APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS

The following is a summary of certain material terms, provisions and covenants of (i) the General Resolution adopted by the Board of Directors of the State College System on September 9, 1992, and (ii) the General Resolution adopted by the University of West Virginia Board of Trustees on September 9, 1992 (collectively, the "General Resolution"), as amended and supplemented from time to time, including as supplemented by the Sixth Consolidated Supplemental Resolution adopted by the Higher Education Policy Commission (the "Commission") on May 9, 2012, and the Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012 (the "Sixth Consolidated Supplemental Resolution", the "Seventh Consolidated Supplemental Resolution" and together with the General Resolution, collectively referred to herein as the "Resolution"). This summary makes use of terms defined in the Resolution, not all of which are defined in "Definitions," which follows. This summary does not purport to be final, complete or definitive, and is qualified by reference to the Resolution in their entirety for the complete and actual terms, provisions and covenants thereof.

DEFINITIONS OF CERTAIN TERMS

As used in this Summary, the following terms, unless the context requires otherwise, will have the meaning as set forth below. Any capitalized terms not defined below will have the same meaning as set forth in the Resolution, copies of which can be obtained by contacting the Commission.

"2012 Bonds" means, collectively, the 2012 Series A Bonds and the 2012 Series B Bonds.

"2012 Series A Bond Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Bonds" means the Commission's Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, in such aggregate principal amount not to exceed $140,000,000 as shall be set forth in the Certificate of Determination.

"2012 Series A Bond Proceeds Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Escrow Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Interest Account" means the account by that name established in the 2012 Series A Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Principal Account" means the account by that name established in the 2010 Bond Fund (Higher Education Facilities) pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series A Redemption Account" means the account by that name established in the 2010 Bond Fund (Higher Education Facilities) pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Bond Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Bonds" means the Commission's Revenue Bonds (Higher Education Facilities), 2012 Series B, in such aggregate principal amount not to exceed $15,000,000 as shall be set forth in the Certificate of Determination.

"2012 Series B Bond Proceeds Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Bonds Interest Account" means the account by that name established in the 2012 Series B Bonds (Higher Education Facilities) Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Principal Account" means the account by that name established in the 2012 Series B Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"2012 Series B Redemption Account" means the account by that name established in the 2012 Series B Bond Fund pursuant to Section 3.01 of the Sixth Consolidated Supplemental Resolution.

"Act" means, collectively Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, Chapter 29, Article 22, Sections 18a and 18c, and Chapter 13, Article 2G of the Code of West Virginia, 1931, as the same have been and may from time to time be amended, together with Senate Concurrent Resolution No. 41.

"Additional Bonds" means any Bonds issued, executed, authenticated and delivered pursuant to the General Resolution, to finance the Costs of Projects or for any

other purpose permitted by the Act, and may include Variable Rate Bonds or Capital Appreciation Bonds, provided that, if Variable Rate Bonds, such Additional Bonds shall provide a cap upon the interest rate for such Additional Bonds and upon the interest rate to be paid to the issuer of any Credit Facility issued in connection with such Additional Bonds.

"Authorized Officer" means the Chairman and Vice Chairman, the Chancellor or Interim Chancellor, the Vice Chancellor of Administration, and the Chief Financial Officer, and the Senior Director of Facilities of the Commission, whether acting jointly or severally, as Authorized Officers of the Commission with respect to the 2012 Series Bonds.

"Board of Directors" means the Board of Directors of the State College System, a public corporation and governmental instrumentality of the State, exercising essential governmental functions for a public purpose and created by the Act, and any body, agency, board or instrumentality which shall succeed to functions of the Board.

"Board of Trustees" means the University of West Virginia Board of Trustees, a public corporation and governmental instrumentality of the State, exercising essential governmental functions for a public purpose and created by the Act, and any body, agency, board or instrumentality which shall succeed to functions of the Board.

"Bonds" means one of the bonds delivered pursuant to the General Resolution, including the 2012 Series A Bonds, the 2012 Series B Bonds, the Prior Bonds, any subsequently issued Additional Bonds and any subsequently issued Refunding Bonds issued pursuant to Article II thereof.

"Bond Counsel" means an attorney or firm of attorneys of recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Commission.

"Bond Counsel's Opinion" means an opinion signed by Bond Counsel rendered pursuant to the provisions of the Resolution.

"Bond Documents" means the documents described in the recitals to the Sixth Consolidated Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Commission and the Original Purchasers pertaining to the sale of the 2012 Bonds.

"Bond Year" means, with respect to the 2012 Bonds, the period commencing July 1 in each year and ending on June 30 of each subsequent calendar year during the term of the 2012 Bonds, except that the first Bond Year shall commence on

the Closing Date and end on June 30, 2012 (unless a different period is permitted or required by the Code).

"Certificate" means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

"Certificate of Determination" means the certificate executed by an Authorized Officer setting forth the final terms and provisions of the 2012 Bonds as provided in Section 2.03 and Section 1.02 of the Sixth Consolidated Supplemental Resolution and the Seventh Consolidated Supplemental Resolution, respectively.

"Closing Date" means the date upon which the 2012 Bonds are delivered to the Original Purchaser upon payment of the purchase price set forth in the Bond Purchase Agreement.

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

"Colleges" means, collectively, the State institutions of higher education formerly under the supervision, management and control of the Board of Directors and now under the supervision, management and control of the Commission.

"Commission" means the Higher Education Policy Commission, a commission of the State of West Virginia, and its successors and assigns. The Commission is the successor to the Board of Directors and the Board of Trustees.

"Costs of Issuance" means all items of fees and expenses, directly or indirectly payable or reimbursable by or to the Commission and related to the authorization, sale and issuance of Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Municipal Bond Commission, and any Paying Agent or Registrar, legal fees, expenses and charges, fees, expenses and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums, fees and expenses of any Credit Provider providing a Credit Facility with respect to any Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

"Credit Facility" means any letter of credit, policy of insurance, guaranty or similar instrument issued by a Credit Provider which secures the payment of the Principal, Purchase Price or Redemption Price of or interest on any Bonds, but shall not

include any Reserve Fund Credit Facility.

"Credit Provider" means any bank, trust company, national banking association, insurance company or other entity which is the issuer of a Credit Facility and, in the case of a Credit Facility for Variable Rate Bonds, which is rated in the highest short-term rating category assigned by S&P or Moody's.

"Debt Service" means, with respect to any particular Fiscal Year and any particular Series of Bonds, an amount equal to the sum of (i) all interest payable on such Bonds during such Fiscal Year, plus (ii) any Principal Installments of such Bonds during such Fiscal Year. For purposes of computing "Debt Service," the rate of interest used to determine (i) above shall be a rate per annum equal to (1) with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with respect to any Series of Variable Rate Bonds, the rate which is equal to the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve month period.

"Debt Service/Additional Bonds" means, with respect to any Fiscal Year, an amount equal to the aggregate of (i) all interest payable during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued, plus (ii) any Principal Installments payable during such Fiscal Year on all Bonds to be Outstanding as of the date immediately after the delivery of the Additional Bonds to be issued. For purposes of computing "Debt Service/Additional Bonds," the rate of interest used to determine (i) above shall be a rate per annum equal to with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such bonds, and (ii) with respect to any Series of Variable Rate Bonds, the rate which is equal to the average of all the interest rates in effect (or which would have been in effect had such Bonds been Outstanding) during the immediately preceding twelve (12) month period.

"Electronic Means" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

"Event of Default" means any of the events specified in Section 9.01 of the General Resolution.

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year, or such other twelve-month period adopted as the Fiscal Year of the Commission.

"Government Agency Obligations" means bonds, votes or other evidence of indebtedness issued or guaranteed by, any agency of the United States of America.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, including but not limited to obligations issued by the Resolution Trust Corporation, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Higher Education Improvement Fund" means the special revenue fund created and existing in the State Treasury pursuant to Section 18a of the Lottery Act.

"Institutions" means those state institutions of higher education under the jurisdiction of the Commission.

"Interest Payment Date" means any date upon which interest on any Bonds is due and payable in accordance with their terms and any Related Supplemental Resolution. With respect to the 2012 Bonds, "Interest Payment Date" means each April 1 or October 1 commencing October 1, 2012.

"Lottery Act" means Chapter 29, Article 22 of the Code of West Virginia, 1931, as the same has been and may from time to time be amended.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designed by an Authorized Officer.

"Municipal Bond Commission" means the West Virginia Municipal Bond Commission or its successor, to serve as fiscal agent for the 2012 Bonds.

"Original Purchasers" means, collectively, Citigroup Global Markets Inc., acting on behalf of itself, Piper Jaffray & Co. and Crews & Associates, Inc.

"Outstanding," when used with reference to Bonds, means, as of any date, all Bonds theretofore delivered or thereupon being delivered under the General Resolution except:

(a) Any Bond canceled by the Registrar or delivered to the Registrar for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Any Bond (or portion of a Bond) deemed to be paid within the meaning of Article VIII of the General Resolution; and

(c) Any Bond in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III of the General Resolution.

"Owner," "Holder," "Bondholder," Registered Owner" or similar term when used with reference to a Bond, means any person in whose name a Bond is registered on the registration books of the Commission maintained by the Registrar.

"Paying Agent" means the Municipal Bond Commission or its successors, or a banking institution with offices within or without West Virginia or its successors, designated as a paying agency or place of payment for the 2012 Bonds in the Certificate of Determination.

"Permitted Investments" means the following:

A. The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts.

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation),

(2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

B. The following Obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or

"AAAm-G" or better by S&P;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

C. The value of the above investments shall be determined as follows:

(1) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Citigroup Global Markets Inc. or JPMorgan Chase.

(2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(3) As to any investment not specified above: the value thereof established by prior agreement between the Issuer and the Registrar.

"Principal Installment" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Resolution of Sinking Fund Payments payable before such future date, plus (ii) any Sinking Fund Payments due on such certain future date, plus (iii) with respect to any Capital Appreciation Bonds due on such certain future date, plus (iii) with respect to any Capital Appreciation Bonds due on such certain future date, the Accredited Value of such Capital Appreciation Bonds.

"Principal Payment Date" means, with respect to any Series of Bonds, any date upon which a Principal Installment is due and payable other than a date for optional or mandatory redemption of Bonds (other than redemption from Sinking Fund Payments).

"Prior Bonds" means, collectively, as of any date, Bonds theretofore issued by the Commission or its predecessors and Outstanding as of the date of issuance of the 2012 Bonds.

"Registrar" means such banking institution with offices in West Virginia or its successors, designated as registrar for the 2012 Bonds in the Certificate of Determination.

"Revenues" means, collectively

(i) all tuition and registration fees collected at Institutions under the jurisdiction of the Commission and earnings thereon, except tuition collected at Southern West Virginia Community and Technical College, Eastern West Virginia Community and Technical College, West Virginia University at Parkersburg, West Virginia University Health Sciences Center, West Virginia University graduate level extension and graduate level off-campus courses for credit taught off the campus of West Virginia University, and West Virginia Northern Community and Technical College;

(ii) all proceeds of any Bonds

deposited with the State Treasury or the Municipal Bond Commission and earnings thereon, until expended;

(iii) all other fees, charges, rentals, grants and moneys from any source collected at Institutions under the jurisdiction of the Commission and earnings thereon, that may now or hereafter be legally available for payment of Debt Service and that are specifically pledged by resolution of the Commission for payment of any Bonds pursuant to a Supplemental Resolution;

(iv) any other funds from any source that may now or hereafter be legally pledged by the Commission and made available for payment of Debt Service and are specifically pledged by the Commission for such payment by Supplemental Resolution; and

(v) all tuition and registration fees collected at Colleges and Universities previously governed by the Board of Directors and the Board of Trustees, respectively, and now supervised by the Commission and earnings thereon.

(vi) all tuition and registration fees in effect on March 21, 2004, and pledged under the General Resolution, which after such date are a component part of the general capital fees of the Institutions.

"S&P" means Standard and Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designed by an Authorized Officer.

"Series" means all of the Bonds delivered on original issuance in a simultaneous transaction and designated as a distinct series, regardless of variations in maturity, interest rate, Sinking Fund Payments or other provisions, and any Bonds thereafter delivered in lieu of or in substitution for (but not to refund) such Bonds as

herein provided.

"Sinking Fund Payment" means, as of any particular date of calculation and with respect to a Series of Bonds, the amount required to be paid by the Commission on a certain future date for the retirement of Outstanding Bonds of such Series which mature after said future date, but does not include any amount payable by the Commission by reason of the maturity of a Bond or by call for redemption at the option of the Commission.

"Sixth Consolidated Supplemental Resolution" means the Sixth Consolidated Supplemental Resolution adopted by the Commission on May 9, 2012, as it may be amended or supplemented, and includes all exhibits and schedules thereto.

"Seventh Consolidated Supplemental Resolution" means the Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012, as it may be amended or supplemented, and includes all exhibits and schedules thereto.

"State Treasury" means the treasury of the State of West Virginia established pursuant to the Constitution and Laws of the State.

"Tax Certificate" means the Tax Compliance Certificate of the Commission to be dated as of the Closing Date, as it may be amended or supplemented.

"Tax-Exempt Bonds" means Bonds of any Series the interest on which, in Bond Counsel's Opinion, is excludable from the gross income of the recipients thereof for federal income tax purposes.

"Treasurer" means the Treasurer of the State of West Virginia.

"Universities" means, collectively, the State institutions of higher education formerly under the supervision, management and control of the Board of Trustees and now under the supervision, management and control of the Commission.

"West Virginia State Legislature" means the legislature of the State of West Virginia as it shall convene from time to time.

THE GENERAL RESOLUTION

General Resolution Constitutes Contract. The General Resolution constitutes a contract between the Commission, the Holders of their Bonds and any Credit Providers, and the pledges made in the General Resolution and the covenants and agreements therein set forth to be performed by the Commission shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as is expressly provided therein.

Bonds are Limited Obligations. The 2012 Bonds issued under the General Resolution are limited obligations of the Commission payable solely from the Revenues and excess lottery revenues deposited into the Higher Education Improvement Fund pursuant to the Lottery Act. No provisions of the General Resolution shall be construed to authorize the Commission at any time or in any manner to pledge the credit or taxing power of the State, nor shall any of the obligations or debts created by the Commission or issued under the General Resolution be deemed to be obligations of the State.

Additional Bonds. Prior to issuance of any Additional Bonds, the Commission is required by the General Resolution to deliver a Certificate to the effect that:

> (i) all payments into the respective funds and accounts provided for in the General Resolution and any Related Supplemental Resolution respecting Bonds theretofore issued and then Outstanding shall have been made in full to the date of issuance and delivery of such Additional Bonds and no Event of Default shall then be existing; and
>
> (ii) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in the General Resolution, collected by the Commission for the last Fiscal Year preceding the date of issuance of Additional Bonds have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); or
>
> (iii) the Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the

Commission for the last Fiscal Year preceding the date of issuance of such Additional Bonds, plus Projected Revenues (as defined below) have not been less than 100% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds); and (b) Projected Revenues have not been greater than 20% of the largest amount of Debt Service due in any Fiscal Year thereafter on such Additional Bonds and any Bonds then Outstanding (other than Bonds to be refunded by such Additional Bonds). For the purposes of this subsection (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under the General Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of such Additional Bonds.

Accounts and Reports. (a) The Commission shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries are made, which shall at all reasonable times be subject to the inspection of the Registrar and the Owners of an aggregate of not less than five percent (5%) in principal amount of Bonds Outstanding or their representatives duly authorized in writing.

(b) The Commission shall annually file with the Registrar and with any Credit Provider, within one hundred twenty (120) days after the close of each Fiscal Year, a copy of an audited annual financial report as to the Revenues and their obligations under the Resolutions during such Fiscal Year, and financial statements for such Fiscal Year, setting forth in reasonable detail:

(i) A combined statement of assets, liabilities and fund balance at the end of such Fiscal Year; and

(ii) A statement of revenues collected, expenses and costs paid and changes in fund balance in accordance with the categories or classifications established by the Commission for its administrative and program purposes and showing the revenues and expenses during such Fiscal

Year.

Such financial statements shall be accompanied by an Accountant's Certificate stating whether the financial statements examined fairly present the financial position of the Commission at the end of the Fiscal Year, and whether the results of its operations and the changes in financial position for the period examined are in conformity with the State's modified basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

(c) If at any time during any Fiscal Year there shall have occurred an Event of Default referred to in subsection (a) or (b) of Section 9.01 of the General Resolution, then the Commission shall file or cause to be filed with the Registrar within sixty (60) days after the close of such Fiscal Year, a special report, accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Fund.

Debt Service Coverage. The Commission shall at all times fix and otherwise provide for the collection of Revenues in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period. To evidence its compliance with this covenant, the Commission shall, on or before November 1, deliver to the Municipal Bond Commission, any Credit Provider, any Paying Agent and each Original Purchaser of any Series of Bonds, a Certificate of an independent certified public accountant reciting that the Commission was in compliance with such coverage requirement during the preceding Budget Period and setting forth the amount of Revenues collected, the amount of Debt Service paid and the percentage of Debt Service coverage in effect for such Budget Period.

Operation and Maintenance. The Commission will, so long as any Bonds are Outstanding, cause the Colleges and Universities under their governance to maintain their facilities in good condition and operate the same in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof.

Insurance. The Commission will carry such insurance and in such amounts as is customarily carried with respect to properties similar to the facilities under its governance, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Commission will require that each of its contractors and all subcontractors maintain workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance during the construction of any Project. The Commission will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to all subcontractors as their interests may appear, during construction of any Project in the full insurable value

thereof. The proceeds of all such insurance shall be used only for the repair and restoration of the damaged or destroyed properties. The Commission will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the facilities under their governance.

Notwithstanding any of the foregoing, the Commission may provide for the insurance required by the General Resolution through the State Board of Risk & Insurance Management by any program of self-insurance which the State provides for itself and its agencies.

Funds and Accounts. The General Resolution creates the following funds to be held by the Municipal Bond Commission or a Trustee, as the case may be:

(a) A Bond Fund with respect to each Series of Bonds;

(b) A Debt Service Reserve Fund with respect to each Series of Bonds for which the Debt Service Reserve Requirement is greater than zero; and

(c) For any Series of Bonds issued in whole or in part as Variable Rate Bonds, a Purchase Fund if so specified by a Related Supplemental Resolution.

The General Resolution creates the following funds to be held by the State Treasury or by a Trustee or Paying Agent as determined by the Commission:

(a) A Bond Proceeds Fund with respect to each Series of Bonds; and

(b) A Costs of Issuance Fund for each Series of Bonds.

In addition to the foregoing funds, the Commission may establish such other funds and accounts as they may deem appropriate for any particular Series of Bonds by provisions therefor in the Related Supplemental Resolution.

Pledge of Revenues. The payment of the Debt Service on all Bonds issued under the General Resolution shall be secured equally and ratably by a first lien on the Revenues and the excess lottery revenues deposited into the Higher Education Improvement Fund as provided for in the Lottery Act, and the Commission pledges said

funds to payment of the Principal, Purchase Price and Redemption Price of and interest on the Bonds, but the existence of such pledge shall not prevent the expenditure, deposit or commingling of Revenues by the Commission so long as all required payments under the General Resolution and any Supplemental Resolution are made at the times and in the amounts specified therein. The Commission shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of such Revenues pledged under the General Resolution and all the rights of the Owners under the General Resolution against all claims and demands of all persons whomsoever.

Collection and Transfer of Revenues. Notwithstanding any other provisions of the General Resolution to the contrary, the collection and transfer of the Revenues shall be governed as follows: Beginning on September 1, 2004, and on each February 1 and September 1 thereafter the Treasurer shall prohibit any withdrawals from the capital improvement funds held by the Treasurer on behalf of each Institution until the amounts on deposit in such funds equal one-half of the Debt Service on the Bonds (the "Semi-Annual Debt Service Requirement") for the 12-month period beginning on September 1 of each year (an "Annual Payment Period") allocable to such Institution and will only release funds for such Institution's use in excess of the Institution's allocable share of the Semi-Annual Debt Service Requirement. The Treasurer shall disburse the aggregate amount retained as the Semi-Annual Debt Service Requirement from all Institutions to the Municipal Bond Commission or the Paying Agent for the Bonds, as the case may be, at the times required for making such Debt Service transfers. The Commission agrees to furnish the Treasurer with the allocable amount payable by each Institution as its Semi-Annual Debt Service Requirements for each Annual Payment Period prior to September 1 of such Annual Payment Period.

The Director of the State Lottery Commission agrees to commence transferring the excess lottery proceeds allocated to the Higher Education Improvement Fund by W.Va. Code Section 29-22-18a (the "Excess Lottery Act") to the aforementioned capital improvement funds held by the Treasurer on a monthly basis on July 28, 2011 (or as soon thereafter as the determination described in the last sentence of the following paragraph has been made) and on the 28th day of each month thereafter until the amount required by the "Excess Lottery Act", to be deposited therein in each fiscal year has been deposited to the capital improvement funds.

Bond Funds. (a) Revenues sufficient for such purposes shall be applied by the Commission in the following order of priority, and except as may otherwise be provided in a Supplemental Resolution, such deposits shall be made semiannually, on the first day of each April and October:

(i) To each Bond Fund, an amount equal to the interest which has accrued since the last Interest Payment Date for the related Series of Bonds to and

including the applicable Interest Payment Date and not previously deposited therein, plus an amount equal to one-half of the Principal which shall be due and payable on the applicable Principal Payment Date for the related Series of Bonds and not previously deposited therein;

(ii) To the Municipal Bond Commission, Registrar, Paying Agents, Credit Providers and other agents or fiduciaries for any Series of Bonds, the fees and expenses thereof, payable on or prior to such date;

(iii) On each Interest Payment Date for a Series of Bonds, to the applicable Bond Fund, any deficiency in the amount necessary to pay the interest due on such Interest Payment Date;

(iv) To each Principal Payment Date for a Series of Bonds, to the applicable Bond Fun, any deficiency in the amount necessary to pay the Principal due on such Principal Payment Date;

(v) To each Debt Service Reserve Fund, the amount required to be deposited therein pursuant to Section 7.04(a) of the General Resolution, or the Related Supplemental Resolution authorizing such Series of Bonds; and

(vi) To the applicable Bond Fund, the amount designated by the Commission for the optional or mandatory redemption of the related Series of Bonds (other than Sinking Fund Payments).

(b) In the event the Revenues are insufficient during any semiannual or other period to make all of the deposits required by the foregoing for all Bonds issued under the General Resolution, the Commission shall make payments pro-rata, in accordance with the respective Debt Service Requirements for each Series of

Bonds issued under the General Resolution.

(c) As indicated above (see "Collection and Transfer of Revenues" herein), notwithstanding any other provisions in the General Resolution to the contrary, the collection and transfer of the Revenues shall be governed as follows: Beginning on September 1, 2004, and on each February 1 and September 1 thereafter the Treasurer shall prohibit any withdrawals from the capital improvement funds held by the Treasurer on behalf of each Institution until the amounts on deposit in such funds equal one-half of the Semi-Annual Debt Service Requirement for the 12-month Annual Payment Period beginning on September 1 of each year allocable to such Institution and will release funds for such Institution's use in excess of the Institution's allocable share of the Semi-Annual Debt Service Requirement. Such ability of the Treasurer to release funds for each Institution's use in excess of the Institution's respective allocable share of the Semi-Annual Debt Service Requirement in effect amends subsections (a)(iii), (a)(iv) and (a)(vi) above.

Costs of Issuance Funds. The Commission shall deposit into the Costs of Issuance Fund relating to a Series of Bonds the amount required to be deposited therein in the Related Supplemental Resolution. The State Treasury is authorized by the General Resolution to make disbursements from a Costs of Issuance Fund upon receipt of a Requisition signed by an Authorized Officer of the Commission.

Creation of Additional Funds, Accounts and Subaccounts. The Municipal Bond Commission shall, at the written request of the Commission, establish such additional funds, accounts and subaccounts within or in addition to any of the funds established under the General Resolution as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from such funds, accounts and subaccounts; but the establishment of any such additional funds, accounts or subaccounts shall not alter or modify any of the requirements of the General Resolution with respect to the deposit or use of moneys in any fund, account or subaccount established thereunder.

Investment of Certain Funds. Any fund or account held by the Commission or on behalf of the Commission by the Municipal Bond Commission, the State Treasury or a Trustee, may be invested an reinvested or deposited in Permitted Investments having yields and maturities as determined by an Authorized Officer. Subject to the right of an Authorized Officer to direct the investment or deposit of funds under the General Resolution, moneys in any fund or account established by the General Resolution and held by the Municipal Bond Commission, the State Treasury or a Trustee shall be continuously invested and reinvested or deposited and redeposited by the Municipal Bond Commission, the State Treasury or a Trustee in the highest yield Permitted Investments that may be reasonably known to the Municipal Bond Commission, the State Treasury or a Trustee, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. An

Authorized Officer shall consult with the Municipal Bond Commission and the State Treasury from time to time as to the investment of amounts in the funds and accounts held by the Municipal Bond Commission or the State Treasury. An Authorized Officer may direct the Municipal Bond Commission, the State Treasury or a Trustee to, or in the absence of direction, the Municipal Bond Commission, the State Treasury or a Trustee shall, invest and reinvest the moneys in all funds and accounts in Permitted Investments so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with the times at which moneys are needed to be so expended. The Permitted Investments purchased shall be held by the Municipal Bond Commission, the State Treasury or a Trustee and shall be deemed at all times to be part of such fund or account, and the Municipal Bond Commission, the State Treasury or a Trustee shall keep the Commission advised as to the details of all such investments.

Valuation and Sale of Investments. Except as may be provided in a Related Supplemental Resolution with respect to funds and accounts relating to the applicable Series of Bonds, in computing the amount in any fund or account, Permitted Investments shall be valued at the lower of the cost or market price, exclusive of accrued interest. With respect to all funds and accounts except a Debt Service Revenue Fund, valuation shall occur annually. All Debt Service Reserve Funds shall be valued semiannually, except in the event of a withdrawal from such Debt Service Reserve Fund, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in any Debt Service Reserve Fund shall at any time be less than the applicable Debt Service Reserve Requirement, such deficiency shall be made up from first available moneys after required deposits to the Related Bond Fund.

Defeasance. (a) If the Commission shall pay or cause to be paid to the Owners of the Bonds the Principal, Purchase Price or Redemption Price, if applicable, and interest on all other amounts due or to become due thereon, at the times and in the manner stipulated therein and in the applicable General Resolution, then the pledge of the Revenues, payments made by such Commission in satisfaction of covenants contained herein and other moneys, securities and funds hereby pledged and all other rights granted thereby shall thereupon cease, terminate and become void and be discharged and satisfied. If the Commission shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series the Principal, Purchase price or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then such Bonds shall cease to be entitled to any lien, benefit or security and all covenants, agreements and obligations of the Commission to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Payments of Principal and interest on Bonds made by a Credit Provider pursuant to a Credit Facility shall not be deemed to have been paid within the meaning of Article VIII of the General Resolution and such payments shall continue to be due and owing under the applicable General Resolution until paid by the Commission within the meaning of this provision and any agreement pursuant to the terms of which such Credit Facility is

delivered.

Bonds for the payment of which moneys or securities shall have been set aside and held in trust by the Municipal Bond Commission, the State Treasury or an escrow trustee designated by the applicable Commission (through deposit by such Commission of funds for such payment or otherwise) shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Commission shall have given to the Municipal Bond Commission, the State Treasury or escrow trustee, in form satisfactory to it, irrevocable instructions to give notice of redemption of such Bonds (other than Bonds which have been delivered to the Registrar by the Commission and cancelled by the Registrar as provided in the paragraph next following prior to the mailing of such notice of redemption) on said date as provided in Article V of the General Resolution, (ii) there shall have been deposited with the Municipal Bond Commission or escrow trustee, Defeasance Obligations (including any Defeasance Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Municipal Bond Commission or escrow trustee at the same time, shall be sufficient to pay when due the Principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Commission shall have given the Municipal Bond Commission or escrow trustee, in form satisfactory to it, irrevocable instructions to mail, by first class mail, postage prepaid, as soon as practicable, a notice to the Owners of such Bonds as of the date of such deposit that the deposit required by (ii) above has been made and that said Bonds are deemed to have been paid in accordance with Article VIII of the General Resolution and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Principal or Redemption Price of and interest on said Bonds (other than Bonds which have been delivered to the Registrar by the Commission and cancelled by the Registrar as provided in the following paragraph prior to the mailing of the notice of redemption referred to in (i) above).

If at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with the preceding paragraph which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in the preceding paragraph with respect to Bonds deemed to have been paid in accordance with the preceding paragraph which are to be redeemed on any date prior to their maturity, the Commission purchases or otherwise acquires any such Bonds and delivers such Bonds to the Registrar prior to their maturity date or the date of mailing notice of redemption, as the case may be, the Registrar shall immediately cancel all such Bonds so delivered. Such delivery of Bonds to the Registrar shall be accompanied by directions

from an Authorized Officer to the Registrar specifying the portion, if any, of such Bonds to be applied against the obligation of the Municipal Bond Commission or escrow trustee to pay Bonds deemed paid in accordance with the preceding paragraph upon their maturity date and the portion, if any, of such Bonds to be applied against the obligation of the Municipal Bond Commission or escrow trustee to redeem Bonds deemed paid in accordance with the preceding paragraph on any date prior to their maturity.

Defaults and Remedies. Each of the following events is an "Event of Default" under the General Resolution:

(a) Failure by the Commission to make payment of the Principal or Redemption Price, if any, of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(b) Failure by the Commission to make payment of interest on any of the Bonds when and as the same shall become due;

(c) Failure or refusal by the Commission to comply with the provisions of the General Resolution or any Supplemental Resolution, or default by the Commission in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in the Bonds, and the continuance of such failure, refusal or default for a period of sixty (60) days after written notice thereof by the Municipal Bond Commission, a Credit Provider or the Owners of not less than fifty (50%) in Principal amount of the applicable Outstanding Bonds;

(d) A decree or order by a court of competent jurisdiction shall have been entered adjudging the Commission bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Commission under the United States Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of ninety (90) days; or a decree or order of a court of competent jurisdiction for the appointment of a

receiver or trustee or assignee in bankruptcy or insolvency of the Commission or of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days;

(e) The Commission shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under United States Bankruptcy Code or any other similar application federal or state law, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of its or of its property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(f) Any event of default under any Supplemental Resolution.

Remedies. (a) Upon the happening and continuance of any Event of Default, any Credit Provider or the Owners of not less than fifty percent (50%) in principal amount of the Bonds Outstanding under the General Resolution may, by written notice to the Commission and each Credit Provider, declare the entire Principal of such Bonds to be due and payable, and upon such declaration, the same shall become due and payable, anything in the General Resolution or such Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the Principal of such Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as in the General Resolution provided, (i) the Commission pays or deposits with the Municipal Bond Commission a sum sufficient to pay all interest due upon all such Bonds and the Principal and premium, if any, of all such Bonds that shall have become due otherwise than by acceleration (with interest on overdue interest and on such Principal and premium, if any, at the rate specified in the Related Supplemental Resolution) and the expenses of the Municipal Bond Commission, the Registrar and the Paying Agent, (ii) any and all Events of Default under the General Resolution, other than the nonpayment of Principal of and accrued interest on such Bonds that shall have become due by acceleration, shall have been remedied, and (iii) each Credit Facility is fully reinstated to the coverage amount provided in the Related Supplemental Resolution, such Owners shall, with the consent of each Credit Provider, waive all Events of Default

and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon. The Owners shall not have the right to waive any Event of Default under the General Resolution, if, at the time of such Event of Default, a Credit Facility is in effect with respect to any Series of Bonds, without the written consent of the Credit Provider to such waiver.

(b) Upon the happening and continuance of any Event of Default, and in addition to the remedy provided in (a) above, the Owners of not less than fifty percent (50%) in aggregate Principal amount of the Bonds Outstanding under the General Resolution, may proceed to protect and enforce the rights of the Owners by such of the following remedies, which are then permitted by law, as they shall deem most effectual to protect and enforce such rights:

(i) By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners, including the right to require the Commission to receive and collect Revenues adequate to enable the Commission to carry out any of the covenants or agreements with Owners and to perform its duties as prescribed by law;

(ii) By bringing suit upon the Bonds;

(iii) By action or suit in equity, to require the Commission to account as if it were the trustee of an express trust for the Owners of the Bonds; or

(iv) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Notwithstanding any provision to the contrary, neither the Municipal Bond Commission nor the Owners of the Bond for which a Credit Facility has been provided may undertake any remedies without the prior written consent of the applicable Credit Provider.

Limitation on Rights of Owners. No Owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Resolution, for the protection or enforcement of any right under the General Municipal Bond Commission written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than fifty percent (50%) in Principal amount of the Bonds Outstanding shall have made written request of such Commission and the Municipal Bond Commission after the right to exercise such powers or right of action, as the case may be, shall have accrued.

Right of Credit Providers. In the event that the Commission provides for the securing of payment of the Principal, Redemption Price of or interest on the Bonds of one or more Series by obtaining a Credit Facility with respect to Debt Service, the Commission by Supplemental Resolution or an Authorized Officer by contract with the Credit Provider is authorized to provide appropriate remedies for the Credit Provider upon payment of Debt Service, including, but not limited to, the right to be deemed and treated as the Owner of any Bonds secured by such Credit Facility for all purposes of the General Resolution and for purposes of being given notices or giving directions or consents.

Supplemental Resolutions Without Owner Consent. For any one or more of the following purposes at any time or from time to time, the Commission may adopt, execute and deliver a Supplemental Resolution, without notice to or the consent of the Owners of Bonds:

(a) To close the applicable General Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in such General Resolution on the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) To add to the covenants and agreements of the Commission in the General Resolution and other covenants and agreements to be observed by the Commission which are not contrary to or inconsistent with the General Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in the General Resolution other limitations and restrictions to be observed by the Commission which are not contrary to or inconsistent with the General Resolution as theretofore in effect;

(d) To surrender any right, power or privilege

reserved to or conferred upon the Commission by the terms of the General Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Commission contained in the General Resolution;

(e) To subject to the lien and pledge created or to be created by, the General Resolution any other revenues or assets other than the Revenues;

(f) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the General Resolution;

(g) To insert such provisions clarifying matters or questions arising under the General Resolution as are necessary or desirable and are not contrary to or inconsistent with the General Resolution as theretofore in effect;

(h) To modify any of the provisions of the General Resolution in any respect whatsoever, if such modification shall be, and be expressed to be, effective only after all Bonds Outstanding and affected thereby at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding;

(i) To authorize the issuance of additional Series of Bonds and to prescribe the terms and conditions upon which such Bonds may be issued;

(j) To provide for the issuance of Bonds in such form as permitted by the General Resolution, and to make such other provisions as are necessary to provide for Bonds issued in such form;

(k) To modify, alter, amend or supplement the General Resolution in such manner as may be necessary or appropriate to qualify the General Resolution under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statue hereafter enacted;

(l) To modify, alter, amend or supplement the General Resolution in connection with the issuance of a

Series of Bonds which by its terms affects only the proposed Series of Bonds and/or Bonds issued after the date of such Supplemental Resolution, which modification, alteration, amendment or supplement does not change the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon, or reduce the percentages or otherwise affect the classes of Outstanding Bonds, the consent of the Owners of which is required to effect modifications, alterations, amendments, or supplements to the General Resolution;

(m) To impose a book-entry system for one or more Series of Bonds;

(n) To modify, alter, amend or supplement the General Resolution in any manner which is deemed necessary in Bond Counsel's Opinion to maintain the excludability from gross income of interest on any Tax-Exempt Bonds for federal income tax purposes;

(o) To modify, alter, amend or supplement the General Resolution in any manner which, in Bond Counsel's opinion does not materially adversely affect the interests of the Owners of the applicable Bonds or any Credit Provider; or

(p) To modify, alter amend or supplement the General Resolution or any Related Supplemental Resolution in any manner which affects only a Series of Bonds which are subject to optional or mandatory tender for purchase, after giving the notice for the period set forth in the Related Supplemental Resolution, if after receipt of such notice, the Owners have the opportunity to tender their Bonds for mandatory or optional tender at the time specified in the Related Supplemental Resolution.

Supplemental Resolution With Owner Consent. (a) Any modification of or amendment to the General Resolution and of the rights and obligations of the Commission and of the Owners of the Bonds thereunder other than as permitted by the foregoing section, in any particular, may be made by a Supplemental Resolution, with the written consent (i) of the Owners of at least fifty percent (50%) in Principal amount of the Bond Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bond Outstanding are affected by the modification or amendment, of the Owners of at least fifty percent (50%) in Principal amount of the Bonds, if any, of such

Series so affected and Outstanding at the time such consent is given, and (iii) in case less than all maturities of a Series of Bonds are affected by the modification or amendment, of the Owners of at least fifty percent (50%) in Principal amount of the Bonds of each maturity so affected and Outstanding at the time such consent is given; provided, however that to the extent any of the Bonds are secured by a Credit Facility, only the consent of the Credit Provider, and not the consent of the Owners of such Bonds, shall be required. If any such modification or amendment will not take effect until certain Bonds shall no longer remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 10.02 of the General Resolution.

(b) No such modifications or amendment shall permit a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Municipal Bond Commission of any Credit Provider without its written consent thereto. For the purposes of Section 10.02 of the General Resolution, a Series shall be deemed to be affected by a modification or amendment of the General Resolution if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Commission may, in its sole discretion, determine whether or not Bond or any particular Series or maturity would be affected by any modification or amendment made in accordance with the foregoing powers of amendment, provided however, that it first obtain a Bond Counsel's Opinion to such effect. Any such determination shall be binding and conclusive on all Owners of Bonds.

Modifications by Unanimous Consent. The terms and provisions of the General Resolution and the rights and obligations of the Commission and of the Commission and of the Owners of the Bonds may be modified or amended in any respect upon the adoption and filing by the applicable Commission of a Supplemental Resolution and the consent of the Owners of all the Bonds Outstanding and that of any Credit Provider for such Bonds.

Immunity of Individuals. No recourse shall be had for the payment of the Principal of, Redemption Price or interest on any of the Bonds or for any claim based thereon or upon any obligations, covenant or agreement contained in the General Resolution against any past, present or future officer, member, employee or agent of the Commission, whether directly or indirectly and all such liability of any such individual as such is expressly waived and released and a condition of and in consideration for the execution of the General Resolution and the issuance of the Bonds.

SIXTH CONSOLIDATED SUPPLEMENTAL RESOLUTION AND SEVENTH CONSOLIDATED SUPPLEMENTAL RESOLUTION

Authorization for Issuance of Bonds. The Sixth Consolidated Supplemental Resolution authorizes the issuance of not to exceed $140,000,000 in aggregate principal amount of the Commission's 2012 Series A Bonds to advance refund a portion of the 2004 Series B Bonds and to pay the costs associated with the issuance of the 2012 Series A Bonds, and the issuance of not to exceed $7,500,000 in aggregate principal amount of the Commission's 2012 Series B Bonds to finance new capital improvement projects for state colleges and universities and to pay the costs associated with the issuance of the 2012 Series B Bonds. Pursuant to the Seventh Consolidated Supplemental Resolution, the Commission approved an increase in the aggregate principal amount of 2012 Series B Bonds to be issued by the Commission from an aggregate principal amount not to exceed $7,500,000 as approved by the Sixth Consolidated Supplemental Resolution, to an aggregate principal amount not to exceed $15,000,000.

Pledge of Excess Lottery Proceeds. Pursuant to the authorization contained in Senate Bill 612 and under the provisions of Section 2.08 of the Sixth Consolidated Supplemental Resolution, the Commission confirmed its pledge of the excess lottery revenues under WV Code § 29-22-18a deposited on or after July 1, 2004 in the Higher Education Improvement Fund created under WV Code § 29-22-18a to the payment of the 2012 Bonds and the Prior Bonds. The Treasurer shall deposit such funds described in Section 2.08 of the Sixth Consolidated Supplemental Resolution into the capital improvement funds held for State Institutions of Higher Education.

Funds and Accounts. The Sixth Consolidated Supplemental Resolution creates the following funds and accounts to be established with the Trustee (if any), Registrar and Paying Agent in connection with the 2012 Series A Bonds:

(i) A 2012 Series A Bond Fund, and therein:

(a) A 2012 Series A Interest Account; and

(b) A 2012 Series A Principal Account; and

(c) A 2012 Series A Redemption Account.

The Sixth Consolidated Supplemental Resolution creates the following funds to be established with the Trustee, Registrar and Paying Agent in connection with the 2012 Series A Bonds:

(i) A 2012 Series A Bond Proceeds Fund;

(ii) A 2012 Series A Costs of Issuance Fund; and

(iii) A 2012 Series A Escrow Fund.

The Sixth Consolidated Supplemental Resolution creates the following funds and accounts to be established with the Trustee (if any), Registrar and Paying Agent in connection with the 2012 Series B Bonds:

(i) A 2012 Series B Bond Fund, and therein:

(a) A 2012 Series B Interest Account; and

(b) A 2012 Series B Principal Account; and

(c) A 2012 Series B Redemption Account.

The Sixth Consolidated Supplemental Resolution creates the following funds to be established with the Trustee, Registrar and Paying Agent in connection with the 2012 Series B Bonds:

(i) A 2012 Series B Bond Proceeds Fund; and

(ii) A 2012 Series B Costs of Issuance Fund.

Application of 2012 Proceeds. The net proceeds of the sale of the 2012 Series A Bonds shall initially be deposited in the 2012 Series A Bond Proceeds Fund to be held by the Trustee (if any), and if none by the Municipal Bond Commission. Thereafter, such proceeds or portions thereof shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission, as follows:

(i) All amounts, if any, paid as accrued interest on the 2012 Series A Bonds from their date to the date of delivery of the 2012 Series A Bonds shall be deposited in the 2012 Series A Interest Account; and

(ii) A sum equal to the Costs of Issuance of the 2012 Series A Bonds shall be deposited in the 2012 Series A Costs of Issuance Fund; and

(iii) The balance of the proceeds of 2012 Series A Bonds shall be deposited in the 2012 Series A Escrow Fund.

The net proceeds of the of the sale of the 2012 Series B Bonds shall initially be deposited in the 2012 Series B Bond Proceeds Fund to be held by the Trustee (if any), and if none by the Municipal Bond Commission. Thereafter, such proceeds or portions thereof shall be applied by the Trustee (if any), and if none by the Municipal

Bond Commission, as follows:

(i) All amounts, if any, paid as accrued interest on the 2012 Series B Bonds from their date to the date of delivery of the 2012 Series B Bonds shall be deposited in the 2012 Series B Interest Account;

(ii) A sum equal to the Costs of Issuance of the 2012 Series B Bonds shall be deposited in the 2012 Series B Costs of Issuance Fund; and

(iii) The balance of the proceeds of the 2012 Series B Bonds shall be deposited in the 2012 Series B Bond Proceeds Fund.

Flow of Funds. So long as any 2012 Bonds are Outstanding, amounts deposited and to be deposited in the funds and accounts established by Section 3.01 of the Sixth Consolidated Supplemental Resolution shall be applied by the Trustee (if any), and if none by the Municipal Bond Commission in the manner and order of priority as set forth in the Sixth Consolidated Supplemental Resolution and in Article VII of the General Resolution.

Disbursements. The proceeds of the 2012 Series A Bonds deposited in the 2012 Series A Escrow Fund shall be disbursed immediately to the Escrow Trustee. The proceeds of the 2012 Series A Bonds deposited in the 2012 Series A Costs of Issuance Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon requisition by an Authorized Officer. Any funds remaining in the 2012 Series A Costs of Issuance Fund 180 days after the initial issuance of the 2012 Series A Bonds shall be transferred to the 2012 Series A Interest Account. The proceeds of the 2012 Series B Bonds deposited in the 2012 Series B Bonds Proceeds Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon proper requisition by an Authorized Officer for payment of costs of the projects included on the Project List. The proceeds of the 2012 Series B Bonds deposited in the 2012 Series B Costs of Issuance Fund shall be disbursed by the Trustee, if any, or if none by the Treasurer upon requisition by an Authorized Officer. Any funds remaining in the 2012 Series B Costs of Issuance Fund 180 days after the initial issuance of the 2012 Series B Bonds shall be transferred to the 2012 Series B Interest Account.

General Resolution. The Sixth Consolidated Supplemental Resolution and the Seventh Consolidated Supplemental Resolution are both supplemental to the General Resolution and all provisions of said General Resolution, unless clearly inapplicable or altered hereby, shall apply to the 2012 Bonds, the Sixth Consolidated Supplemental Resolution, the Seventh Consolidated Supplemental Resolution and matters relating thereto as if set forth verbatim therein. In the event of any conflict between the General Resolution and the Sixth Consolidated Supplemental Resolution, the Sixth Consolidated Supplemental Resolution shall control. In the event of any conflict between the General Resolution and the Seventh Consolidated Supplemental Resolution, the Seventh

Consolidated Supplemental Resolution shall control. The Sixth Consolidated Supplemental Resolution, the Seventh Consolidated Supplemental Resolution, the General Resolution and the Certificate of Determination, to the extent applicable, shall and must be read as a single document and shall supersede all prior resolutions, orders and understandings, both written and oral, by the Commission, with respect to the subject matter hereof.

OTHER AMENDMENTS TO THE GENERAL RESOLUTION

Consolidation of Financings. Under the provisions of Section 2.10 of the First Consolidated Supplemental Resolution adopted by the Commission on June 4, 2004, the Commission consolidated the financings previously issued by the Board of Trustees and the Board of Directors and the Commission as the successor thereto, as authorized by Section 10.08 of the General Resolution.

Amendment to Definition of "Revenues". Pursuant to Section 1.01 of the Second Consolidated Supplemental Resolution adopted by the Commission on July 29, 2004, the Commission amended the General Resolution by adding to the definition of "Revenues" a new clause (vi) to read as follows:

(vi) all of the tuition and registration fees in effect as of March 21, 2004, and pledged under the General Resolution, which after such date are a component part of the required education and general capital fees of the Institutions.

Further, pursuant to the provisions of Section 1.02 of the Second Consolidated Supplemental Resolution, the Commission covenanted and agreed that the Revenues described in clause (vi) of the definition thereof may not be reduced until all the Bonds payable from such Revenues are no longer Outstanding under the General Resolution.

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APPENDIX H

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF SPILMAN THOMAS & BATTLE, PLLC]

June 26, 2012

West Virginia Higher Education Policy Commission
Charleston, West Virginia

The Bank of New York Mellon
Woodland Park, New Jersey

West Virginia Municipal Bond Commission
Charleston, West Virginia

Re: $124,190,000 State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and $7,975,000 State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B

Ladies and Gentlemen:

We have served as bond counsel to the West Virginia Higher Education Policy Commission (the "Issuer") in connection with the issuance of its $$124,190,000 Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds") and $7,975,000 Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds" and collectively with the 2012 Series A Bonds, the "Bonds"), both dated as of June 26, 2012. We have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined an unauthenticated specimen of a 2012 Series A Bond and a 2012 Series B Bond. Capitalized terms used and not otherwise defined herein shall have the respective meanings given them in the Resolution (as hereinafter defined).

The Issuer, a commission of the State of West Virginia (the "State"), is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees (collectively, the "Boards") and is empowered and authorized to issue bonds pursuant to Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, and Chapter 13, Article 2G, and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act") in furtherance of the public

purposes as found and determined by the Legislature of West Virginia as set forth in the Act. The Bonds are issued pursuant to the Act and other applicable laws, and in accordance with a General Resolution adopted by each of the Boards on September 9, 1992 (the "General Resolutions"), as amended and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Issuer adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Issuer adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution" and together with the General Resolutions and the Sixth Consolidated Supplemental Resolution, collectively, the "Resolution").

Proceeds of the 2012 Series A Bonds will be used for the purpose of advance refund a portion of the Issuer's Revenue Refunding Bonds (Higher Education Facilities), 2004 Series B and to pay costs associated with the issuance of the 2012 Series A Bonds. Proceeds of the 2012 Series B Bonds will be used to finance a portion of the costs of capital improvements at state institutions of higher education and to pay costs associated with the issuance of the 2012 Series B Bonds.

Under the Resolution, the Issuer has pledged the revenues which are comprised of (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of the Bonds held in the various funds and accounts created under the Resolution and permitted, in accordance with the Resolution, to be credited to any such fund, (ii) the component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004 and (iii) excess lottery revenues deposited in the Higher Education Improvement Fund as provided for in Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (collectively, the "Revenues") for the payment of principal of, premium (if any) and interest on the Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of Bruce R. Walker, Esquire, as counsel to the Issuer, dated of even date herewith, with respect to (i) the power and authority of the Issuer to enter into the Bond Purchase Agreement dated June 12, 2012, by and between Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (the "Bond Purchase Agreement"), (ii) the due authorization, execution and delivery by the Issuer of the Bond Purchase Agreement and (iii) the binding effect and enforceability of the Bond Purchase Agreement upon the Issuer. No opinion as to such matters is expressed herein.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Issuer with respect to certain facts relevant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer has

covenanted to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents providing for the issuance of the Bonds (the "Covenants"). The opinions herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties.

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

1. The Issuer is a commission of the State of West Virginia (the "State") with power to adopt the Resolution, to execute and deliver the bond documents, and to perform the agreements on its part contained therein and to issue the Bonds.

2. The Resolution has been duly adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

3. The Resolution creates the valid pledge which it purports to create on the Revenues (as defined therein), and other funds and accounts pledged under the Resolution, subject to the terms thereof.

4. The Escrow Agreement dated as of the date hereof between the Issuer and the West Virginia Municipal Bond Commission has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with the terms thereof.

5. The Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

6. The Bonds are limited obligations of the Issuer payable solely out of the Revenues, and other funds and accounts pledged under the Resolution. The State is not obligated to pay the principal or redemption price of or interest on the Bonds. The Bonds shall not constitute or give rise to a general obligation or other indebtedness of the Issuer or the State within the meaning of any constitutional limitation.

7. Under the Act, the Bonds and the interest thereon are exempt from all taxation by the State, or by any county, school district, municipality, or political subdivision thereof.

8. Under current law, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The preceding opinion is subject to the condition that all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes are so satisfied, and therefore failure by the Issuer to comply with the Covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. Except as set forth in this Paragraph 8, we express no opinion regarding any other tax consequences of the ownership of or receipt or accrual of interest on the Bonds. Furthermore, we express no opinion as to the effect on the excludability of the interest on the Bonds from gross income of (a) any event for which the Resolution requires the obtaining of an opinion of Bond Counsel or (b) any amendment of the Resolution or waiver of the terms thereof.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Resolution and the liens and pledges set forth therein are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), or regarding the perfection or priority of the lien on Revenues or other funds created by the Resolution except as provided in the Act. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest on the Bonds.

Very truly yours,

Spilman Thomas & Battle, PLLC

APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") dated as of June 26, 2012, is by and between the West Virginia Higher Education Policy Commission (the "Commission") and The Bank of New York Mellon (the "Dissemination Agent"), in connection with the issuance of the $124,190,000 West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, and the $7,975,000 West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B (collectively, the "2012 Series Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article IV hereof. The Commission agrees as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Commission and the Dissemination Agent for the benefit of the holders and beneficial owners of the 2012 Series Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Bond Purchase Agreement, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Lottery, provided at least annually, of the type included in those sections of the final official statement with respect to the 2012 Series Bonds entitled "Revenues, Debt Service Coverage and Select Financial Information," and Appendix F, which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Lottery's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2012 Series Bonds (including persons holding 2012 Series Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean The Bank of New York Mellon and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of

the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"Lottery" shall mean the West Virginia Lottery.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriters" shall mean the original underwriters of the 2012 Series Bonds who are required to comply with the Rule in connection with offering of the 2012 Series Bonds.

"Purchase Contract" shall mean the Bond Purchase Agreement dated June 5, 2012, among Citigroup Global Markets Inc., on behalf of Crews & Associates, Inc., Piper Jaffray & Co. and itself (collectively, the "Underwriters"), and the Commission, by which the Underwriters agreed to purchase the 2012 Series Bonds from the Commission upon the terms set forth therein.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"2012 Series Bonds" shall mean the $124,190,000 West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, and the $7,975,000 West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Lottery's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2012, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Commission shall provide the Dissemination Agent with a copy of each report filed under this Agreement. If the Lottery's fiscal

year changes, the Commission shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Commission shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent (if other than the Commission). If the Commission is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Commission shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Commission certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic formant and shall be accompanied by identifying information as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. Within two hundred seventy (270) days of the Commission's 2012 Fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Commission for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the 2012 Series Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2012 Series Bonds, or other events affecting the tax status of the 2012 Series Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the 2012 Series Bonds;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Commission[1];

13. the consummation of a merger, consolidation or acquisition involving the Commission, or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Commission promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Commission obtains knowledge of the occurrence of a Listed

[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Commission shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Commission determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Commission received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Commission shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Commission determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Commission shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Commission. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Commission's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2012 Series Bonds. If such termination occurs prior to the final maturity of the 2012 Series Bonds, the Commission shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Bank of New York Mellon is hereby appointed as Dissemination Agent. The Commission may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Commission pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Commission and the Dissemination Agent may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Commission with

IN WITNESS WHEREOF, the Commission and the Dissemination Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

THE BANK OF NEW YORK MELLON, as Dissemination Agent

By: _____

Its: _____

Date: June 26, 2012

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Virginia Higher Education Policy Commission

Name of Bond Issues: $124,190,000 West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and $7,975,000 West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B

Name of Borrower: West Virginia Higher Education Policy Commission

Date of Bond Issue: June 26, 2012

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-named Series 2012 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of June 26, 2012, to be provided. The Commission anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

The Bank of New York Mellon, as Dissemination Agent
on behalf of the Commission

cc: Commission

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APPENDIX J

BOOK-ENTRY ONLY SYSTEM

DTC Supplied Disclosure of Book Entry Only System

The following information about the book-entry-only system applicable to the 2012 Series Bonds has been supplied by The Depository Trust Company ("DTC"), New York, New York. DTC. Neither the Issuer, the Registrar nor Paying Agent makes any representations, warranties or guarantees with respect to its accuracy or completeness.

1. DTC will act as securities depository for the 2012 Series Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2012 Series Bonds, in the aggregate principal amount of the 2012 Series Bonds and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of 2012 Series Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the

transaction. Transfers of ownership interests in the 2012 Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2012 Series Bonds, except in the event that use of the book-entry system for the 2012 Series Bonds is discontinued.

4. To facilitate subsequent transfers, all 2012 Series Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012 Series Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Series Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2012 Series Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Series Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2012 Series Bonds may wish to ascertain that the nominee holding the 2012 Series Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2012 Series Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012 Series Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2012 Series Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the 2012 Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 2012 Series Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC nor its nominee, the

Registrar or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the 2012 Series Bonds at any time by giving reasonable notice to the Issuer or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this exhibit concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

No Assurances Regarding DTC Practices

The Issuer, the Paying Agent and the Registrar cannot and do not give any assurances that the DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the 2012 Series Bonds (1) payments of principal of or interest and premium, if any on the 2012 Series Bonds, (2) confirmations of beneficial interest in the 2012 Series Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the 2012 Series Bonds, or that they will do so on a timely basis, or that DTC, DTC participants or Indirect Participants will serve and act in the same manner as described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of the DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer, the Paying Agent nor the Registrar shall have any authority or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or other person with respect to (1) the accuracy of any records maintained by the DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price or interest on the 2012 Series Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the 2012 Series Bonds Resolution to be given to the Bondholders; or (4) the selection of the Beneficial Owners to receive payment in excess of any partial redemption of the 2012 Series Bonds.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") dated as of June 26, 2012, is by and between the West Virginia Higher Education Policy Commission (the "Commission") and The Bank of New York Mellon (the "Dissemination Agent"), in connection with the issuance of the $124,190,000 West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, and the $7,975,000 West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B (collectively, the "2012 Series Bonds"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article IV hereof. The Commission agrees as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Commission and the Dissemination Agent for the benefit of the holders and beneficial owners of the 2012 Series Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Bond Purchase Agreement, which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Lottery, provided at least annually, of the type included in those sections of the final official statement with respect to the 2012 Series Bonds entitled "Revenues, Debt Service Coverage and Select Financial Information," and Appendix F, which Annual Financial Information shall include Audited Financial Statements if available on the due date set forth herein, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Lottery's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2012 Series Bonds (including persons holding 2012 Series Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean The Bank of New York Mellon and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"Lottery" shall mean the West Virginia Lottery.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriters" shall mean the original underwriters of the 2012 Series Bonds who are required to comply with the Rule in connection with offering of the 2012 Series Bonds.

"Purchase Contract" shall mean the Bond Purchase Agreement dated June 5, 2012, among Citigroup Global Markets Inc., on behalf of Crews & Associates, Inc., Piper Jaffray & Co. and itself (collectively, the "Underwriters"), and the Commission, by which the Underwriters agreed to purchase the 2012 Series Bonds from the Commission upon the terms set forth therein.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"2012 Series Bonds" shall mean the $124,190,000 West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A, and the $7,975,000 West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Lottery's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2012, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Commission shall provide the Dissemination Agent with a copy of each report filed under this Agreement. If the Lottery's fiscal year changes, the Commission shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the Commission shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent (if other than the Commission). If the Commission is unable to provide to the Repositories the Annual Financial Information and Audited Financial Statements by the date required in

subsection (a), the Commission shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Commission certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

(d) All documents provided to EMMA shall be provided in a searchable, electronic formant and shall be accompanied by identifying information as prescribed by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. Within two hundred seventy (270) days of the Commission's 2012 Fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Commission for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the 2012 Series Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2012 Series Bonds, or other events affecting the tax status of the 2012 Series Bonds;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the 2012 Series Bonds;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Commission[1];

13. the consummation of a merger, consolidation or acquisition involving the Commission, or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Commission promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Commission shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Commission determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Commission received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Commission shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

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[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission.

(e) If in response to a request under subsection (b), the Commission determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Commission shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Commission to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Commission. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Commission's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2012 Series Bonds. If such termination occurs prior to the final maturity of the 2012 Series Bonds, the Commission shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Bank of New York Mellon is hereby appointed as Dissemination Agent. The Commission may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Commission pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Commission and the Dissemination Agent may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Commission with respect to the 2012 Series Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2012 Series Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2012 Series Bonds in the same manner as provided in the Indenture for amendments to the Indenture, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2012 Series Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Commission shall describe such amendment in the next Annual Financial Information and Audited Financial

Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Commission chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Commission shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Commission to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the 2012 Series Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Commission to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and, to the extent permitted by law, the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2012 Series Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Commission: West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, WV 25301

To the Dissemination Agent: The Bank of New York Mellon
385 Rifle Camp Road, 3rd Floor
West Paterson, New Jersey 07424

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Commission, the Dissemination Agent, the Underwriters and holders and beneficial owners from time to time of the 2012 Series Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Commission agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Commission.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

IN WITNESS WHEREOF, the Commission and the Dissemination Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

THE BANK OF NEW YORK MELLON, as Dissemination Agent

By: _____

Its: _____

Date: June 26, 2012

IN WITNESS WHEREOF, the Commission and the Dissemination Agent have caused this Agreement to be executed by its duly authorized representatives, all as of the date first above written.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor

THE BANK OF NEW YORK MELLON, as Dissemination Agent

By: Rosemary Melendez _____

Its: Vice President _____

Date: June 26, 2012

EXHIBIT A

NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Virginia Higher Education Policy Commission

Name of Bond Issues: $124,190,000 West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and $7,975,000 West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities), 2012 Series B

Name of Borrower: West Virginia Higher Education Policy Commission

Date of Bond Issue: June 26, 2012

NOTICE IS HEREBY GIVEN that the Commission has not provided an Annual Report with respect to the above-named Series 2012 Bonds as required by Section 3(b) of this Continuing Disclosure Agreement dated as of June 26, 2012, to be provided. The Commission anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

The Bank of New York Mellon, as Dissemination Agent
on behalf of the Commission

cc: Commission

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

GENERAL CERTIFICATE OF THE HIGHER EDUCATION POLICY COMMISSION

On the date set forth below, the undersigned Chancellor of the Higher Education Policy Commission (the "Commission"), a commission of the State of West Virginia (the "State"), created pursuant to Chapter 18B, Article 1B of the Code of West Virginia, as amended, hereby certifies, in connection with the issuance of its $132,165,000 aggregate principal amount of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and the State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"), for and on behalf of the Commission, (i) to Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co., purchasers of the 2012 Bonds from the Commission (the "Original Purchasers"), (ii) to all counsel in this transaction and (iii) to other interested parties, as follows:

The University of West Virginia Board of Trustees, predecessor to the Commission, adopted the General Resolution on September 9, 1992, and the Board of Directors of the State College System, predecessor to the Commission, adopted the General Resolution on September 9, 1992 (collectively, the "General Resolution"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution," and collectively with the General Resolution and the Sixth Consolidated Supplemental Resolution, the "Resolution") pursuant to which it was authorized to issue one or more series of revenue bonds. The Commission is the successor to the Board of Trustees and is empowered and authorized to issue bonds pursuant to Chapter 18, Article 13, Chapter 18B, Articles 1 and 10, Chapter 13, Article 2G and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act"), in furtherance of the public purposes as found and determined by the Legislature of West Virginia as set forth in the Act.

1. All capitalized terms used in this General Certificate and not otherwise defined herein have the respective meanings ascribed to them in the Resolution, the Certificate of Determination, which sets forth the final terms and provisions of the 2012 Bonds and executed by the Chancellor of the Commission on June 12, 2012 (the "Certificate of Determination"), or the Bond Purchase Agreement (as hereinafter defined);

2. The following persons are the duly chosen, qualified and acting officers of the Commission, to and including the date of this Certificate, holding the office set forth opposite their respective names:

Name	Office
David K. Hendrickson, Esquire	Chairman
Dr. Bruce Berry	Vice-Chairman
Kathy G. Eddy, CPA	Secretary
John Estep	Member
David Richard Tyson, Esquire	Member
Dr. John Leon	Member
Jenny Allen	Member
Kay H. Goodwin	Ex-Officio
Dr. Jorea Marple	Ex-Officio
Bob Brown	Ex-Officio

3. The individuals indicated above as officers of the Commission were at all pertinent times, and are on the date hereof, duly elected or appointed, qualified and acting as such officer. Each such officer has taken the oath of office and has duly filed such bonds as are required by law.

4. The Commission employs a Chancellor, Executive Vice Chancellor of Administration, Senior Director of Facilities and Vice Chancellor for Finance in addition to other administrative staff, to assist with carrying out its directives, duties and responsibilities. The following persons, to and including the date of this Certificate, hold the administrative offices set forth opposite their respective names:

Name	Office
Dr. Paul Hill	Chancellor of Higher Education for West Virginia
Rob Anderson	Executive Vice Chancellor for Administration
Dr. Ed Magee	Vice Chancellor for Finance
Richard B. Donovan	Senior Director of Facilities

The individuals are, on the date hereof, duly appointed and qualified and hold the respective offices listed above.

5. The Chairman, the Vice Chairman, the Chancellor, the Executive Vice Chancellor for Administration and the Senior Director of Facilities of the Commission (the "Authorized Officers") have each been designated as persons authorized to execute any and all documents relating to the 2012 Bonds pursuant to the terms of the below referenced resolutions, and the signatures set forth at the bottom of this General Certificate constitute the specimen signatures of such Authorized Officers.

6. Each person who is presently serving as a member of the Commission, before exercising any authority or performing any duties as a member of the Commission, qualified by taking and subscribing to the oath of office prescribed by Article IV, Section 5, of the Constitution of West Virginia, and the certificate as to each such oath has been filed with the Secretary of State of the State.

7. By official action of the Commission prior to or concurrently with the execution of this Certificate, the Commission has duly authorized and executed the Resolution, has duly authorized, approved and ratified the distribution of the Preliminary Official Statement dated June 1, 2012 (the "Preliminary Official Statement") and the execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Commission of the obligations contained in the 2012 Bonds and the Bond Purchase Agreement (the "Bond Purchase Agreement") and has duly authorized and approved the performance by the Commission of the obligations contained in the Resolution and the consummation by it of all other transactions contemplated by the Official Statement.

8. The execution and delivery of the execution of the Resolution, the Bond Purchase Agreement, the 2012 Bonds, the Escrow Agreement, the Continuing Disclosure Agreement, the Certificate of Determination and the Tax Compliance Certificate (collectively, the "Bond Documents") and compliance with their respective provisions will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of West Virginia or the United States, or any applicable judgment or decree or any agreement or other instrument to which the Commission is a party or is otherwise subject, and will not conflict with any provision of the Act.

9. The undersigned hereby certify, pursuant to Section 9(c)(xiii) of the Bond Purchase Agreement that (i) each of the Commission's representations, warranties and covenants contained herein are true and correct as of the date hereof; (ii) the Commission has authorized, by all action necessary under the Act and the laws governing the Commission, the adoption of the Resolution, and the execution, delivery and due performance of the 2012 Bonds and the Bond Documents; (iii) the 2012 Bonds and the Bond Documents, as executed by the Commission, are in the form or in substantially the form approved for such execution by appropriate proceedings of the Commission; (iv) the Commission has performed and complied with all agreements and conditions required by the Bond Purchase Agreement to be complied with by it at or prior to the date hereof; and (v) since the respective dates as of which information

is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Commission's condition, financial or otherwise.

10. The undersigned hereby certify, pursuant to Section 9(c)(xiv) of the Bond Purchase Agreement that (i) there are not pending or, to their knowledge, threatened, legal or administrative proceedings to which the Commission is a party or to which property of the Commission is subject, which are material as to the Commission and not disclosed in the Official Statement or which will materially and adversely affect the transactions contemplated hereby or by the Official Statement or which will materially and adversely affect the validity or enforceability of the 2012 Bonds or the Bond Purchase Agreement; (ii) the information contained in the Official Statement is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (iii) if, at any time prior to the expiration of ninety (90) days following the date hereof, the Commission becomes aware of any event (including events of which any undersigned officer has received notice by any means) as a result of which the Preliminary Official Statement or the Final Official Statement as then amended or supplemented might include an 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, in any material respect, such officer shall promptly notify the Underwriters thereof and, upon request of the Underwriters, shall assist in the preparation of an amendment or supplement which will correct such statement or omission at the expense of the Commission.

11. Between the date of the Bond Purchase Agreement and the date hereof, the Commission has not, without the prior written consent of the Underwriters, issued any bonds, notes or other obligations for borrowed money and, except as described in or contemplated by the Official Statement, the Commission has not incurred any material liabilities, direct or contingent.

12. No litigation is pending or, to the knowledge of the Commission, threatened in any court in any way (i) restraining or enjoining the issuance or delivery of the 2012 Bonds or the collection of the Pledged Revenues and other funds pledged under the Resolution and the other Bond Documents, (ii) contesting the power or the authority of the Commission for the issuance of the 2012 Bonds or the validity of the 2012 Bonds or the other Bond Documents, or (iii) contesting the existence or powers of the Commission relating to the issuance of the 2012 Bonds.

13. The Commission will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters, as the Underwriters reasonably may request to qualify the 2012 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and to provide for the continuance of such qualifications, but will not subject the

Commission to service of process in jurisdictions other than that to which the Commission is subject pursuant to the Act.

14. The seal impressed on the signature page hereof is the duly authorized seal of the Commission.

15. No authority or proceedings for the issuance of the 2012 Bonds or execution, delivery and performance of the Bond Documents has been repealed, revoked, rescinded or superseded.

16. The Commission is in compliance in all respects with the Resolution and is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution. Except as provided in paragraph 1 hereof, the Resolution has not been amended, modified, supplemented or repealed and remains in full force and effect.

17. The Commission is obligated under the terms of the Continuing Disclosure Agreement to perform and undertake the actions set forth therein. The Commission is in full compliance with any and all prior continuing disclosure undertakings entered into pursuant to Securities Exchange Commission Rule 15c2-12(b)(5), except as set forth in the Official Statement.

18. The Commission is not currently, nor has it been in the past, in default on any bonds, notes or other evidences of indebtedness issued by it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I have duly executed this General Certificate of Commission the date and year first written above.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

Incumbency of Authorized Officers pursuant to Section 5 above:

NAME	TITLE	SIGNATURE
David K. Hendrickson, Esquire	Chairman	
Dr. Bruce Berry	Vice Chairman	
Dr. Paul Hill	Chancellor	
Rob Anderson	Executive Vice Chancellor for Administration	
Richard B. Donovan	Senior Director of Facilities	

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$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE AS TO SIGNATURES

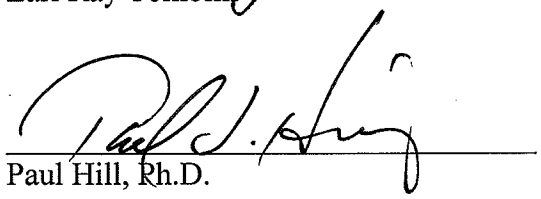
The undersigned, as the Governor of the State of West Virginia (the "State"), and the Chancellor of the Higher Education Policy Commission (the "Commission"), a commission of the State, hereby certify as follows:

1. Subscribed below are our true and genuine signatures.

2. The Commission, on behalf of the State, issued its State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds") in the aggregate principal amount of $132,165,000, dated June 26, 2012. The 2012 Bonds are duly and completely executed on behalf of the State and the Commission by the respective manual or facsimile signatures of the undersigned Governor of the State and the undersigned Chancellor of the Commission, and by impressing thereon the Great Seal of the State and attestation thereof by the manual or facsimile signature of the undersigned Secretary of State of the State.

3. At the time of such signing and on the date hereof, we were and are the duly qualified officers of the State and of the Commission, respectively, authorized to execute the 2012 Bonds and holding the respective offices indicated by the official titles set opposite our signatures below.

4. The seal which is impressed below has been imprinted on the 2012 Bonds, and it is the legally adopted, proper and only official Great Seal of the State.

Signature:	Official Title:
 Earl Ray Tomblin	Governor, State of West Virginia
 Paul Hill, Ph.D.	Chancellor, Higher Education Policy Commission
 Natalie E. Tennant	Secretary of State, State of West Virginia

IN WITNESS WHEREOF, we have hereunto set our hands, and said Great Seal of the State of West Virginia has been hereunto affixed, as of this 26th day of June, 2012.

Earl Ray Tomblin, Governor
State of West Virginia

Paul Hill, Ph.D., Chancellor
Higher Education Policy Commission

3589661 (10791.8)

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE OF TRUSTEE, REGISTRAR AND TRANSFER AGENT

The undersigned, on behalf of The Bank of New York Mellon, West Paterson, New Jersey, as Trustee, Registrar and Transfer Agent (the "Registrar") in accordance with a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System, predecessors to the West Virginia Higher Education Policy Commission (the "Commission"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 and the Seventh Consolidated Supplemental Resolution adopted May 30, 2012 (collectively, the "Resolution") and the Certificate of Determination dated as of June 12, 2012 (the "Certificate of Determination"), with respect to the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and the State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds") in the aggregate principal amount of $132,165,000, hereby certifies as follows:

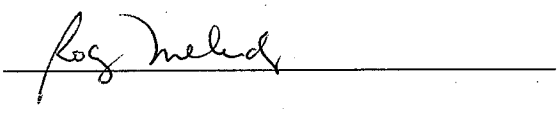
1. The Registrar is a New York banking corporation duly organized and existing under the banking laws of the State of New York.

2. The Registrar is lawfully empowered, as evidenced by its Charter, a copy of which is attached hereto as Exhibit A, to execute and accept the trust contemplated and provided for under the Resolution.

3. The person indicated below was at the time of the execution of this Certificate and is now the duly elected, qualified and acting incumbent of his or her respective office, and pursuant to authorization from the Board of Directors of the Registrar, as evidenced

by its resolution, an excerpt of the pertinent portion of which is attached as Exhibit B hereto, such person, in his or her official capacity, is authorized to execute and deliver this Certificate and such other documents as are necessary to complete the financing described in the Resolution for and on behalf of the Registrar.

4. Appearing opposite the name of the person indicated below is his true and correct title and true and correct specimen of his signature:

Name	Title	Signature
Rosemary Melendez	Vice President	

5. The individual, whose specimen signature appears in paragraph 4 above, is an authorized officer of the Registrar for the purposes of executing this Certificate.

6. The Registrar acknowledges receipt of the sum of $8,225,219.06, which amounts shall be deposited into the various funds and accounts described below:

(i) The sum of $228,045.52 of the proceeds of the 2012 A Bonds shall be deposited in the 2012 Series A Costs of Issuance Fund; and

(ii) The sum of $7,997,173.54 of the proceeds of the 2012 Series B Bonds shall be deposited in the 2012 Series B Bond Proceeds Fund.

The Registrar has received all documents, certificates and other items required by the Resolution and the Certificate of Determination and upon request of the Commission, the undersigned has this day authenticated and delivered the 2012 Bonds through the DTC-FAST system to the Depository Trust Company on behalf of Citigroup Global Markets Inc., on behalf of itself, Crews & Associates, Inc. and Piper Jaffray & Co., as the original purchasers thereof.

7. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, The Bank of New York Mellon has caused this Certificate to be executed by its duly authorized officer this 26th day of June, 2012.

THE BANK OF NEW YORK MELLON



By: _____
Name: Thomas Vlahakis
Title: Vice President

Exhibit A

CHARTER

State of New York
Banking Department

I, MARTIN D. COFSKY, Deputy Superintendent of Banks of the State of New York, DO HEREBY CERTIFY:

THAT, the records in the Office of the Superintendent of Banks indicate that ***THE BANK OF NEW YORK MELLON*** *is a corporation organized by Special Act of the New York State Legislature, Chapter 616 of the Laws of 1871, under the name* ***"MUTUAL BENEFIT LIFE POLICY LOAN AND TRUST COMPANY OF NEW YORK"****; and*

THAT, ***THE BANK OF NEW YORK MELLON*** *is authorized to transact a trust and banking business in the State of New York and is operating under the supervision of this Department in accordance with Article III of the New York State Banking Law; and*

THAT, there were subsequent changes of its corporate title to ***COMMERCIAL TRUST COMPANY*** *in 1884 and to* ***NEW YORK AND LONDON TRUST COMPANY*** *in 1900. Chapter 356 of the Laws of 1904 placed* ***NEW YORK AND LONDON TRUST COMPANY*** *under the supervision of the Superintendent of Banks. On October 28, 1905 the name was changed to* ***COLUMBIA TRUST COMPANY****; and*

THAT, on June 5, 1912 the name was changed to ***COLUMBIA-KNICKERBOCKER TRUST COMPANY*** *by merger of* ***KNICKERBOCKER TRUST COMPANY*** *into* ***COLUMBIA TRUST COMPANY****; and*

THAT, effective August 1, 1914, the name was changed from ***COLUMBIA-KNICKERBOCKER TRUST COMPANY*** *to* ***COLUMBIA TRUST COMPANY*** *by Order of Court, a certified copy of which was filed in the Office of the Superintendent of Banks on June 23, 1914; and*

THAT, on February 7, 1923 the name was changed to ***IRVING BANK-COLUMBIA TRUST COMPANY*** *by merger of* ***IRVING BANK, NEW YORK*** *into* ***COLUMBIA TRUST COMPANY****; and*

THAT, on September 17, 1926 the name was changed to ***IRVING BANK AND TRUST COMPANY*** *by merger of* ***NATIONAL BUTCHERS & DROVERS BANK OF THE CITY OF NEW YORK*** *into* ***IRVING BANK-COLUMBIA TRUST COMPANY****; and*

THAT, on December 11, 1926 the name was changed to ***AMERICAN EXCHANGE IRVING TRUST COMPANY*** *by merger of* ***THE AMERICAN EXCHANGE-PACIFIC BANK*** *into* ***IRVING BANK AND TRUST COMPANY****; and*

THAT, the name was changed to ***IRVING TRUST COMPANY*** *by a Certificate filed in the Office of the Superintendent of Banks on February 1, 1929; and*

THAT, the name was changed from ***IRVING TRUST COMPANY*** *to* ***THE BANK OF NEW YORK*** *on October 6, 1989, by absorbing* ***THE BANK OF NEW YORK****; and*

THAT, the following amendments to its charter were filed in the Office of the Superintendent of Banks as of the dates specified:

Certificate Changing Name of ***NEW YORK AND LONDON TRUST COMPANY*** *to* ***COLUMBIA TRUST COMPANY*** *- filed October 31, 1905*

Agreement of Merger of ***KNICKERBOCKER TRUST COMPANY*** ***into COLUMBIA TRUST COMPANY*** *under the name of* ***COLUMBIA-KNICKERBOCKER TRUST COMPANY*** *- filed June 5, 1912*

Verified transcript of Proceedings to Increase Number of Directors - filed July 10, 1912

Supreme Court Order Directing Change of Name of ***COLUMBIA-KNICKERBOCKER TRUST COMPANY*** *to* ***COLUMBIA TRUST COMPANY*** *- filed June 23, 1914*

Certificate of Increase of the Amount of Capital Stock - filed December 4, 1916

Certificate of Increase of the Amount of Capital Stock - filed January 30, 1923

Agreement of Merger of ***IRVING BANK, NEW YORK*** *into* ***COLUMBIA TRUST COMPANY*** *under the name of* ***IRVING BANK-COLUMBIA TRUST COMPANY*** *- filed February 7, 1923*

Certificate of Increase of the Amount of Capital Stock - filed September 17, 1926

Agreement of Merger of ***THE NATIONAL BUTCHERS & DROVERS BANK OF THE CITY OF NEW YORK*** *into* ***IRVING BANK-COLUMBIA TRUST COMPANY*** *under the name of* ***IRVING BANK AND TRUST COMPANY*** *- filed September 17, 1926*

Certificate of Increase of the Amount of Capital Stock - filed December 2, 1926

Agreement of Merger of ***THE AMERICAN EXCHANGE-PACIFIC BANK*** *into* ***IRVING BANK AND TRUST COMPANY*** *under the name of* ***AMERICAN EXCHANGE IRVING TRUST COMPANY*** *- filed December 11, 1926*

Certificate of Increase of the Amount of Capital Stock - filed June 15, 1928

Certificate of Increase of Number of Directors - filed January 9, 1929

Certificate of Change of Name of ***AMERICAN EXCHANGE IRVING TRUST COMPANY*** *to* ***IRVING TRUST COMPANY*** *- filed February 1, 1929*

Certificate of Increase of the Amount of Capital Stock, Reduction of Par Value of Shares and Increase of Number of Shares - filed April 17, 1929

Certificate of Decrease of Number of Directors - filed January 22, 1932

Certificate of Decrease of Number of Directors - filed January 17, 1934

Certificate of Change of Provisions Relating to the Number of Directors - filed January 19, 1938

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed January 30, 1958

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed January 29, 1959

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed January 28, 1960

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed January 26, 1961

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed February 1, 1962

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed January 31, 1963

Certificate of Amendment of Certificate of Incorporation to Increase Capital Stock - filed January 30, 1964

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed March 29, 1965

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed August 11, 1966

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed August 2, 1967

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed January 17, 1968

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed February 25, 1972

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed October 31, 1977

Certificate of Amendment of the Organization Certificate for a change in the number of Directors - filed September 17, 1979

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed December 28, 1979

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed June 3, 1981

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed December 22, 1982

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed March 4, 1988

Certificate of Amendment of the Organization Certificate to Increase Capital Stock - filed April 21, 1988

Certificate of Effectiveness of (the merger and) change of name of ***IRVING TRUST COMPANY*** *to* ***THE BANK OF NEW YORK,*** *when* ***THE BANK OF NEW YORK*** *merged into* ***IRVING TRUST COMPANY*** *- filed October 6, 1989*

Certificate of Amendment of the Organization Certificate to increase Capital Stock - filed December 30, 1991

Certificate of Amendment of the Organization Certificate to increase Capital Stock - filed December 31, 1992

Certificate of Amendment of the Organization Certificate to increase Capital Stock - filed November 20, 1996

Certificate of Effectiveness providing for the merger of ***BNY MELLON INTERIM INSTITUTIONAL NATIONAL BANK,*** *with and into* ***THE BANK OF NEW YORK,*** *under the name* ***THE BANK OF NEW YORK MELLON*** *– filed July 1, 2008*

State of New York
Banking Department

Certificate of Effectiveness providing for the mergers of ***MELLON SECURITIES TRUST COMPANY*** *and* ***THE DREYFUS TRUST COMPANY,*** *with and into* ***THE BANK OF NEW YORK,*** *under the name* ***THE BANK OF NEW YORK MELLON*** *– filed July 1, 2008; and*

THAT, *no amendments to its Organization Certificate have been filed in the Office of the Superintendent of Banks except those set forth above and attached hereto; and*

I DO FURTHER CERTIFY THAT, THE BANK OF NEW YORK MELLON, *the principal office of which is located at* ***One Wall Street, New York, New York,*** *is a continuation of the entity and identity of* ***"MUTUAL BENEFIT LIFE POLICY LOAN AND TRUST COMPANY OF NEW YORK,"*** *and has not been dissolved.*

WITNESS, *my hand and official seal of the Banking Department at the City of New York, this* ***14th*** *day of* ***November*** *in the Year* ***two thousand and eight.***

Deputy Superintendent of Banks

State of New York

Banking Department

I, **David S. Fredsall**, Deputy Superintendent of Banks of the State of New York,

DO HEREBY CERTIFY:

THAT, in accordance with the provisions of Section 601-b of the New York Banking Law, there were filed in the office of the Superintendent of Banks, as of 12:01 a.m., July 1, 2008, Agreements and Plans of Merger, dated as of June 25, 2008, and other required documents, providing for the mergers of **MELLON SECURITIES TRUST COMPANY**, New York, New York, and **THE DREYFUS TRUST COMPANY,** Uniondale, New York, with and into **THE BANK OF NEW YORK**, New York, New York, under the name, **THE BANK OF NEW YORK MELLON,** which mergers were approved by the Superintendent of Banks on June 26, 2008; and

THAT, the aforementioned mergers have been recognized as valid and effective as of the date and time of such filings.

Witness, my hand and official seal of the Banking Department at the City of New York, this 1st day of July in the year two thousand and eight.

Deputy Superintendent of Banks

State of New York

Banking Department

I, **David S. Fredsall**, Deputy Superintendent of Banks of the State of New York,

DO HEREBY CERTIFY:

THAT, in accordance with the provisions of Section 601-b of the New York Banking Law, there were filed in the office of the Superintendent of Banks, as of 12:01 a.m., July 1, 2008, an Agreement and Plan of Merger, dated as of June 19, 2008, and other required documents, providing for the merger of **BNY MELLON INTERIM INSTITUTIONAL NATIONAL BANK,** Pittsburgh, Pennsylvania, with and into **THE BANK OF NEW YORK**, New York, New York, under the name, **THE BANK OF NEW YORK MELLON,** which merger was approved by the Superintendent of Banks on June 26, 2008;

THAT, the following banking offices of BNY Mellon Interim Institutional National Bank have become branch offices of The Bank of New York Mellon:

135 Santilli Highway, Everett, Middlesex County, Massachusetts 02149;
121 East Main Street, Ligonier, Westmoreland County, Pennsylvania 15658;
201 King of Prussia Road, Radnor, Delaware County, Pennsylvania 19087;
500 Grant Street, Pittsburgh, Allegheny County, Pennsylvania 15219;
95 Wellington Street West, Toronto, Ontario, Canada; and

THAT, the aforementioned merger has been recognized as valid and effective as of the date and time of such filing.

Witness, my hand and official seal of the Banking Department at the City of New York, this 1st day of July in the year two thousand and eight.

Deputy Superintendent of Banks

State of New York,

Banking Department

I, MANUEL KURSKY, Deputy Superintendent of Banks of the State of New York, **DO HEREBY APPROVE** the annexed certificate entitled "CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF THE BANK OF NEW YORK, under Section 8005 of the Banking Law", dated November 19, 1996, providing for an increase in capital stock from $1,576,201,000 consisting of a) 20,000,000 shares of common stock of the par value of seventy-five dollars ($75) per share; b) 1,500,000 shares of preferred stock of the par value of fifty dollars ($50) per share; and c) 1,201,000 shares of preferred stock of the par value of one dollar ($1) per share to $2,276,201,000 consisting of a) 20,000,000 shares of common stock of the par value of seventy-five dollars ($75) per share; b) 1,500,000 shares of preferred stock of the par value of fifty dollars ($50) per share; and c) 701,201,000 shares of preferred stock of the par value of one dollar ($1) per share.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 20th *day of* November *in the Year of our Lord one thousand nine hundred and* ninety-six.

Manuel Kursky

Deputy Superintendent of Banks.

CERTIFICATE OF AMENDMENT

OF

THE ORGANIZATION CERTIFICATE

OF

THE BANK OF NEW YORK

UNDER SECTION 8005 OF THE BANKING LAW

Legal Department
The Bank of New York
One Wall Street
New York, New York 10286

CERTIFICATE OF AMENDMENT
OF
THE ORGANIZATION CERTIFICATE
OF
THE BANK OF NEW YORK

Under Section 8005 of the Banking Law

We, the undersigned, Deno Papageorge, Senior Executive Vice President, and Jacqueline R. McSwiggan, Vice President and Secretary, respectively, of The Bank of New York, do hereby certify and state as follows:

1. The name of the Corporation is The Bank of New York; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The Corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The Organization Certificate of the Corporation, as heretofore amended by certificates filed pursuant to law, is hereby further amended, to revise Section A, which relates to the Corporation's capital structure and which currently provides authorization for the issuance of twenty million (20,000,000) shares of common stock of the par value of seventy-five dollars ($75) per share, one million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share and one million two hundred one thousand (1,201,000) shares of preferred stock of the par value of one dollar ($1) per share, to read in its entirety as follows:

"A. The Aggregate number of shares which the Corporation shall have authority to issue is 722,701,000 consisting of:

(a) Twenty million (20,000,000) shares of common stock of the par value of seventy-five dollars ($75) per share;

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share; and

(c) Seven hundred one million two hundred one thousand (701,201,000) shares of preferred stock of the par value of one dollar ($1) per share."

4. The Corporation's organization certificate, as heretofore amended by certificates filed pursuant to law is hereby amended by the addition of Section E stating the number, designation, relative rights, preferences and limitations of the 7 1/2% Noncumulative Preferred Stock to read as below set forth:

"E. (a) Number of Shares; Designation of Series.

There shall be a series of the class of Preferred Stock consisting of seven hundred million (700,000,000) shares of the par value of one dollar ($1) per share designated "7 1/2% Noncumulative Preferred Stock" (hereinafter called this "Series").

(b) Dividends.

(1) Dividend Rate. Subject to Section (b)(3), dividends on the shares of this Series shall be at a percentage rate per annum equal to 7.50% of the amount of the Liquidation Preference (as defined below) per share, for the actual number of days elapsed during the relevant Dividend Period (as defined below). No interest will be paid on or in respect of any dividend on this Series. For purposes of this Series, "Dividend Period" shall mean the period from and including any Dividend Payment Date (as defined below) to but excluding the next Dividend Payment Date; provided, that the initial Dividend Period shall be the period from and including the date of original issuance of shares of the Series to but excluding the initial Dividend Payment Date.

(2) Dividend Payment Dates. Dividends on the shares of this Series shall be payable, from funds legally available therefor, when and as declared in the discretion of the Board of Directors, on the 15th day of February, May, August and November in each year commencing on February 15, 1997, unless any such date is not a Business Day, in which event dividends on this Series shall be payable on the next succeeding Business Day (each date on which dividends on this Series are payable, a "Dividend Payment Date"). For purposes of this Series, "Business Day" shall mean a day on which the New York Stock Exchange is open for trading and which is not a day on which banks in New York City are generally authorized by law to close.

(3) Dividends Noncumulative. Dividends on the shares of this Series are noncumulative. If the Board of Directors fails to declare a dividend for any Dividend Period in respect of this Series, the right of

holders of shares of this Series to receive a dividend in respect of such Dividend Period shall be lost, and the Corporation shall have no obligation to pay the dividend accrued for such dividend period or to pay any interest thereon, whether or not dividends on this Series are declared for any further Dividend Period.

(4) Limitation of Dividends on Junior Ranking Stock. If at any time the dividend stated to be payable on this Series for the most recently completed Dividend Period was not declared and paid in full, or if a sum has not been set aside to provide for such payment in full, an amount equal to the full dividend stated to be payable for this Series for the then-current Dividend Period will be set aside to provide for the payment in full of such dividend on the Dividend Payment Date with respect to such current Dividend Period before any dividend or other distribution, whether in cash or property, will be paid on or declared or set apart for any shares of Common Stock of the Corporation or any other shares of capital stock of the Corporation which rank junior to this Series as to dividends, whether now or hereafter authorized, and before any moneys will be set aside for or applied to any redemption, retirement, purchase or other acquisition (either pursuant to any applicable purchase or sinking fund provisions or otherwise) of any shares of Common Stock of the Corporation or any other shares of capital stock of the Corporation which are junior to this Series as to dividends, whether now or hereafter authorized; provided, however, that any moneys deposited in any purchase or sinking fund provided for any shares of capital stock of the Corporation in compliance with the provisions of such fund and in compliance at the time of such deposit with the provisions of this Section (b)(4) may thereafter be applied to the purchase or redemption of such shares in accordance with the terms of such purchase or sinking fund. If at any time there shall be outstanding any shares of any other class or series of stock ranking on a parity as to dividends with this Series, no dividends will be declared on this Series or any other such parity stock in respect of any dividend payable during the same period unless there shall be declared on all shares of this Series and other such parity stock dividends payable in proportion to their respective dividend periods and dividend rates per annum. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on this Series. The foregoing provisions of this Section

(b)(4) shall not apply to or prevent a dividend or distribution payable in shares of stock which are junior to this Series as to dividends and upon liquidation, or apply to or prevent the acquisition of shares of stock upon conversion thereof into or in exchange solely for shares of such junior stock.

(c) Redemption. The shares of this Series shall not be redeemable by the Corporation, and no holder thereof shall have the right to require the Corporation to redeem any such shares.

(d) Conversion or Exchange. The holders of shares of this Series shall not have any rights to convert such shares into, or exchange such shares for, shares of any other class or classes or of any other series of any class or classes of capital stock of the Corporation.

(e) Voting. Except as required from time to time by law, the shares of this Series shall not have any voting powers, either general or special.

(f) Liquidation.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive out of the assets of the Corporation, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the Preferred Stock upon liquidation, the amount of $1 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution (the "Liquidation Preference").

(2) Neither the consolidation nor merger of the Corporation into or with any corporation, nor the sale, transfer or lease by the Corporation of all or any part of its property will be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section (f).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (f), the holders of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) If the assets of the Corporation available for distribution to the holders of shares of this

Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to Section (f)(1), no such distribution shall be made on account of any shares of any other series of Preferred Stock or of any other class ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably in accordance with the sums which would be payable in such distribution if all sums payable in respect of the shares of all series of Preferred Stock and any such other class as aforesaid were discharged in full.

(g) For purposes of this Section E, any stock of any class or series of the Corporation shall be deemed to rank:

(1) Prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) On a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) Junior to shares of this Series, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or series.

5. This amendment was authorized by resolution of the board of directors of the Corporation and by written consent of its sole shareholder.

IN WITNESS WHEREOF, this Certificate has been signed this 19th day of November, 1996.

Déno D. Papageorge
Senior Executive Vice President

Jacqueline R. McSwiggan
Vice President and Secretary

STATE OF NEW YORK)
): ss.:
COUNTY OF NEW YORK)

On this 19th day of November, 1996 before me personally appeared Deno D. Papageorge and Jacqueline R. McSwiggan who to me known did depose and say that they are the persons described in and who executed the foregoing instrument; that they read the contents thereof and they know them to be true.

Déno D. Papageorge
Senior Executive Vice President

Jacqueline R. McSwiggan
Vice President and Secretary

Sworn to before me this 19th day of November, 1996

Sylvia Cohen
NOTARY PUBLIC

SYLVIA COHEN
Notary Public, State of New York
No. 31-5747950
Qualified in New York County
Commission Expires July 31, 1998

Cert-2.mw

State of New York,

Banking Department

I, CARMINE M. TENGA, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF THE BANK OF NEW YORK, under Section 8005 of the Banking Law," dated December 30, 1992, providing for an increase in capital stock from $951,201,325 consisting of a) 11,666,671 shares of common stock of the par value of seventy-five dollars ($75) per share; b) 1,500,000 shares of preferred stock of the par value of fifty dollars ($50) per share; and c) 1,201,000 shares of preferred stock of the par value of one dollar ($1) per share to $1,576,201,000 consisting of a) 20,000,000 shares of common stock of the par value of seventy five dollars ($75) per share; b) 1,500,000 shares of preferred stock of the par value of fifty dollars ($50) per share; and c) 1,201,000 shares of preferred stock of the par value of one dollar ($1) per share.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 31st *day of* December *in the Year of our Lord one thousand nine hundred and* ninety-two

Carmine M. Tenga

Deputy Superintendent of Banks.

CERTIFICATE OF AMENDMENT
OF
THE ORGANIZATION CERTIFICATE
OF
THE BANK OF NEW YORK

Under Section 8005 of the Banking Law

We, the undersigned, Deno D. Papageorge, Senior Executive Vice President, and Jacqueline R. McSwiggan, Vice President and Secretary, respectively, of The Bank of New York, do hereby certify and state as follows:

1. The name of the Corporation is The Bank of New York; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The Corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. Organization Certificate of the Corporation, as heretofore amended by certificates filed pursuant to law, is hereby further amended, to revise Section A, which relates to the Corporation's capital structure, to read as set forth below:

"A. The Aggregate number of shares which the Corporation shall have authority to issue is twenty-two million seven hundred one thousand (22,701,000), consisting of:

(a) Twenty million (20,000,000) shares of common stock of the par value of seventy-five dollars ($75) per share;

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share; and

(c) One million two hundred one thousand (1,201,000) shares of preferred stock of the par value of one dollar ($1) per share."

4. This amendment was authorized by resolution of the board of directors of the Corporation and by written consent of its sole shareholder.

IN WITNESS WHEREOF, this Certificate has been signed this 30th day of December, 1992.

Deno D. Papageorge
Senior Executive Vice President

Jacqueline R. McSwiggan
Vice President and Secretary

STATE OF NEW YORK)
): ss.:
COUNTY OF NEW YORK)

On this 30th day of December, 1992 before me personally appeared Deno D. Papageorge and Jacqueline R. McSwiggan who to me known did depose and say that they are the persons described in and who executed the foregoing instrument; that they read the contents thereof and they know them to be true.

Deno D. Papageorge
Senior Executive Vice President

Jacqueline R. McSwiggan
Vice President and Secretary

Sworn to before me this 30th day of December, 1992.

Patricia K. Dolan
Notary Public
PATRICIA K. DOLAN
Notary Public, State of New York
No. [illegible]
Qualified in New York County
Commission Expires January 6, 1994

BNYAMND2/011.LJH

State of New York,
Banking Department

I, CARMINE M. TENGA, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "CERTIFICATE OF AMENDMENT OF THE ORGANIZATION CERTIFICATE OF THE BANK OF NEW YORK, Under Section 8005 of the Banking Law," dated December 27, 1991, providing for an increase in capital stock from $402,867,788 consisting of a) 11,666,671 shares of common stock of the par value of twenty-eight dollars ($28) per share; b) 1,500,000 shares of preferred stock of the par value of fifty dollars ($50) per share; and c) 1,201,000 shares of preferred stock of the par value of one dollar ($1) per share to $951,201,325 consisting of a) 11,666,671 shares of common stock of the par value of seventy-five dollars ($75) per share; b) 1,500,000 shares of preferred stock of the par value of fifty dollars ($50) per share; and c) 1,201,000 shares of preferred stock of the par value of one dollar ($1) per share.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 30th *day of* December *in the Year of our Lord one thousand nine hundred and* ninety-one

Carmine M. Tenga

Deputy Superintendent of Banks.

CERTIFICATE OF AMENDMENT

OF

THE ORGANIZATION CERTIFICATE

OF

THE BANK OF NEW YORK

UNDER SECTION 8005 OF THE BANKING LAW

Legal Department
The Bank of New York
One Wall Street
New York, NY 10286

CERTIFICATE OF AMENDMENT
OF
THE ORGANIZATION CERTIFICATE
OF
THE BANK OF NEW YORK

Under Section 8005 of the Banking Law

We, the undersigned, Deno D. Papageorge, Senior Executive Vice President, and Jacqueline R. McSwiggan, Vice President and Secretary, respectively, of The Bank of New York, do hereby certify and state as follows:

1. The name of the Corporation is The Bank of New York; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The Corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. Organization Certificate of the Corporation, as heretofore amended by certificates filed pursuant to law, is hereby further amended, to revise Section A, which relates to the Corporation's capital structure, to read as set forth below:

"A. The Aggregate number of shares which the Corporation shall have authority to issue is fourteen million three hundred sixty-seven thousand six hundred seventy-one (14,367,671), consisting of:

(a) Eleven million six hundred sixty-six thousand six hundred seventy-one (11,666,671) shares of common stock of the par value of seventy-five dollars ($75) per share;

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share; and

(c) One million two hundred one thousand (1,201,000) shares of preferred stock of the par value of one dollar ($1) per share."

0004L/018.LJM

4. This amendment was authorized by resolution of the board of directors of the Corporation and by written consent of its sole shareholder.

IN WITNESS WHEREOF, we subscribe this Certificate and affirm that the statements contained herein are true under the penalties of perjury, this 27th day of December, 1991.

Jacqueline R. McGuigan

0004L/D18.LJH

State of New York,
Banking Department

I, DONALD J. KAVANAGH, Deputy Superintendent of Banks of the State of New York, DO HEREBY CERTIFY:

THAT, in accordance with the provisions of Section 601-b of the New York State Banking Law, there were filed in the office of the Superintendent of Banks, as of the close of business October 6, 1989, an Agreement and Plan of Merger, dated May 1, 1989, and other required documents providing for the merger of The Bank of New York, New York, New York, with and into Irving Trust Company, New York, New York, under the charter of Irving Trust Company and the name The Bank of New York, which merger was approved by Banking Board Resolution No. 6410, adopted July 6, 1989; and

THAT, the aforementioned merger has been recognized as valid and effective as of the date and time of such filing.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 6th *day of* October *in the Year of our Lord one thousand nine hundred and* eighty-nine

Deputy Superintendent of Banks.

State of New York,

Banking Department

I, PETER M. PHILBIN, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of IRVING TRUST COMPANY, under Section 8005 of the Banking Law" dated April 15, 1988, providing for an increase in capital stock from $352,200,000 consisting of 9,900,000 shares of common stock with par value of twenty eight dollars ($28) each and 1,500,000 shares of preferred stock with a par value of fifty dollars ($50) each, to $402,867,788 consisting of 11,666,671 shares of common stock with par value of twenty eight dollars ($28) each, 1,500,000 shares of preferred stock with a par value of fifty dollars ($50) and 1,201,000 shares of preferred stock with a par value of one dollar ($1) each.

Witness, *my hand and official seal of the Banking Department at the City of New York,*

this 21st *day of* April *in the Year of our Lord*

one thousand nine hundred and eighty eight.

Peter M Philbin

Deputy *Superintendent of Banks.*

CONSENT OF SOLE SHAREHOLDER

Irving Bank Corporation, the holder of all of the outstanding capital stock of Irving Trust Company ("Irving"), hereby consents that Section A of Irving's Organization Certificate, as heretofore amended by Certificates filed pursuant to law, which relates to Irving's capital stock, the total number of shares which Irving may now issue and the par value thereof, and which now provides that the aggregate number of shares of capital stock which Irving shall be authorized to issue is 11,400,000 shares consisting of 9,900,000 shares of common stock of the par value of $28.00 per share and 1,500,000 shares of preferred stock of the par value of $50.00 per share, be amended as is set forth in the Certificate of Amendment attached hereto.

Irving Bank Corporation hereby further consents to the addition of Section D to Irving's Organization Certificate stating the number, designation, relative rights, preferences and limitations of a series of preferred stock, which is set forth in the Certificate of Amendment attached hereto.

Irving Bank Corporation hereby further consents that an appropriate Certificate of Amendment in substantially the same form as the Certificate of Amendment attached hereto be filed in the Office of the Superintendent of Banks of the State of New York.

IN WITNESS WHEREOF, this Consent has been signed this 15th day of April, 1988.

IRVING BANK CORPORATION

By _____
Samuel F. Chevalier
President

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

Robert A. Falise, being duly sworn, deposes and says that he is Secretary of Irving Trust Company, the Corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Robert A. Falise
Secretary

Sworn to before me this 15th day of April, 1988.

Sylvia Cohen
Notary Public

SYLVIA COHEN
Notary Public, State of New York
No. 31-5747950
Qualified in New York County
Commission Expires 7/31/88

0302H

CERTIFICATE OF AMENDMENT

OF

THE ORGANIZATION CERTIFICATE

OF

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, Alvin L. Begleiter, Executive Vice President and Robert A. Falise, Secretary respectively, of Irving Trust Company, do hereby certify and state as follows:

1. The name of the Corporation is Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The Corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The Corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, is hereby further amended, so that Section A, which relates to the Corporation's capital structure, and which now provides authorization for the issuance of nine million nine hundred thousand (9,900,000) shares of common stock of the par

unless the context indicates a different intent, have the meanings ascribed thereto in Section (h) hereof.

(l) Cumulative Dividends and Dividend Payment Date.

(i) Dividends on this Series shall be payable, as set forth below, on dates (each a "Dividend Payment Date") determined as follows:

(A) From the Date of Original Issue to February 24, 1993 (the "Fixed Dividend Period"), dividends on this Series shall be payable, from funds legally available therefor, when and as declared in the discretion of the Board of Directors, on the 15th day of February, May, August and November in each year commencing on May 15, 1988 (the "Initial Dividend Payment Date") to and including November 15, 1992 and on February 24, 1993, unless any such date is not a Business Day, in which event dividends on this Series shall be payable on the next succeeding Business Day; provided, however, that the provisions of this subsection (i)(A) are subject to the provisions of subsection (iii);

(B) After February 24, 1993, dividends on this Series shall be payable, from funds legally available therefor, when and as declared in the discretion of the Board of Directors, on April 14, 1993 and on each succeeding seventh Wednesday (each such date being herein referred to as the "Normal Dividend Payment Date" and each period between two consecutive Normal Dividend Payment Dates being herein referred to as a "Normal Auction Dividend Period") except that (A) if such Normal Dividend Payment Date is not a Business Day, then the Dividend Payment Date shall be the preceding Monday if both such Monday and the Tuesday following it are Business Days; or (B) if the Thursday following such Normal Dividend Payment Date is not a Business Day, then the Dividend Payment Date shall be the Tuesday preceding such Normal Dividend Payment Date if both such Tuesday and such Normal Dividend Payment Date are Business Days; or (C) if (X) such Normal Dividend Payment Date and either the preceding Monday or Tuesday is not a Business Day or (Y) the Thursday following such Normal Dividend Payment Date

value of twenty-eight dollars ($28) per share and of one million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share, to read as below set forth:

"A. The aggregate number of shares which the Corporation shall have authority to issue is fourteen million three hundred sixty-seven thousand six hundred seventy-one (14,367,671), consisting of:

(a) Eleven million six hundred sixty-six thousand six hundred seventy-one (11,666,671) shares of common stock of the par value of twenty-eight dollars ($28) per share;

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share; and

(c) One million two hundred one thousand (1,201,000) shares of preferred stock of the par value of one dollar ($1) per share."

4. The Corporation's organization certificate, as heretofore amended by certificates filed pursuant to law is hereby amended by the addition of Section D stating the number, designation, relative rights, preferences and limitations of the Cumulative Convertible Preferred Stock to read as below set forth:

"D. (a) Number of Shares; Designation of Series.

There shall be a series of the class of Preferred Stock consisting of 1,201,000 shares of $1.00 par value each designated "Cumulative Convertible Preferred Stock" (hereinafter called this "Series").

(b) Dividends.

Capitalized but undefined terms used in this Section (b) and in Sections (c), (d), (e), (f) and (g) hereof shall,

and such preceding Tuesday are not Business Days, then the Dividend Payment Date shall be the first Business Day preceding such Normal Dividend Payment Date that is next succeeded by a Business Day (each period between and including two consecutive Dividend Payment Dates, whether or not Normal Dividend Payment Dates, being herein referred to as an "Auction Dividend Period"); provided, however, that the provisions of this subsection (i)(B) are subject to the provisions of subsection (iii): Although any particular Dividend Payment Date may not occur on the originally scheduled Normal Dividend Payment Date because of the exceptions set forth above, the next succeeding Dividend Payment Date shall, subject to such exceptions, occur on the next following Normal Dividend Payment Date. Notwithstanding the foregoing, if any Dividend Payment Date set pursuant to this Section (b)(1)(i) would occur in the number of days after the immediately preceding Dividend Payment Date (determined by excluding such immediately preceding Dividend Payment Date and including the Dividend Payment Date in question) that is less than, or does not include, the number of days in the then-current minimum holding period (currently found in Section 246(c) of the Code) (the "Minimum Holding Period") required for taxpayers to be entitled to the dividends-received deduction on preferred stock held by non-affiliated corporations (currently found in Section 243(a) of the Code), then the Board of Directors shall instead fix as the Dividend Payment Date the next Business Day that is at least such number of days after such preceding Dividend Payment Date that is not less than the number of days in the then-current Minimum Holding Period and that is calculated to include the then-current Minimum Holding Period, and that is next succeeded by a Business Day.

(ii) Notwithstanding the foregoing, in the event of a change in law altering the Minimum Holding Period required for taxpayers to be entitled to the dividends-received deduction on preferred stock held by non-affiliated corporations, the Board of Directors of the Corporation shall adjust the Normal Auction Dividend Period so that the number of days (such number of days without giving effect to the exceptions set forth above in Section (b)(1)(i) being hereinafter referred to as "Auction Dividend Period Days") in a Normal Auction

Dividend Period commencing after the effective date of such change in law exceeds the then-current Minimum Holding Period and so that a Normal Auction Dividend Period includes the then-current Minimum Holding Period; provided that the number of Auction Dividend Period Days shall not exceed by more than nine days the length of such then-current Minimum Holding Period and shall be evenly divisible by seven, and the maximum number of Auction Dividend Period Days shall in no event exceed 98 days. Upon any such change in the number of days in a Normal Auction Dividend Period, as a result of a change in law of the type referred to in this Section (b)(1)(ii), the Corporation shall notify IBC of such change.

(iii) Not later than noon on the Business Day immediately preceding each Dividend Payment Date, the Corporation shall deposit, into an account specified by IBC, sufficient next-day funds equal to the amount of the declared dividends.

(2) Dividend Rate. During the Fixed Dividend Period the dividend rate payable on each share of this Series shall be the identical per annum rate at which dividends are payable on the shares of IBC's Cumulative Convertible Preferred Stock from the date February 23, 1988 to February 24, 1993 (the "Fixed Dividend Rate"), and for each Auction Dividend Period thereafter, the per annum dividend rate on each share of this Series shall be the identical per annum rate at which dividends are payable on the shares of IBC's Cumulative Convertible Preferred Stock for the corresponding auction dividend period (the "Applicable Rate"). During the Fixed Dividend Period, the amount of dividends per share payable for each quarterly dividend period shall be computed by dividing the Fixed Dividend Rate by four. The amount of dividends payable for any period which occurs during the Fixed Dividend Period and is shorter or longer than a full quarterly period shall be computed on the basis of 30-day months, a 360-day year and the actual number of days elapsed in the period. The amount of dividends per share of this Series payable for each Auction Dividend Period or part thereof shall be computed by multiplying the Applicable Rate for such Auction Dividend Period by a fraction the numerator of which shall be the number of days in such Auction Dividend Period or part thereof (calculated by counting the first day thereof but excluding the last day thereof) that such share was outstanding and the denominator of which shall be 360 and multiplying the amount so obtained by $100.

(3) All dividends will accrue and be cumulative for each issued share of this Series from February 23, 1988, whether or not earned or declared, so that if the full dividends in respect of any previous dividend period shall not have been paid on all shares of this Series at the time outstanding, whether or not earned or declared, dividends in the amount of the deficiency will be fully paid on, or declared and set apart for, such shares before any dividend or other distribution, whether in cash or property, will be paid on or declared or set apart for any shares of Common Stock of the Corporation or any other shares of capital stock of the Corporation which are junior to this Series as to dividends, whether now or hereafter authorized, and before any moneys will be set aside for or applied to any redemption, retirement, purchase or other acquisition (either pursuant to any applicable purchase or sinking fund provisions or otherwise) of any shares of Common Stock of the Corporation or any other shares of capital stock of the Corporation which are junior to this Series as to dividends, whether now or hereafter authorized; provided, however, that any moneys deposited in any purchase or sinking fund provided for any shares of capital stock of the Corporation in compliance with the provisions of such fund and in compliance at the time of such deposit with the provisions of this Section (b) may thereafter be applied to the purchase or redemption of such shares in accordance with the terms of such purchase or sinking fund whether or not at the time of such application dividends on this Series shall be in arrears. If at any time there shall be outstanding any shares of any other capital stock ranking on a parity as to dividends with this Series, no dividends will be declared on this Series or any other such parity stock in respect of any dividend payable during the same period unless there shall be declared on all shares of this Series and other such parity stock dividends payable in proportion to their respective dividend periods and dividend rates per annum. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stocks, in excess of full cumulative dividends, as herein provided, on this Series. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series which may be in arrears. The foregoing provisions of this Section (b) shall not apply to or prevent a dividend or distribution payable in shares of stock which are junior to this Series as to dividends and upon liquidation, or apply to or prevent the acquisition of shares of stock upon conversion thereof into or in exchange solely for shares of such junior stock.

(c) Redemption.

(1) The shares of this Series shall be redeemable by the Corporation as provided below:

(i) Outstanding shares of this Series may not be redeemed, in whole or in part, prior to February 24, 1993.

(ii) On or after February 24, 1993, Outstanding shares of this Series may be redeemed at the option of the Corporation but only in that number of shares which in the aggregate constitutes one or more 1,000 share units (a "Unit"), out of funds legally available therefor, upon not less than 20 nor more than 50 days' prior notice, on any Dividend Payment Date during an Auction Dividend Period, at a redemption price equal to $100 per share, plus an amount equal to accrued and unpaid dividends to the redemption date, whether or not earned or declared.

(d) Conversion. IBC shall have the right to convert the shares of this Series into shares of Common Stock of the Corporation at any time after February 24, 1991 and prior to February 23, 1993, on and subject to the following terms and conditions:

(1) The shares of this Series shall be convertible at the principal office of the Corporaton and at such other office or offices, if any, as the Board of Directors may designate, into fully paid and nonassessable shares of Common Stock of the Corporation at the conversion rate of 1.471 shares of Common Stock for one share of this Series.

(2) In order to convert shares of this Series into Common Stock, IBC thereof shall surrender at an office referred to in paragraph (1) of this Section (d) the certificate or certificates therefor, duly endorsed to the Corporation or in blank or accompanied by proper instruments of transfer to the Corporation or in blank, accompanied by funds in the amount of any taxes payable in respect of any transfer involved in the issue of the Common Stock into which such shares of this Series are to be converted in a name or names other than that in which such shares are registered, and shall give written notice to the Corporation at said office that he elects so to convert such shares, specifying therein the name or names in which the certificate or certificates for Common Stock are to be issued. Shares of

this Series shall be deemed to have been converted on the date (hereinafter called the "conversion date") of the surrender of such shares for conversion accompanied by the funds and notice as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date except that if the date of such surrender, payment and notice is a date when the stock transfer books of the Corporation are closed, such person or persons shall be deemed to have become the record holder or holders of such shares of Common Stock at the close of business on the next succeeding date on which the stock transfer books are open. As promptly as practicable on or after the conversion date, a certificate or certificates for the number of shares of Common Stock issuable upon such conversion shall be issued and delivered by the Corporation at said office to the person or persons entitled to receive the same, and, in the event a certificate or certificates representing shares of this Series were not converted as to all such shares, together with a new certificate for the shares of this Series which were not so converted. In case shares of this Series are called for redemption, the right to convert such shares shall cease and terminate at the close of business on the day next preceding the date fixed for redemption, unless default shall be made in payment of the redemption price and accrued and unpaid dividends to the date fixed for redemption.

(3) The Corporation shall not be required to issue either fractional shares of stock or scrip in lieu thereof, or any other fractional interest of any kind, upon any conversion of shares of this Series. In lieu of any fraction of a share or any other such fractional interest which IBC, as holder of shares of this Series, would otherwise be entitled to receive upon conversion, IBC shall be entitled to receive a cash payment in an amount equal to the same fraction of the market value for such share of Common Stock, or a cash payment in an amount equal to the same fraction of the market value for such other interest, as the case may be, on the day such rights are exercised. The market value for any interest shall be as determined in good faith by the Corporation.

(4) For the purposes of paragraph (3) of this Section (d), the number of shares of Common Stock of the Corporation at any time outstanding shall not include shares then owned or held by or for the account of the Corporation, but shall include all shares issuable in respect of outstanding scrip or other certificates representing fractional interests in shares of Common Stock.

(5) The Corporation shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the conversion of all outstanding shares of this Series.

(6) Any shares of this Series which have been converted shall be cancelled and restored to the status of authorized but unissued shares.

(e) Voting. Except as required from time to time by law, the shares of this Series shall not have any voting powers either general or special.

(f) Liquidation Rights.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive out of the assets of the Corporation, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the Preferred Stock upon liquidation, the amount of $100 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(2) Neither the consolidation nor merger of the Corporation into or with any corporation, nor the sale, transfer or lease by the Corporation of all or any part of its property will be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section (f).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (f), the holders of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (1) of this Section (f), no such distribution shall be made on account of any shares of any other series of Preferred Stock or of any other class ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares

of this Series, ratably in accordance with the sums which would be payable in such distribution if all sums payable in respect of the shares of all series of Preferred Stock and any such other class as aforesaid were discharged in full.

(g) For purposes of this Section D, any stock of any class or classes of the Corporation shall be deemed to rank:

(1) prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) on a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) junior to shares of this Series, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes.

(h)(1) Certain Definitions. For purposes of these definitions, this Series of preferred stock of the Corporation is sometimes hereinafter referred to as 'STRAPS'. Unless the context or use indicates another or different meaning or intent, the following terms shall have the following meanings, whether used in the singular or plural:

"Auction Dividend Period" has the meaning set forth in Section (b) hereof.

"Auction Dividend Period Days" has the meaning set forth in Section (b) hereof.

"Business Day" shall mean a day on which the New York Stock Exchange is open for trading and which is not a day on which banks in New York City are generally authorized by law to close.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any statute subsequently enacted in place thereof..

"Date of Original Issue" shall mean February 23, 1988.

"Dividend Payment Date" has the meaning set forth in Section (b) hereof.

"Dividend Period" shall mean the period from and including any Dividend Payment Date to but excluding the next Dividend Payment Date.

"Fixed Dividend Period" has the meaning set forth in Section (b) hereof.

"Fixed Dividend Rate" has the meaning set forth in Section (b) hereof.

"IBC" shall mean Irving Bank Corporation and its successors and assigns.

"IBC's Cumulative Convertible Preferred Stock" shall mean that series of preferred stock of Irving Bank Corporation designated the "Cumulative Convertible Preferred Stock".

"Initial Dividend Payment Date" has the meaning set forth in Section (b) hereof.

"Minimum Holding Period" has the meaning set forth in Section (b) hereof.

"Normal Dividend Payment Date" has the meaning set forth in Section (b) hereof.

"Normal Auction Dividend Period" has the meaning set forth in Section (b) hereof.

"Outstanding" shall mean, as of any date, any shares of this Series theretofore issued by the Corporation except, without duplication, any shares of this Series redeemed, purchased or otherwise acquired by the Corporation, or as to which the Corporation has given a notice of redemption if the

Corporation shall also have irrevocably deposited the redemption price thereof with an account or accounts specified by IBC.

"Person" shall mean and include an individual, a partnership, a corporation, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Unit" has the meaning set forth in Section (c) hereof.

IN WITNESS WHEREOF, this certificate has been signed this 15th day of April, 1988.

Alvin L. Beyleiter
Executive Vice President

Robert A. Falise
Secretary

0302H

State of New York,

Banking Department

I, PETER M. PHILBIN, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of the IRVING TRUST COMPANY under Section 8005 of the Banking Law" dated February 16, 1988, providing for a change in the number of previously authorized shares from nine million four hundred thousand (9,400,000) shares of common stock of par value of twenty eight dollars ($28) each, and one million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty ($50) each, for a total capital stock of three hundred thirty eight million two hundred thousand dollars ($338,200,000) to nine million nine hundred thousand (9,900,000) shares of common stock of par value of twenty eight dollars ($28) each, and one million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) each, for a total capital stock of three hundred fifty two million two hundred thousand dollars ($352,200,000).

Witness, *my hand and official seal of the Banking Department at the City of New York,*

this 4th *day of* March *in the Year of our Lord*

one thousand nine hundred and eighty - eight.

Deputy *Superintendent of Banks.*

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, Alvin L. Begleiter, Executive Vice President and Robert A. Falise, Secretary, respectively, of Irving Trust Company, do hereby certify and state as follows:

1. The name of the Corporation is Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The Corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The Corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, is hereby further amended, so that Section A, which relates to the Corporation's capital structure, and which

now provides authorization for the issuance of nine million four hundred thousand (9,400,000) shares of common stock of the par value of twenty-eight dollars ($28) each, and one million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50.00) each, for a total capital stock value of three hundred thirty-eight million two hundred thousand dollars ($338,200,000), shall read as follows:

"A. The aggregate number of shares which the Corporation shall have authority to issue is eleven million four hundred thousand (11,400,000), consisting of:

(a) Nine million nine hundred thousand (9,900,000) shares of common stock of the par value of twenty-eight dollars ($28) per share; and

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share."

CONSENT OF SOLE SHAREHOLDER

Irving Bank Corporation, the holder of all of the outstanding capital stock of Irving Trust Company ("Irving"), hereby consents that Section A of Irving's Organization Certificate, as heretofore amended by Certificates filed pursuant to law, which relates to Irving's capital stock, the total number of shares which Irving may now issue and the par value thereof, and which now provides that the amount of capital stock which Irving shall be authorized to have is $338,200,000 consisting of 9,400,000 shares of common stock of the par value of $28.00 per share and 1,500,000 shares of preferred stock of the par value of $50.00 per share, be amended to read as follows:

"A. The aggregate number of shares which the Corporation shall have the authority to issue is eleven million four hundred thousand (11,400,000), consisting of:

(a) Nine million nine hundred thousand (9,900,000) shares of common stock of the par value of twenty-eight dollars ($28.00) per share; and

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50.00) per share"

and that an appropriate certificate of such amendment be filed in the Office of the Superintendent of Banks of the State of New York.

IRVING BANK CORPORATION

By Samuel F. Chevalier
Samuel F. Chevalier
President

SmC

This amendment has been authorized by the Board of Directors of Irving Trust Company on February 16, 1988 and by Irving Bank Corporation, the sole stockholder of Irving Trust Company, on February 29, 1988.

IN WITNESS WHEREOF, this certificate has been signed this 1st day of March, 1988.

Alvin L. Begleiter
Executive Vice President

Robert A. Falise
Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

ROBERT A. FALISE, being duly sworn, deposes and says that he is Secretary of Irving Trust Company, the Corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Robert A. Falise
Secretary

Sworn to before me this
1st day of March, 1988.

Judy M. Pruessen
Notary Public

JUDY M. PRUESSEN
NOTARY PUBLIC, State of New York
No. 41 - 4636958
Qualified in Queens County
Commission Expires March 30, 19 88
April

Banking Department

I, PETER M. PHILBIN, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of Irving Trust Company under Section 8005 of the Banking Law" dated December 21, 1982 providing for an increase in the capital structure from 9,400,000 shares of one class of stock of the par value of $28 each, for a total capital stock value of $263,200,000, to 10,900,000 shares of stock consisting of 9,400,000 shares of common stock of the par value of $28 each and 1,500,000 shares of a new class of stock and a series within such class to be denominated as "Cumulative Adjustable Rate Preferred Stock" of the par value of $50 each, for a total capital stock value of $338,200,000.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 22nd *day of* December *in the Year of our Lord one thousand nine hundred and* eighty-two.

Deputy *Superintendent of Banks.*

Irving Trust Company
New York, New York

Gentlemen:

Irving Bank Corporation, as the sole shareholder of Irving Trust Company ("ITC"), hereby (1) consents that that portion of the Organization Certificate of ITC, as heretofore amended by certificates filed pursuant to law, be further amended by the adoption of a Certificate of Amendment in the form attached hereto as Exhibit I, creating a new class of preferred stock and a series within such class, such series to be denominated as "Cumulative Adjustable Rate Preferred Stock" and to consist of one million five hundred thousand (1,500,000) shares of the par value of fifty dollars ($50), and fixing the relative rights, preferences and limitations thereof; and (2) directs that such Certificate of Amendment be filed in the Office of the Superintendent of Banks of the State of New York.

IRVING BANK CORPORATION

Dated: December 21, 1982

By _____
Eugene J. McCabe
Secretary

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York
this 22 day of December , 1982

Superintendent of Banks

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, William R. Hamcke, Senior Executive Vice President and Eugene J. McCabe, Secretary, respectively, of Irving Trust Company, do hereby certify and state as follows:

1. The name of the Corporation is Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The Corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The Corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, is hereby further amended, relating to its capital structure, which now provides authorization for the issuance of nine million four hundred thousand (9,400,000) shares of one class of stock of the par value of twenty-

eight dollars ($28) each, for a total capital stock value of two hundred sixty-three million two hundred thousand dollars ($263,200,000), to read in its entirety substantially as below set forth:

"A. The aggregate number of shares which the Corporation shall have authority to issue is ten million nine hundred thousand (10,900,000), consisting of:

(a) Nine million four hundred thousand (9,400,000) shares of common stock of the par value of twenty-eight dollars ($28) per share; and

(b) One million five hundred thousand (1,500,000) shares of preferred stock of the par value of fifty dollars ($50) per share.

B. (a) The Corporation shall have authority to issue shares of the preferred stock in series, subject to the limitation that, if the stated dividends and amounts payable on liquidation are not paid in full, the shares of all series of the same class shall share ratably in the payment of dividends including accumulations, if any, in accordance with the sums which would be payable on such shares if all dividends were declared and paid in full, and in any distribution of assets other than by way of dividends in accordance with the sums which would be payable on

such distribution if all sums payable were discharged in full.

(b) Dividends on outstanding preferred stock of each series shall be declared and paid, or set apart for payment, before any dividends shall be declared and paid, or set apart for payment, on the shares of common stock with respect to the same dividend period.

(c) Upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of preferred stock shall be entitled to receive out of the assets of the Corporation, before any distribution shall be made to the holders of the common stock, the amounts determined to be payable on the preferred stock of each series in the event of voluntary or involuntary liquidation.

C. (a) Number of Shares; Designation of Series

There shall be a series of the class of the Corporation's preferred stock (the "Preferred Stock") consisting of 1,500,000 shares of $50 par value each designated "Cumulative Adjustable Rate Preferred Stock" (hereinafter called this "Series").

(b) Dividends:

(1) Dividends on the shares of this Series shall be at a percentage rate per annum of the Issue Price (as hereinafter defined) equal to: (i) for the period (the "Initial Dividend Period") from the date of their original issue to and including March 31, 1983, 10.00%, and (ii) for each dividend period thereafter (hereinafter referred to as a "Quarterly Dividend Period"; and the Initial Dividend Period or any Quarterly Dividend Period being hereinafter individually referred to as a "Dividend Period" and collectively referred to as "Dividend Periods"), which Quarterly Dividend Periods shall commence on January 1, April 1, July 1 and October 1 in each year (the first such Quarterly Dividend Period commencing on April 1, 1983) and shall end on and include the day next preceding the first day of the next Quarterly Dividend Period, 2.25% below the Applicable Rate (as defined in paragraph (2) of this Section (b)) in respect of such Quarterly Dividend Period. Anything to the contrary herein notwithstanding, the dividend rate for any Quarterly Dividend Period shall in no event be less than 6.50% or greater than 14.00% per annum. Such dividends shall be cumulative from the date of original issue of such shares and shall be payable, when and as declared by the Board of Directors of the Corporation (the "Board"), on March 31, June 30,

September 30 and December 31 of each year, commencing March 31, 1983. Each such dividend shall be paid to the holders of record of shares of this Series as they appear on the stock register of the Corporation on such record date as shall be fixed by the Board in advance of the payment date thereof. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any regular dividend payment date, to holders of record on such date as shall be fixed by the Board in advance of the payment date thereof.

(2) Except as provided below in this paragraph, the "Applicable Rate" for any Quarterly Dividend Period shall be the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Twenty Year Constant Maturity Rate (each as hereinafter defined) for such Dividend Period. In the event that the Corporation determines in good faith that for any reason one or more of such rates cannot be determined for any Quarterly Dividend Period, then the Applicable Rate for such Dividend Period shall be the higher of whichever of such rates can be so determined. In the event that the Corporation determines in good faith that none of such rates can be determined for any Quarterly Dividend Period, then the Applicable Rate in effect for the preceding Dividend Period shall be continued for such Dividend Period.

(3) Except as provided below in this paragraph, the "Treasury Bill Rate" for each Quarterly Dividend Period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period as provided below) for three-month U.S. Treasury bills, as published weekly by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") during the Calendar Period immediately prior to the ten calendar days immediately preceding the March 31, June 30, September 30 or December 31, as the case may be, prior to the Quarterly Dividend Period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum market discount rate during such Calendar Period, then the Treasury Bill Rate for such Dividend Period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period as provided below) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In

the event that a per annum market discount rate for three-month U.S. Treasury bills shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such Dividend Period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period as provided below) for all of the U.S. Treasury bills then having maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such rates, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason no such U.S. Treasury bill rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such Dividend Period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable noninterest-bearing U.S. Treasury securities with a maturity of not less than 80 nor more than 100 days from the date of each such quotation, as quoted daily for each business day in New

York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any Quarterly Dividend Period as provided above in this paragraph, the Treasury Bill Rate for such Dividend Period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest-bearing U.S. Treasury securities with a maturity of not less than 80 nor more than 100 days from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(4) Except as provided below in this paragraph, the "Ten Year Constant Maturity Rate" for each Quarterly Dividend Period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only one such Yield shall be published during the relevant

Calendar Period as provided below), as published weekly by the Federal Reserve Board during the Calendar Period immediately prior to the ten calendar days immediately preceding the March 31, June 30, September 30 or December 31, as the case may be, prior to the Quarterly Dividend Period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such Dividend Period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period as provided below), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Ten Year Average Yield shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such Dividend Period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly average yield to maturity, if only one such yield shall be

published during the relevant Calendar Period as provided below) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having maturities of not less than eight nor more than twelve years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any Quarterly Dividend Period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such Dividend Period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than twelve years from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(5) Except as provided below in this paragraph, the "Twenty Year Constant Maturity Rate" for each Quarterly Dividend Period shall be the arithmetic average of the two most recent weekly per annum Twenty Year Average Yields (or the one weekly per annum Twenty Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period as provided below), as published weekly by the Federal Reserve Board during the Calendar Period immediately prior to the ten calendar days immediately preceding the March 31, June 30, September 30 or December 31, as the case may be, prior to the Quarterly Dividend Period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Twenty Year Average Yield during such Calendar Period, then the Twenty Year Constant Maturity Rate for such Dividend Period shall be the arithmetic average of the two most recent weekly per annum Twenty Year Average Yields (or the one weekly per annum Twenty Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period as provided below), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Twenty Year Average Yield shall not be published by any Federal

Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Twenty Year Constant Maturity Rate for such Dividend Period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly average yield to maturity, if only one such yield shall be published during the relevant Calendar Period as provided below) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having maturities of not less than eighteen nor more than twenty-two years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Twenty Year Constant Maturity Rate for any Quarterly Dividend Period as provided above in this paragraph, then the Twenty Year Constant Maturity Rate for such Dividend Period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securi-

ties) with a final maturity date not less than eighteen nor more than twenty-two years from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(6) The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Twenty Year Constant Maturity Rate shall each be rounded to the nearest five hundredths of a percentage point.

(7) The dividend rate with respect to each Quarterly Dividend Period will be calculated as promptly as practicable by the Corporation according to the appropriate method described herein.

(8) For purposes of this Section (b), Dividends on the Shares of this Series, the term

(i) "Issue Price" shall mean the sum of $50 per share;

(ii) "Calendar Period" shall mean 14 calendar days;

(iii) "Special Securities" shall mean securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or

which were originally issued at a deep or substantial discount;

(iv) "Ten Year Average Yield" shall mean the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years); and

(v) "Twenty Year Average Yield" shall mean the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of twenty years).

(9) No dividend shall be paid upon, or declared and set apart for, any share of this Series or for any share of any other series of the Preferred Stock for any Dividend Period unless at the same time a like proportionate dividend for the same Dividend Period, ratably in proportion to the respective dividends applicable thereto (adjusted in the case of the Initial Dividend Period to reflect the length of such Period), shall be paid upon, or declared and set apart for, all shares of this Series and all shares of all other series of the Preferred Stock then issued and outstanding and entitled to receive dividends. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stocks, in excess of full

(11) Dividends payable on each share of this Series for each full Quarterly Dividend Period shall be computed by dividing the dividend rate for such Quarterly Dividend Period by four and applying such rate against the Issue Price of this Series. Dividends payable on this Series for any period less than a full Quarterly Dividend Period, and for the Initial Dividend Period, shall be computed on the basis of a 360 day year consisting of 30 day months.

(c) Redemption:

(1) The shares of this Series shall not be redeemable prior to January 1, 1988. On and after January 1, 1988 the Corporation, at its option, may redeem shares of this Series, as a whole or in part, at any time or from time to time, at a redemption price (i) in the case of any redemption on a redemption date occurring on or after January 1, 1988 and prior to January 1, 1993 of $51.50 per share, and (ii) in the case of any redemption on a redemption date occurring on or after January 1, 1993 of $50 per share, plus, in each case, accrued and unpaid dividends thereon to the date fixed for redemption.

(2) In the event that fewer than all the outstanding shares of this Series are to be redeemed, the number of shares to be redeemed and the shares to be redeemed shall be determined by the Board in its sole discretion.

cumulative dividends, as herein provided, on this Series. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series which may be in arrears.

(10) So long as any shares of this Series are outstanding, no dividend (other than a dividend in common stock or in any other stock of the Corporation ranking junior to this Series as to dividends and upon liquidation and other than as provided in paragraph (9) above of this Section (b)) shall be declared or paid or set aside for payment or other distribution declared or made upon the common stock or upon any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation, nor shall any common stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation) unless, in each case, the full cumulative dividends on all outstanding shares of this Series shall have been declared and paid, or set apart for payment, for all past dividend payment periods.

(3) In the event the Corporation shall redeem shares of this Series, notice of such redemption shall be given in writing not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed. Each such notice shall state: (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(4) Notice having been given as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) dividends on the shares of this Series so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly

endorsed or assigned for transfer, if the Board shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid.

(5) Any shares of this Series which shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued shares of Preferred Stock, without designation as to series.

(6) Notwithstanding the foregoing provisions (1) through (5) of this Section (c), if any dividends on this Series are in arrears, no shares of this Series shall be redeemed unless all outstanding shares of this Series are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire any shares of this Series; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of this Series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of this Series.

(d) Conversion or Exchange: The holders of shares of this Series shall not have any rights herein to convert such shares into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of capital stock of the Corporation.

(e) Voting: Except as required from time to time by law, the shares of this Series shall not have any voting powers either general or special.

(f) Liquidation Rights:

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive out of the assets of the Corporation, before any payment or distribution shall be made on the common stock or on any other class of stock of the Corporation ranking junior to the Preferred Stock upon liquidation, the amount of $50 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(2) Neither the sale, lease or conveyance of all or substantially all the property or business of the Corporation, nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section (f).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (f), the holders of this

Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (1) of this Section (f), no such distribution shall be made on account of any shares of any other series of Preferred Stock or of any other class ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably in accordance with the sums which would be payable in such distribution if all sums payable in respect of the shares of all series of Preferred Stock and any such other class as aforesaid were discharged in full.

(g) For purposes of this Section C, any stock of any class or classes of the Corporation shall be deemed to rank:

(1) prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distri-

butable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) on a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) junior to shares of this Series, either as to dividends or upon liquidation, if such class shall be common stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes."

This amendment has been authorized by the Boards of Directors of Irving Trust Company and Irving Bank Corporation, the sole stockholder of Irving Trust Company, both on December 21, 1982.

IN WITNESS WHEREOF, this certificate has been signed this 21st day of December, 1982.

William R. Hamcke
Senior Executive Vice President

Eugene J. McCabe
Secretary

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

EUGENE J. McCABE, being duly sworn, deposes and says that he is Secretary of Irving Trust Company, the Corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Secretary

Sworn to before me this
21st day of December, 1982.

Notary Public

JUDY M. PRUESSEN
NOTARY PUBLIC, State of New York
No. 41 - 4638958
Qualified in Queens County
Commission Expires March 30, 19 84

Filed in the office of the Superintendent of Banks, State of New York, this
22nd day of Dec. 1982

Supervisor of Banking Accounts

DONALD J. KAVANAGH, Deputy

I, *Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of* IRVING TRUST COMPANY *under Section 8005 of the Banking Law" dated* December 18, *1979, providing for increase of capital stock from $* 94,000,000 *to $* 122,200,000.

In Witness Whereof, *I have hereunto set my hand and affixed the official seal of the Banking Department at New York, N.Y., this* 28th *day of* December *19* 79

Deputy *Superintendent of Banks*

2-9-65-500 (SA2-29)

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York
this 28th day of December , 1979

Deputy Superintendent of Banks

Filed in the Office of the Superintendent
of Banks, State of New York, this
28th day of Dec. 1979

Head Account Clerk

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, William R. Hamcke, Executive Vice President and Eugene J. McCabe, Secretary, respectively, of Irving Trust Company, do hereby certify and state as follows:

1. The name of the corporation is Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, relating to its capital stock, which now provides that the amount of capital stock which the corporation shall be authorized to have is $94,000,000, consisting of 9,400,000 shares of the par value of $10 each, is hereby amended to read in its entirety as below set forth:

"The amount of the authorized capital stock of the corporation shall be One Hundred Twenty-Two Million Two Hundred Thousand ($122,200,000) Dollars to consist of Nine Million Four Hundred Thousand (9,400,000) shares of the par value of Thirteen ($13) Dollars each, all of which are to be of the same class."

This amendment has been authorized by the Boards of Directors of Irving Trust Company and Irving Bank Corporation, the sole stockholder of Irving Trust Company, both on December 18, 1979.

IN WITNESS WHEREOF, this certificate has been signed this 18th day of December, 1979.

William R. Hamcke
Executive Vice President

Eugene J. McCabe
Secretary

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

EUGENE J. MC CABE, being duly sworn, deposes and says that he is Secretary of Irving Trust Company, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Sworn to before me this
18th day of December, 1979

Notary

JUDY M. PRUESSEN
Notary Public, State of New York
No. 41-4638[illegible]8
Qualified in Queens County
Commission Expires [illegible] 1980

State of New York,
Banking Department

I, DONALD J. KAVANAGH, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of Irving Trust Company under Section 8005 of the Banking Law" dated May 19, 1981 providing for increase of capital stock from $122,200,000 represented by 9,400,000 shares of the par value of $13.00 per share, to $263,200,000, represented by 9,400,000 shares of the par value of $28.00 per share.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 3rd *day of* June *in the Year of our Lord one thousand nine hundred and* eighty-one.

Deputy *Superintendent of Banks.*

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York
this day of , 19

Superintendent of Banks

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, William R. Hamcke, Executive Vice President and Eugene J. McCabe, Secretary, respectively, of Irving Trust Company, do hereby certify and state as follows:

1. The name of the corporation is Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, relating to its capital stock, which now provides that the amount of capital stock which the corporation shall be authorized to have is $122,200,000, consisting of 9,400,000 shares of the par value of $13 each, is hereby amended to read in its entirety as below set forth:

"The amount of the authorized capital stock of the corporation shall be Two Hundred Sixty-Three Million

Two Hundred Thousand ($263,200,000) Dollars to consist of Nine Million Four Hundred Thousand (9,400,000) shares of the par value of Twenty-Eight ($28) Dollars each, all of which are to be of the same class."

This amendment has been authorized by the Boards of Directors of Irving Trust Company and Irving Bank Corporation, the sole stockholder of Irving Trust Company, both on May 19, 1981.

IN WITNESS WHEREOF, this certificate has been signed this 19th day of May, 1981.

William R. Hamcke
Executive Vice President

Eugene J. McCabe
Secretary

STATE OF NEW YORK) ss.:
COUNTY OF NEW YORK)

EUGENE J. MC CABE, being duly sworn, deposes and says that he is Secretary of Irving Trust Company, the Corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Sworn to before me this
19th day of May, 1981.

JUDY M. PRUESSEN
Notary Public, State of New York
No. 41-4638958
Qualified in Queens County
Commission Expires March 30, 1982

RECEIVED
MAY 2 1 1981
COMMERCIAL BANKS
DIVISION

Filed in the Office of the Superintendent
of Banks, State of New York, this
28 day of June, 1981

Supervisor of Banking
Department Accounts

/

211

State of New York,

Banking Department

I, DONALD J. KAVANAGH, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed Certificate entitled "Certificate of Amendment of the Organization Certificate of IRVING TRUST COMPANY under Section 8005 of the Banking Law", dated September 13, 1979, providing for a change in the number of directors to not less than 7 nor more than 25.

Witness, *my hand and official seal of the Banking Department at the City of New York, this* 17th *day of* September *in the Year of our Lord one thousand nine hundred and* seventy-nine.

Deputy Superintendent of Banks.

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, Eliot N. Vestner, Jr., Senior Vice President and General Counsel, and Kevin M. McVey, Assistant Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, relating to the number of authorized directors is hereby amended to read as below set forth in full:

> "The number of directors shall be not less than a minimum of seven (7) nor more than a maximum of twenty-five (25)."

This amendment has been authorized by Charter New York Corporation, the sole stockholder of Irving Trust Company, on September 13, 1979.

IN WITNESS WHEREOF, this certificate has been signed this 13th day of September, 1979.

Eliot N. Vestner, Jr.
Senior Vice President
and General Counsel

Kevin M. McVey
Assistant Secretary

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

Eliot N. Vestner, Jr., being duly sworn, deposes and says that he is Senior Vice President and General Counsel of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Eliot N. Vestner, Jr.
Senior Vice President
and General Counsel

Sworn to before me this 13
day of September, 1979.

MARCIA S. KNIGIN
NOTARY PUBLIC, State of New York
No. 4511103
Qualified in New York County
Commission Expires March 30, 1981

19-14-79

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York this 13th day of September, 1979

Superintendent of Banks

Filed in the Office of the Superintendent of Banks, State of New York, this 13th day of Sept. 1979

Head Account Clerk

Deputy

I, [illegible] J. [illegible], *Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of* [illegible] TRUST COMPANY *under Section 8005 of the Banking Law" dated* October 20, *1977, providing for increase of capital stock from* $ 90,760,000 *to* $ 94,000,000

In Witness Whereof, *I have hereunto set my hand and affixed the official seal of the Banking Department at New York, N.Y., this* 31st *day of* October *19*77

Deputy *Superintendent of Banks*

2-9-65-500 (5A2-29)

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent
of Banks, State of New York, this
31st day of Oct. 1977

Head Account Clerk

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, William R. Hamcke, Executive Vice President and Eugene J. McCabe, Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par value thereof, and which now provides that the amount of capital stock which the corporation shall be authorized to have is $90,760,000, consisting of 9,076,000 shares of the par value of $10 each, is hereby amended to read as below set forth in full:

"The amount of the authorized capital stock of the corporation shall be Ninety Four Million ($94,000,000) Dollars to consist of Nine Million Four Hundred Thousand (9,400,000) shares of the par value of Ten Dollars ($10) each, all of which are to be of the same class."

This amendment has been authorized by the Board of Directors of Irving Trust Company on October 27, 1977 and Charter New York Corporation, the sole stockholder of Irving Trust Company.

IN WITNESS WHEREOF, this certificate has been signed this 28 day of October, 1977.

William R. Hamcke
Executive Vice President

Eugene J. McCabe
Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

WILLIAM R. HAMCKE, Being duly sworn, deposes and says that he is Executive Vice President of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

William R. Hamcke
Executive Vice President

Sworn to before me this 28th day of October, 1977

BARBARA E. MARKUS
Notary Public, State of New York
No. 31-2541675
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1979

I, WILLIAM T. DENTZER, JR. *Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of* IRVING TRUST COMPANY *under Section 8005 of the Banking Law" dated* February 24, *1972, providing for increase of capital stock from $* 80,460,000 *to $* 90,760,000

In Witness Whereof, *I have hereunto set my hand and affixed the official seal of the Banking Department at New York, N.Y., this* 25th *day of* February *19*72.

W T Dentzer Jr.

Superintendent of Banks

5-1-70

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York
this 25 day of February, 1972

Superintendent of Banks

Filed in the Office of the Superintendent
of Banks, State of New York, this
25th day of February 1972

Chief Account Clerk

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, Arthur G. Boardman, Jr., President, and Charles E. Edmond, Jr., Assistant Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The corporation's organization certificate, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par value thereof, and which now provides that the amount of capital stock which the corporation shall be authorized to have is $80,460,000, consisting of 8,046,000 shares of the par value of $10 each, is hereby amended to read as below set forth in full:

> "The amount of the authorized capital stock of the corporation shall be Ninety Million, Seven Hundred Sixty Thousand Dollars ($90,760,000.00), to consist of Nine Million, Seventy-six Thousand (9,076,000) shares of the par value of Ten Dollars ($10) each, all of which are to be of the same class."

4. The foregoing amendment of the organization certificate was authorized by the written consent of the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, this certificate has been signed this 24th day of February, 1972.

Arthur G. Boardman, Jr.
President

Charles E. Edmond, Jr.,
Assistant Secretary

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

ARTHUR G. BOARDMAN, JR., being duly sworn, deposes and says that he is the President of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

Arthur G. Boardman, Jr.
President

Sworn to before me this 24th day of February, 1972.

MICHAEL J. SPAHN
Notary Public, State of New York
No. 41-9114660
Qualified in Queens County
Commission Expires March 30, 1972

I, FRANK WILLE Superintendent of Banks of the St[illegible] of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of IRVING TRUST COMPANY under Section 8005 of the Banking Law" dated January 16, 1968, providing for increase of capital stock from $ 76,870,000. to $ 80,460,000.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 17th day of January, 1968

Frank Wille
Superintendent of Banks

2-9-65-500 (5A2-29)

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York,
this 17th day of January, 1968

Superintendent of Banks

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, GEORGE A. MURPHY, Chairman of the Board, and WESLEY LINDOW, Executive Vice-President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The provisions of the special law creating the corporation as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

> "The amount of the capital stock of the corporation shall be Eighty Million, Four Hundred Sixty Thousand Dollars ($80,460,000), to consist of Eight Million, Forty-six Thousand (8,046,000) shares of the par value of Ten Dollars ($10) each."

4. The foregoing amendment of the organization certificate was authorized by the written consent of the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, this certificate has been signed this 16th day of January, 1968.

George A. Murphy,
Chairman of the Board

Wesley Lindow, Executive
Vice-President and Secretary

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY, being duly sworn, deposes and says that he is Chairman of the Board of Directors of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

George A. Murphy,
Chairman of the Board

Sworn to before me this
16th day of January, 1968.

AUGUSTA R. WOLFE
Notary Public, State of New York
[illegible]
Qualified in Kings County
Commission Expires March 30, 1968

Filed in the Office of the Superintendent
of Banks, State of New York, this
17th day of January 1968

ADMINISTRATIVE OFFICER

I, FRANK WILL, *Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of* IRVING TRUST COMPANY *under Section 8005 of the Banking Law" dated* August 1, 1967, *providing for increase of capital stock from $* 66,400,000 *to $* 76,870,000

In Witness Whereof, *I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this* 2nd *day of* August, 1967

Frank Will

Superintendent of Banks

2-9-65-500 (5A2-29)

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York,
this 2nd day of August, 1967

Frank Wille

Superintendent of Banks

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, GEORGE A. MURPHY, Chairman of the Board, and WESLEY LINDOW, Executive Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The provisions of the special law creating the corporation as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

> "The amount of the capital stock of the corporation shall be Seventy-six Million, Eight Hundred Seventy Thousand Dollars ($76,870,000), to consist of Seven Million, Six Hundred Eighty-seven Thousand (7,687,000) shares of the par value of Ten Dollars ($10) each."

4. The foregoing amendment of the organization certificate was authorized by the written consent of the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, this certificate has been signed this 1st day of August, 1967.

GEORGE A. MURPHY,
Chairman of the Board

WESLEY LINDOW,
Executive Vice President and Secretary

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY, being duly sworn, deposes and says that he is Chairman of the Board of Directors of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

George A. Murphy, Chairman of the Board

Sworn to before me this
1st day of August, 1967.

MAXIM W. FENSON
Notary Public, State of New York
No. 31-6269165
Qualified in New York County
Commission Expires March 30, 1968

Filed in the Office of the Superintendent
of Banks, State of New York, this

2nd day of August 1967

[signature]

I, FRANK WILLE Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of IRVING TRUST COMPANY under Section 8005 of the Banking Law" dated August 11, 1966, providing for increase of capital stock from $58,583,000. to $66,400,000.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 11th day of August, 1966

Frank Wille
Superintendent of Banks

2-9-65-500 (5A2-29)

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York,
this 11th day of August, 1966

Frank Wille

Superintendent of Banks

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, GEORGE A. MURPHY, Chairman of the Board, and ALVIN L. BEGLEITER, Assistant Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The provisions of the special law creating the corporation as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

> "The amount of the capital stock of the corporation shall be Sixty-six Million, Four Hundred Thousand Dollars ($66,400,000), to consist of Six Million, Six Hundred Forty Thousand (6,640,000) shares of the par value of Ten Dollars ($10) each."

4. The foregoing amendment of the organization certificate was authorized by the written consent of the holder of all outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, this certificate has been signed this 11th day of August, 1966.

GEORGE A. MURPHY,
Chairman of the Board

ALVIN L. BEGLEITER,
Assistant Secretary

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY, being duly sworn, deposes and says that he is Chairman of the Board of Directors of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

George A. Murphy, Chairman of the Board

Sworn to before me this
11th day of August, 1966.

Notary Public

MAXIM W. FENSON
Notary Public, State of New York
No. 31-6269165
Qualified in New York County
Commission Expires March 30, 1968

I, FRANK WILLE Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of the Organization Certificate of IRVING TRUST COMPANY under Section 8005 of the Banking Law" dated March 24, 1965, providing for increase of capital stock from $ 57,434,310 to $58,583,000.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 29th day of March, 1965

Frank Wille
Superintendent of Banks

2-9-65-500 (5A2-29)

01 1003 3/24/1

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

Filed in the Office of the Superintendent of Banks, State of New York,
this 29th day of March , 1965

Frank Wille
Superintendent of Banks

CERTIFICATE OF AMENDMENT

of

THE ORGANIZATION CERTIFICATE

of

IRVING TRUST COMPANY

Under Section 8005 of the Banking Law

We, the undersigned, WILLIAM E. PETERSEN, President, and WESLEY LINDOW, Senior Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The provisions of the special law creating the corporation as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

> "The amount of the capital stock of the corporation shall be Fifty-eight Million, Five Hundred Eighty-three Thousand Dollars ($58,583,000), to consist of Five Million, Eight Hundred Fifty-eight Thousand Three Hundred (5,858,300) shares of the par value of Ten Dollars ($10) each."

4. The foregoing amendment of the organization certificate was authorized by a vote of the holders of a majority of all outstanding shares entitled to vote thereon at a meeting of the stockholders duly held on the 24th day of March, 1965.

IN WITNESS WHEREOF, this certificate has been signed this 24th day of March, 1965.

W. E. Petersen

William E. Petersen, President

Wesley Lindow

Wesley Lindow,
Senior Vice President and Secretary

STATE OF NEW YORK :
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN, being duly sworn, deposes and says that he is President of IRVING TRUST COMPANY, the corporation mentioned and described in the foregoing instrument; that he has read and signed the same and that the statements contained therein are true.

W. E. Petersen

William E. Petersen, President

Sworn to before me this 24th day of March, 1965.

Henry C. Faure Jr

Notary Public

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. Filed in New York County
Commission Expires March 30, 1966

Filed in the Office of the Superintendent
of Banks, State of New York, this
29th day of March 1965

K P Walsh

ADMINISTRATIVE OFFICER

Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
30TH DAY OF JANUARY, 1964

.....
Superintendent of Banks

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, WILLIAM E. PETERSEN, President, and WESLEY LINDOW, Senior Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivision two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 112,617 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $56,308,140 to $57,434,310 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares

which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-Seven Million, Four Hundred Thirty-Four Thousand, Three Hundred Ten Dollars ($57,434,310), to consist of five million, seven hundred forty-three thousand, four hundred thirty-one (5,743,431) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 29th day of January, 1964.

W. E. Petersen
William E. Petersen

Wesley Lindow
Wesley Lindow

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 29th day of January, 1964, before me personally came WILLIAM E. PETERSEN and WESLEY LINDOW, to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1964

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN and WESLEY LINDOW, being duly sworn, depose and say, and each for himself deposes and says:

That WILLIAM E. PETERSEN is President of IRVING TRUST COMPANY, and that WESLEY LINDOW is Senior Vice President and Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 29th day of January, 1964.

W. E. Petersen
President

Wesley Lindow
Senior Vice President and Secretary

Subscribed and sworn to before me
this 29th day of January, 1964.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1964

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN, being duly sworn, deposes and says:

That he, the said WILLIAM E. PETERSEN, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred twelve thousand, six hundred seventeen (112,617), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

W. E. Petersen
President

Subscribed and sworn to before me
this 29th day of January, 1964.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1964

I, OREN ROOT, Superintendent of Banks of the State of New York, Do HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of Certificate of Incorporation of IRVING TRUST COMPANY pursuant to Section Thirty-Six of the Stock Corporation Law" dated January 29, 1964, providing for increase of capital stock from $56,308,140 to $57,434,310.

SEAL

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 30th day of January, 1964.

Oren Root
Superintendent of Banks

Certified copy filed
in the office of clerk
of New York
County, this 31 day
of January 1964

Filed in the Office of the Superintendent
of Bank. State of New York, this
30 day of January 1964

ADMINISTRATIVE OFFICER

JRD 1/31/63

Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
31ST DAY OF JANUARY, 1963

Superintendent of Banks

Certified copy filed
in the office of Clerk
of New York
County, this 31 day
of January 1963

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, WILLIAM E. PETERSEN, President, and WESLEY LINDOW, Senior Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivision two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 110,409 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $55,204,050 to $56,308,140 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares

which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-Six Million, Three Hundred Eight Thousand, One Hundred Forty Dollars ($56,308,140), to consist of five million, six hundred thirty thousand, eight hundred fourteen (5,630,814) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 30th day of January, 1963.

W. E. Petersen
William E. Petersen

Wesley Lindow
Wesley Lindow

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

On the 30th day of January, 1963, before me personally came WILLIAM E. PETERSEN and WESLEY LINDOW, to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

Henry C. Faure, Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1964

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN and WESLEY LINDOW, being duly sworn, depose and say, and each for himself deposes and says:

That WILLIAM E. PETERSEN is President of IRVING TRUST COMPANY, and that WESLEY LINDOW is Senior Vice President and Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 30th day of January, 1963.

W. E. Petersen
President

Wesley Lindow
Senior Vice President and Secretary

Subscribed and sworn to before me
this 30th day of January, 1963.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1964

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN, being duly sworn, deposes and says:

That he, the said WILLIAM E. PETERSEN, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred ten thousand, four hundred nine (110,409), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

W. E. Petersen
President

Subscribed and sworn to before me
this 30th day of January, 1963.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1964

I, OREN ROOT, Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of Certificate of Incorporation of IRVING TRUST COMPANY pursuant to Section Thirty-six of the Stock Corporation Law" dated January 30, 1963, providing for increase of capital stock from $55,204,050 to $56,308,140.

SEAL

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 31st day of January, 1963.

Oren Root
Superintendent of Banks

I, OREN ROOT, Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of Certificate of Incorporation of

IRVING TRUST COMPANY

pursuant to Section Thirty-six of the Stock Corporation Law" dated January 31, 1962, providing for increase of capital stock from $ 54,121,610 to $ 55,204,050.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 1st day of February, 1962.

Superintendent of Banks

6-13-61-500 (1A2-282)

ORIG 2/1/62

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Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
1ST DAY OF FEBRUARY, 1962

.....
Superintendent of Banks

Certificate filed in the office of the Superintendent of Banks of the State of New York on the 1st day of February 1962

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, WILLIAM E. PETERSEN, President, and WESLEY LINDOW, Senior Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivison two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 108,244 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $54,121,610 to $55,204,050 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares

which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-Five Million, Two Hundred Four Thousand, Fifty Dollars ($55,204,050), to consist of five million, five hundred twenty thousand, four hundred five (5,520,405) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 31st day of January, 1962.

W. E. Petersen
William E. Petersen

Wesley Lindow
Wesley Lindow

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 31st day of January, 1962, before me personally came WILLIAM E. PETERSEN and WESLEY LINDOW, to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

Henry C. Faure Jr.
HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1962

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN and WESLEY LINDOW, being duly sworn, depose and say, and each for himself deposes and says:

That WILLIAM E. PETERSEN is President of IRVING TRUST COMPANY, and that WESLEY LINDOW is Senior Vice President and Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 31st day of January, 1962.

W. E. Petersen
President

Wesley Lindow
Senior Vice President and Secretary

Subscribed and sworn to before me
this 31st day of January, 1962.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1962

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN, being duly sworn, deposes and says:

That he, the said WILLIAM E. PETERSEN, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred eight thousand, two hundred forty-four (108,244), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

W. E. Petersen
President

Subscribed and sworn to before me
this 31st day of January, 1962.

Henry C. Faure Jr.
HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1962

I, G. RUSSELL CLARK Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of Certificate of Incorporation of IRVING TRUST COMPANY pursuant to Section Thirty-six of the Stock Corporation Law" dated January 25, 1961, providing for increase of capital stock from $ 53,060,400 to $ 54,121,610.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 26th day of January, 1961

G. RUSSELL CLARK
Superintendent of Banks

By: [signature]
Deputy Superintendent of Banks

Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
26TH DAY OF JANUARY, 1961

Superintendent of Banks

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, WILLIAM E. PETERSEN, the President, and WESLEY LINDOW, the Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivision two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 106,121 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $53,060,400 to $54,121,610 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares

which may be issued by the corporation and the par value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-Four Million, One Hundred Twenty-one Thousand, Six Hundred Ten Dollars ($54,121,610), to consist of five million, four hundred twelve thousand, one hundred sixty-one (5,412,161) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 25th day of January, 1961.

William E. Petersen

William E. Petersen

Wesley Lindow

Wesley Lindow

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

On the 25th day of January, 1961, before me personally came WILLIAM E. PETERSEN and WESLEY LINDOW, to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1962

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN and WESLEY LINDOW, being duly sworn, depose and say, and each for himself deposes and says:

That WILLIAM E. PETERSEN is the President of IRVING TRUST COMPANY, and that WESLEY LINDOW is the Vice President and Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 25th day of January, 1961.

William E. Petersen
President

Vice President and Secretary

Subscribed and sworn to before me
this 25th day of January, 1961.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1962

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

WILLIAM E. PETERSEN, being duly sworn, deposes and says:

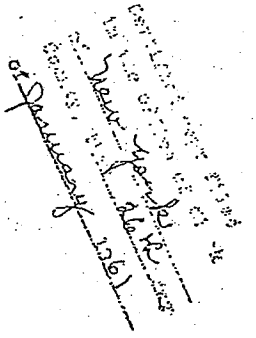
That he, the said WILLIAM E. PETERSEN, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred six thousand, one hundred twenty-one (106,121), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

William E. Petersen
President

Subscribed and sworn to before me
this 25th day of January, 1961.

Henry C. Faure Jr.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245635
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1962



Filed in the Office of the Superintendent
of Banks, State of New York, this
26th day of January 1961

ADMINISTRATIVE OFFICER

on (10) 1/27/60
or BB 1/27/60

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Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
28TH DAY OF JANUARY, 1960

G. Russell Clark

Superintendent of Banks

Certified copy filed
in the office of Clerk
of New York
County, this 28 day
of January 19
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CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, GEORGE A. MURPHY, the President, and WESLEY LINDOW, the Vice President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivision two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 104,040 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $52,020,000 to $53,060,400 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par

value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-Three Million, Sixty Thousand Four Hundred Dollars ($53,060,400), to consist of five million, three hundred six thousand forty (5,306,040) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 27th day of January, 1960.

George A. Murphy

Wesley Lindow

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

On the 27th day of January, 1960, before me personally came GEORGE A. MURPHY and WESLEY LINDOW, to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1960.

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY and WESLEY LINDOW, being duly sworn, depose and say, and each for himself deposes and says:

That GEORGE A. MURPHY is the President of IRVING TRUST COMPANY, and that WESLEY LINDOW is the Vice President and Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 27th day of January, 1960.

President

Vice President and Secretary

Subscribed and sworn to before me
this 27th day of January, 1960.

HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1960.

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY, being duly sworn, deposes and says:

That he, the said GEORGE A. MURPHY, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred four thousand forty (104,040), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

.....
President

Subscribed and sworn to before me
this 27th day of January, 1960.

.....
HENRY C. FAURE, JR.
Notary Public, State of New York
No. 30-6245425
Qualified in Nassau County
Cert. filed in New York County
Commission expires March 30, 1960.

I, G. RUSSELL CLARK, Superintendent of Banks of the State of New York, DO HEREBY APPROVE the annexed certificate entitled "Certificate of Amendment of Certificate of Incorporation of IRVING TRUST COMPANY pursuant to Section Thirty-six of the Stock Corporation Law" dated January 27, 1960, providing for increase of capital stock from $ 52,020,000 to $ 53,060,400.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department at Albany, this 28th day of January, 1960.

G. Russell Clark
Superintendent of Banks

(9A-92)

STATE OF NEW YORK,

BANKING DEPARTMENT

I, WILLIAM R. BRENNAN, JR., Acting Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the increase of capital stock of IRVING TRUST COMPANY, located in the Borough of Manhattan, City of New York, from Fifty-One Million Dollars ($51,000,000), consisting of five million, one hundred thousand (5,100,000) shares of the par value of $10 each, to Fifty-Two Million, Twenty Thousand Dollars ($52,020,000), to consist of five million, two hundred two thousand (5,202,000) shares of the par value of $10 each, as set forth in the foregoing certificate.

WITNESS my hand and official seal, this 29th day of January in the year of our Lord one thousand, nine hundred and fifty-nine.

William R. Brennan, Jr.

WILLIAM R. BRENNAN, JR.,
Acting Superintendent of Banks

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Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
29TH DAY OF JANUARY, 1959

William R. Brennan, Jr.

WILLIAM R. BRENNAN, JR.,
Acting Superintendent of Banks

Certified copy filed
in the office of Clerk
of New York
County, this 29 day
of January 1959

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, GEORGE A. MURPHY, the President, and RALPH B. PLAGER, the Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivision two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 102,000 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $51,000,000 to $52,020,000 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par

value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-Two Million, Twenty Thousand Dollars ($52,020,000), to consist of five million, two hundred two thousand (5,202,000) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 28th day of January, 1959.

George A. Murphy

Ralph B. Plager

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 28th day of January, 1959, before me personally came GEORGE A. MURPHY and RALPH B. PLAGER, to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

JOHN CITRIN
Notary Public, State of New York
No. 24-0642553
Qualified in Kings County
Certificate filed with:
New York County Clerk
Commission Expires March 30, 1969

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY and RALPH B. PLAGER, being duly sworn, depose and say, and each for himself deposes and says:

That GEORGE A. MURPHY is the President of IRVING TRUST COMPANY, and that RALPH B. PLAGER is the Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 28th day of January, 1959.

President

Secretary

Subscribed and sworn to before me
this 28th day of January, 1959.

JOHN CITRIN
Notary Public, State of New York
No. 24-0542253
Qualified in Kings County
Certificate filed with:
New York County Clerk
Commission Expires March 30, 1959

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY, being duly sworn, deposes and says:

That he, the said GEORGE A. MURPHY, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred two thousand (102,000), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

George A. Murphy
President

Subscribed and sworn to before me
this 28th day of January, 1959.

John Citrin

JOHN CITRIN
Notary Public, State of New York
No. 24-0542353
Qualified in Kings County
Certificate filed with:
New York County Clerk
Commission Expires March 30, 1960

STATE OF NEW YORK,

BANKING DEPARTMENT

I, George A. Mooney Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the increase of capital stock of IRVING TRUST COMPANY, located in the Borough of Manhattan, City of New York, from Fifty Million Dollars ($50,000,000), consisting of five million (5,000,000) shares of the par value of $10 each, to Fifty-One Million Dollars ($51,000,000), to consist of five million, one hundred thousand (5,100,000) shares of the par value of $10 each, as set forth in the foregoing certificate.

WITNESS my hand and official seal at the City of Albany, this 30th day of January in the year of our Lord one thousand, nine hundred and fifty-eight.

George A. Mooney, Superintendent of Banks

by E. A. Keele

Deputy Superintendent of Banks

Certificate of Amendment

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

FILED IN THE OFFICE OF THE SUPERINTENDENT
OF BANKS, STATE OF NEW YORK, THIS
30th DAY OF Jan., 1958

Elliott Keech
Superintendent of Banks

Certified copy filed
in the office of Clerk
of New York County
on the 30 day
of January 1958
12:00 Noon

Filed in the office of the Superintendent
of Banks, State of New York, this
30 day of January 1958
CHIEF ACCOUNT CLERK

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-SIX OF THE
STOCK CORPORATION LAW

We, the undersigned, GEORGE A. MURPHY, the President, and R. W. GOSLIN, JR., an Assistant Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation was created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. One or more of the changes described in subdivision two of Section Thirty-Five of the Stock Corporation Law are hereby effected, viz:

(i) to authorize 100,000 new shares of capital stock of the corporation of the par value of $10 each, and,

(ii) to increase the amount of the capital stock of the corporation from $50,000,000 to $51,000,000 in conformity with such change in the number of its authorized shares.

4. The provisions of the special law creating the corporation, as heretofore amended by certificates filed pursuant to law, relating to the capital stock of the corporation, the total number of shares which may be issued by the corporation and the par

value thereof, are hereby amended to read as below set forth in full:

"The amount of the capital stock of the corporation shall be Fifty-One Million Dollars ($51,000,000), to consist of five million, one hundred thousand (5,100,000) shares of the par value of Ten Dollars ($10) each."

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 29th day of January, 1958.

George A. Murphy

R. W. Goslin, Jr.

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

On the 29th day of January, 1958, before me personally came GEORGE A. MURPHY and R. W. GOSLIN, JR., to me known and known to me to be the persons described in and who executed the foregoing certificate, and they severally duly acknowledged that they executed the same.

JOHN CITRIN
Notary Public, State of New York
No. 24-0642553
Qualified in Kings County
Certificate filed with:
New York County Clerk
Commission Expires March 30, 1959

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY and R. W. GOSLIN, JR., being duly sworn, depose and say, and each for himself deposes and says:

That GEORGE A. MURPHY is the President of IRVING TRUST COMPANY, and that R. W. GOSLIN, JR. is an Assistant Secretary of said corporation; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the stockholders' meeting at which such votes were cast, with relation to the proceedings provided for in the foregoing certificate; that neither the special law under which the corporation was created nor any certificate filed pursuant to law requires a larger proportion of votes; that such votes were cast at a stockholders' meeting held upon notice pursuant to Section 45 of the Stock Corporation Law; and that such meeting was held on the 29th day of January, 1958.

President

Assistant Secretary

Subscribed and sworn to before me
this 29th day of January, 1958.

JOHN [illegible]
Notary Public, State of New York
No. 24-0642353
Qualified in Kings County
Certificate filed with:
New York County Clerk
Commission Expires March 30, 1959

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

GEORGE A. MURPHY, being duly sworn, deposes and says:

That he, the said GEORGE A. MURPHY, is President of IRVING TRUST COMPANY, and that the number of additional shares not resulting from a change of shares which the corporation is authorized by the foregoing certificate to issue is one hundred thousand (100,000), all of which are shares of the par value of Ten Dollars ($10) per share; that no shares are hereby changed as provided in subparagraph five of paragraph (C) of subdivision two of Section Thirty-Five of the Stock Corporation Law; and that the number of shares not resulting from a change of shares of which the par value is hereby increased is none.

.....
President

Subscribed and sworn to before me
this 29th day of January, 1958.

.....

JOHN CITRIN
Notary Public, State of New York
No. 24-0642353
Qualified in Kings County
Certificate filed with:
New York County Clerk
Commission Expires March 30, 1959

State of New York,
Banking Department.

I, CHARLES H. SCHOCH, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the change in number of directors of IRVING TRUST COMPANY, located at No. 1 Wall Street, in the Borough of Manhattan, City of New York, from twenty-five (25), the present number, to not less than a minimum of fifteen (15) nor more than a maximum of twenty-five (25), in accordance with the provisions of Section 35 of the Stock Corporation Law.

Witness, my hand and official seal at the City of Albany, this nineteenth *day of* January *in the Year of our Lord one thousand nine hundred and* thirty-eight.

Charles H. Schoch

Deputy *Superintendent of Banks*

MGD

CERTIFICATE OF CHANGE OF PROVISIONS
RELATING TO THE NUMBER OF DIRECTORS

OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-FIVE OF THE
STOCK CORPORATION LAW.

We, HIRAM A. MATHEWS and FREDERICK J. GRIESMER, as Vice-President and Assistant Secretary, respectively, of IRVING TRUST COMPANY, and on behalf of said corporation, certify:

1. The name of the corporation is "Irving Trust Company".

2. The name under which the corporation was originally incorporated is "Mutual Benefit Life Policy, Loan and Trust Company of New York".

3. The corporation is created by special law and has no certificate of incorporation. The chapter number of such law is Chapter No. 616, and the year of passage of such law is 1871.

4. The number of directors previously authorized is twenty-five (25).

5. The number of directors shall hereafter be not less than a minimum of fifteen (15) nor more than a maximum of twenty-five (25).

IN WITNESS WHEREOF, we have subscribed and acknowledged this certificate in duplicate this 19th day of January, 1938.

Hiram A. Mathews
Vice-President

Frederick J. Griesmer
Assistant Secretary

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

On the 19th day of January, 1938, before me personally came HIRAM A. MATHEWS and FREDERICK J. GRIESMER, to me known to be the persons described in and who executed the foregoing certificate, and acknowledged that they executed the same as Vice-President and Assistant Secretary, respectively, of IRVING TRUST COMPANY.

[illegible]
Notary Public

Nassau Co. Clk. No. [illegible] Reg. No. [illegible]
Kings Co. Clk. No. [illegible] Reg. No. [illegible]
N.Y. Co. Clk. No. [illegible] Reg. No. [illegible]
Bronx Co. Clk. No. [illegible] Reg. No. [illegible]
Queens Co. Clk. No. [illegible] Reg. No. [illegible]
Richmond Co. Clk. No. [illegible] Reg. No. [illegible]
Certificate filed in [illegible] Co.
Commission Expires [illegible]

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.:

HIRAM A. MATHEWS and FREDERICK J. GRIESMER, being severally duly sworn, each for himself deposes and says that he, HIRAM A. MATHEWS, is a Vice-President, and he, FREDERICK J. GRIESMER, is an Assistant Secretary, of IRVING TRUST COMPANY, the corporation mentioned in the foregoing certificate; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares of said corporation entitled to vote thereon, and that such votes were cast at a stockholders' meeting held at the principal office of said corporation, No. One Wall Street, New York, N. Y., on the 19th day of January, 1938, at eleven o'clock in the forenoon, upon notice pursuant to Section Forty-five of the Stock Corporation Law.

Hiram A. Mathews

Frederick J. Griesmer

Severally sworn and subscribed
to before me this 19th day of
January, 1938.

A. N. KEPPLER, Notary Public
Nassau Co. 76
Kings Co. Clk. No. 111. Reg. No. [illegible]
N. Y. Co. Clk. No. 78. Reg. No. [illegible]
Bronx Co. Clk. No. 8. Reg. No. [illegible]
Queens Co. Clk. No. 82. Reg. No. [illegible]
Certificate filed in [illegible]
Certificate filed in [illegible]
Commission expires [illegible]

CERTIFICATE OF CHANGE OF PROVISIONS
RELATING TO THE NUMBER OF DIRECTORS

OF

IRVING TRUST COMPANY
PURSUANT TO SECTION THIRTY-FIVE OF THE
STOCK CORPORATION LAW.

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Stephen G. Kent,
One Wall Street,
New York City.

Filed in the office of the Superintendent
of Banks, State of New York, this
19th day of January 1938

Deputy Superintendent of Banks

State of New York,
Banking Department.

* *
In the Matter of proposed decrease in the number of directors

-of-

IRVING TRUST COMPANY
* *

I, CHARLES H. SCHOCH, Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the reduction in number of directors of IRVING TRUST COMPANY, located at No. 1 Wall Street, in the Borough of Manhattan, City of New York, from thirty-five (35), the present number, to twenty-five (25), in accordance with the provisions of Section 35 of the Stock Corporation Law.

Witness, my hand and official seal at the City of Albany, this Seventeenth *day of* January *in the Year of our Lord one thousand nine hundred and* thirty-four.

Charles H. Schoch

Deputy *Superintendent of Banks.*

CERTIFICATE OF DECREASE OF NUMBER OF DIRECTORS OF IRVING TRUST COMPANY PURSUANT TO SECTION THIRTY-FIVE OF THE STOCK CORPORATION LAW.

We, the undersigned, President and Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is "Irving Trust Company". The name under which it was originally incorporated is "Mutual Benefit Life Policy, Loan and Trust Company of New York".

2. The corporation is created by special law and has not a certificate of incorporation; the chapter number of such law is Chapter No. 616, and the year of passage of such law is 1871.

3. The number of directors previously authorized is thirty-five (35), and the number as reduced is twenty-five (25).

IN WITNESS WHEREOF, we, the President and Secretary of said IRVING TRUST COMPANY have subscribed and acknowledged this certificate in duplicate this 17th day of January, 1934.

Harry E. Ward
President

Hayward S. Kirby
Secretary

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On the 17th day of January, 1934, before me personally appeared HARRY E. WARD and HAYWARD S. KIRBY, to me known and known to me to be the individuals described in and who executed the foregoing instrument, and they severally acknowledged to me that they executed the same as President and Secretary, respectively, of IRVING TRUST COMPANY.

M. PAUL, Notary Public
Kings Co. Clks. No. 6, Reg. No. 4034
Certificate filed in New York Co.
Clerk's No. 10, Reg. No. 4-P-11
Certificate filed in Queens Co.
Clerk's No. 1300, Reg. No. 6987
Certificate filed in Bronx Co.
Clerk's No. 41, Reg. No. 120-P-34
Certificate filed in Westchester Co.
Commission expires March 30, 1934

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STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

HARRY E. WARD and HAYWARD S. KIRBY, being severally duly sworn, each for himself deposes and says: That he, HARRY E. WARD, is the President, and he, HAYWARD S. KIRBY, is the Secretary, of IRVING TRUST COMPANY, the corporation mentioned in the foregoing certificate; that they have been authorized to execute and file the foregoing certificate by the votes cast in person or by proxy of the holders of record of a majority of the outstanding shares of said corporation entitled to vote thereon, and that such votes were cast at a stockholders' meeting called for that purpose and held on a date specified, to-wit: on the 17th day of January, 1934, upon notice pursuant to Section Forty-five of the Stock Corporation Law.

Harry E. Ward

Hayward S. Kirby

Severally sworn to and subscribed
before me this 17th day of January,
1934.

M. PAUL, Notary Public
Kings Co. Clks. No. 5, Reg. No. 4004
Certificate filed in New York Co.
Clerks No. 13, Reg. No. 4-P-11
Certificate filed in Queens Co.
Clerks No. 1838, Reg. No. 6987
Certificate filed in Bronx Co.
Clerks No. 41, Reg. No. 120-P-34
Certificate filed in Westchester Co.
Commission expires March 30, 1934

CERTIFICATE OF DECREASE OF

NUMBER OF DIRECTORS OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-FIVE

OF THE

STOCK CORPORATION LAW

Stephen G. Kent,
One Wall Street,
New York City.

Filed in the office of the Superintendent of Banks, State of New York, this 17th day of January 1934.

Deputy Superintendent of Banks

State of New York,

Banking Department.

. . . . . .

In the Matter of proposed decrease in . the number of directors

-of

IRVING TRUST COMPANY

. . . . . .

I, AUGUST IHLEFELD, JR., Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the reduction in number of directors of IRVING TRUST COMPANY, located at No. 1 Wall Street, in the Borough of Manhattan, City of New York, from forty (40), the present number, to thirty-five (35), in accordance with the provisions of Section 35 of the Stock Corporation Law.

Witness my hand and official seal at the City of Albany this twenty-second day of January in the Year of our Lord one thousand nine hundred and thirty-two

August Ihlefeld

Deputy Superintendent of Banks

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CERTIFICATE OF DECREASE OF NUMBER OF DIRECTORS OF IRVING TRUST COMPANY PURSUANT TO SECTION THIRTY-FIVE OF THE STOCK CORPORATION LAW.

We, the undersigned, President and Assistant Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is "Irving Trust Company". The name under which it was originally incorporated is "Mutual Benefit Life Policy, Loan and Trust Company of New York".

2. The corporation is created by special law and has no certificate of incorporation. The chapter number of such law is Chapter No. 616, and the year of passage of such law is 1871.

3. The number of directors previously authorized is forty (40), and the number as reduced is thirty-five (35).

IN WITNESS WHEREOF, we, the President and Assistant Secretary of said IRVING TRUST COMPANY have subscribed and acknowledged this certificate in duplicate this 21st day of January, 1932.

Harry E. Ward
President

F. J. Griesmer
Assistant Secretary

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On the 21st day of January, 1932, before me personally appeared HARRY E. WARD and F. J. GRIESMER, to me known and known to me to be the individuals described in and who executed the foregoing instrument, and they severally acknowledged to me that they executed the same as President and Assistant Secretary, respectively, of IRVING TRUST COMPANY.

John W. Moffett

JOHN W. MOFFETT,
NOTARY PUBLIC, NEW YORK COUNTY
Clerk's No. 430, [illegible]
New York Co. [illegible]
My Commission expires March 30, 1933

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

HARRY E. WARD and F. J. GRIESMER, being severally duly sworn, each for himself deposes and says: That he, HARRY E. WARD, is the President, and he, F. J. GRIESMER, is an Assistant Secretary, of IRVING TRUST COMPANY, the corporation mentioned in the foregoing certificate; that they have been authorized to execute and file the foregoing certificate by the votes cast in person or by proxy of the holders of record of a majority of the outstanding shares of said corporation entitled to vote thereon, and that such votes were cast at a stockholders' meeting called for that purpose and held on a date specified, to-wit: on the 20th day of January, 1932, upon notice pursuant to Section forty-five of the Stock Corporation Law.

Harry E. Ward

F J Griesmer

Severally sworn to and subscribed before me this 21st day of January, 1932.

John W. Moffett

JOHN W. MOFFETT,
NOTARY PUBLIC, KINGS COUNTY
Clerk's No. 461, Register's No. 3013
New York Co. No. 2[illegible], Register's No. 3 M 144
My Commission Expires March 30, 1933

CERTIFICATE OF DECREASE OF

NUMBER OF DIRECTORS OF

IRVING TRUST COMPANY

PURSUANT TO SECTION THIRTY-FIVE

OF THE

STOCK CORPORATION LAW.

Paul E. Mead,
One Wall Street,
New York City.

Filed in the office of the Superintendent
of Banks, State of New York, this
22nd day of January 1932.

Deputy Superintendent of Banks

State of New York,
Banking Department.

I, FRANK H. WARDER, Superintendent of Banks of the State of New York, DO HEREBY APPROVE of an increase in number of shares of IRVING TRUST COMPANY, located in the borough of Manhattan, city of New York, from four hundred thousand (400,000) to five million (5,000,000), of the reduction in par value of shares from One Hundred (100) Dollars each to Ten (10) Dollars each, and of the increase of its capital stock from Forty Million (40,000,000) Dollars to Fifty Million (50,000,000) Dollars, to consist of five million (5,000,000) shares of the par value of Ten (10) Dollars each, as set forth in the foregoing certificate.

Witness, my hand and official seal at the City of Albany this seventeenth *day of* April *in the Year of our Lord one thousand nine hundred and* twenty-nine.

Frank H. Warder

Superintendent of Banks

APR 17 1929
2.45 P.M.
STATE OF NEW YORK.

CERTIFICATE OF:

(A) Increase of Amount of Capital Stock;
(B) Reduction of Par Value of Shares; and
(C) Increase of Number of Shares;

of

IRVING TRUST COMPANY,

Pursuant to Section Thirty-six of the Stock Corporation Law.

Filed in the office of the Superintendent of Banks, State of New York this 17th day of April 1929

First Deputy Superintendent of Banks

(Original)

DAVIES, AUERBACH & CORNELL
34 NASSAU STREET
NEW YORK

CERTIFICATE OF:

(A) Increase of Amount of Capital Stock;
(B) Reduction of Par Value of Shares; and
(C) Increase of Number of Shares;

of

IRVING TRUST COMPANY,

Pursuant to Section Thirty-six of the Stock Corporation Law.

WE, the undersigned, HARRY E. WARD, the President, and EUGENE D. JUNIOR, the Secretary, respectively, of IRVING TRUST COMPANY, do hereby certify and state as follows:

1. The name of the corporation is IRVING TRUST COMPANY; the name under which it was originally incorporated is the MUTUAL BENEFIT LIFE POLICY, LOAN AND TRUST COMPANY OF NEW YORK.

2. The corporation is created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter 616 of the laws passed in 1871.

3. The total amount of the previously authorized capital stock is Forty million Dollars ($40,000,000.).

4. The total number of shares which it is already authorized to issue is four hundred thousand (400,000); the number thereof which have a par value is four hundred thous-

and (400,000), and the par value of each is One hundred Dollars ($100.). The number thereof which are without par value is none.

5. The shares already authorized are not classified.

6. The number of shares issued and outstanding, all of one class, is four hundred thousand (400,000).

7. None of the shares are without par value.

8. The amount of the capital stock which the corporation is hereafter to have is Fifty million Dollars ($50,000,000.).

9. The total number of shares, including those previously authorized, which the corporation may henceforth have is five million (5,000,000); the number thereof which are to have a par value is five million (5,000,000), and the par value of each is Ten Dollars ($10.). The number thereof which are to be without par value is none.

10. None of the shares are to be classified or reclassified.

IN WITNESS WHEREOF, we have subscribed and

acknowledged this certificate in duplicate, this 17th day of April, 1929.

Harry E. Ward
President

Eugene D. Junior
Secretary

STATE OF NEW YORK :
: ss :
COUNTY OF NEW YORK :

On this 17th day of April, 1929, before me personally came HARRY E. WARD and EUGENE D. JUNIOR, to me known and known to me to be the persons described in and who executed the foregoing certificate, and severally duly acknowledged to me that they executed the same as President and Secretary, respectively, of Irving Trust Company.

Barney DeBlock

STATE OF NEW YORK :
: ss :
COUNTY OF NEW YORK :

HARRY E. WARD and EUGENE D. JUNIOR, being several-

ly duly sworn, each for himself deposes and says:

That he, Harry E. Ward, is the President, and he, Eugene D. Junior, is the Secretary, of Irving Trust Company, the corporation above mentioned; that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of two-thirds of the outstanding shares of the corporation entitled to vote thereon, and that such votes were cast at a stockholders' meeting held on the 10th day of April, 1929, upon notice pursuant to section forty-five of the stock corporation law.

Harry E. Ward

Severally subscribed and sworn to :
before me this 17th day of April, 1929. : Eugene D. Junior

Barney DeBlock

State of New York,
Banking Department.

I, FRANK H. WARDER, Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the change of name of "American Exchange Irving Trust Company", located in the borough of Manhattan, city of New York, to "IRVING TRUST COMPANY" as provided for in the foregoing certificate, in accordance with the provisions of Section 60 of the General Corporation Law.

Witness, my hand and official seal at the City of Albany, this first *day of* February *in the Year of our Lord one thousand nine hundred and* twenty-nine.

Frank H. Warder

Superintendent of Banks

RECEIVED

FEB 1 1929

BANKING DEPT.
STATE OF NEW YORK
THIRD DEPUTY SUPERINTENDENT

CERTIFICATE OF CHANGE OF NAME OF AMERICAN EXCHANGE IRVING TRUST COMPANY TO IRVING TRUST COMPANY PURSUANT TO SECTION SIXTY OF THE GENERAL CORPORATION LAW

We, the undersigned, Harry E. Ward, President and Eugene D. Junior, Secretary respectively, of American Exchange Irving Trust Company do hereby certify and state, as follows:

1. The name of the corporation is "American Exchange Irving Trust Company"; the name under which it was originally incorporated is the "Mutual Benefit Life Policy, Loan and Trust Company of New York".

2. The corporation is created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law, are Chapter 616 of the laws passed in 1871.

3. The new name to be assumed is "Irving Trust Company".

IN WITNESS WHEREOF, we, the President and the Secretary respectively, of said American Exchange Irving Trust Company have subscribed and acknowledged this certificate in duplicate, this 16th day of January, 1929.

Harry E. Ward
President

Eugene D. Junior
Secretary

STATE OF NEW YORK,)
County of New York,) SS.:

On this 16th day of January, 1929, before me personally appeared HARRY E. WARD and EUGENE D. JUNIOR, to me known and known to me to be the individuals described in and who executed the foregoing certificate, and they severally acknowledged to me that they executed the same.

STATE OF NEW YORK,)
County of New York,) SS.:

HARRY E. WARD and EUGENE D. JUNIOR being severally duly sworn, each for himself, deposes and says: that he, Harry E. Ward, is the President, and he, Eugene D. Junior, is the Secretary of American Exchange Irving Trust Company, the corporation mentioned in the certificate of change of name to which this affidavit is annexed, that they have been authorized to execute and file the said certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares of the corporation entitled to vote

thereon, and that such votes were cast at a stockholders' meeting held upon notice as prescribed in Section forty-five of the Stock Corporation Law, and the date of such meeting was January 16, 1929.

Severally sworn to and subscribed before me, this 16th day of January, 1929.

Harry E. Ward

Eugene [illegible]

[redacted]

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CERTIFICATE OF CHANGE OF NAME

of

AMERICAN EXCHANGE IRVING TRUST COMPANY

to

IRVING TRUST COMPANY

PURSUANT TO SECTION SIXTY OF THE
GENERAL CORPORATION LAW.

[redacted]

Filed in the office of the Superintendent
of Banks of the State of New York this
first day of February 1929
[signature]
First Deputy Superintendent of Banks

[redacted]

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State of New York,
Banking Department.

****
*
Inthe matter of proposed increase in number of directors
*
of
AMERICAN EXCHANGE IRVING TRUST COMPANY
*
****

I, GEORGE OVEROCKER, First Deputy

Superintendent of Banks of the State of New York,

DO HEREBY APPROVE of an increase in the number of

directors of AMERICAN EXCHANGE IRVING TRUST COMPANY,

located in the borough of Manhattan, city of New York, from

thirty-five (35), the present number, to forty (40)

in accordance with the provisions of section 35 of the

Stock Corporation Law.

Witness my hand and official seal at the City of Albany this ninth
day of January, *in the Year of our Lord*
one thousand nine hundred and twenty-nine.

First Deputy *Superintendent of Banks.*

CERTIFICATE OF INCREASE OF NUMBER OF DIRECTORS OF AMERICAN EXCHANGE IRVING TRUST COMPANY PURSUANT TO SECTION THIRTY-FIVE OF THE STOCK CORPORATION LAW.

We, the undersigned President and Secretary respectively of American Exchange Irving Trust Company do hereby certify and state as follows:

1. The name of the corporation is American Exchange Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The corporation is created by a special law and has no certificate of incorporation. The chapter number and year of passage of such law are Chapter No. 616 of the laws passed in 1871.

3. The number of directors authorized previously to January 19, 1927 is thirty-five and the number as increased January 19, 1927 is forty.

IN WITNESS WHEREOF, we, the President and Secretary of said American Exchange Irving Trust Company have subscribed and acknowledged this certificate in duplicate this 31st day of January, 1929.

Henry E. Ford
President.

Secretary.

Form 2

State of New York, County of New York, } ss.:

No. 79987 Series B 15

I, WILLIAM T. COLLINS, Clerk of the County of New York, and also Clerk of the Supreme Court in and for said county.

DO HEREBY CERTIFY, That said Court is a Court of Record, having by law a seal; that

Barney De Block

whose name is subscribed to the annexed certificate or proof of acknowledgment of the annexed instrument was at the time of taking the same a NOTARY PUBLIC acting in and for said county, duly commissioned and sworn, and qualified to act as such; that he has filed in the Clerk's Office of the County of New York a certified copy of his appointment and qualification as Notary Public for the County of Richmond with his autograph signature; that as such Notary Public, he was duly authorized by the laws of the State of New York to protest notes; to take and certify depositions; to administer oaths and affirmations; to take affidavits and certify the acknowledgment and proof of deeds and other written instruments for lands, tenements and hereditaments, to be read in evidence or recorded in this state; and further, that I am well acquainted with the handwriting of such Notary Public and verily believe that his signature to such proof or acknowledgment is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said Court at the City of New York, in the County of New York, this 1 day of Jan 192 9

Thomas M. Farley

Clerk.

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STATE OF NEW YORK, :
: ss.:
COUNTY OF NEW YORK, :

On this 3rd day of January, 1929 , before me personally appeared HARRY E. WARD and E. D. JUNIOR to me known and known to me to be the individuals described in and who executed the foregoing instrument and they severally acknowledged to me that they executed the same as President and Secretary respectively of American Exchange Irving Trust Company. Barney DeBlock

STATE OF NEW YORK, :
: ss.:
COUNTY OF NEW YORK, :

HARRY E. WARD and E. D. JUNIOR being severally duly sworn each for himself deposes and says: That he, HARRY E. WARD is the President and he, E. D. JUNIOR is the Secretary of American Exchange Irving Trust Company, the corporation above mentioned; that they have been authorized to execute and file the foregoing certificate by the votes cast in person or by proxy of the holders of record of a majority of the outstanding shares of the corporation entitled to vote thereon, such vote being a vote to increase the number of directors by ratifying an amendment to the by-laws of the corporation providing for a Board of forty directors, and that such votes were cast at a stockholders meeting called for that purpose and held on a date specified, to wit: on the 19th day of January 1927 upon notice pursuant to Section forty-five of the Stock Corporation Law specifying such purpose

Severally sworn to and subscribed before me
this 3rd day of January, 1929. Harry E. Ward
Barney DeBlock

CERTIFICATE OF INCREASE OF
NUMBER OF DIRECTORS OF

AMERICAN EXCHANGE IRVING
TRUST COMPANY

PURSUANT TO SECTION THIRTY-
FIVE OF THE STOCK CORPORATION
LAW

9 January 1929

DAVIES, AUERBACH & CORNELL
34 NASSAU STREET
NEW YORK

State of New York,
Banking Department.

I, GEORGE OVEROCKER, First Deputy Superintendent of Banks of the State of New York,

DO HEREBY APPROVE of the increase of capital stock of AMERICAN EXCHANGE IRVING TRUST COMPANY, located in the borough of Manhattan, city of New York, from Thirty-two million (32,000,000) Dollars, consisting of three hundred and twenty thousand (320,000) shares of the par value of one hundred dollars each, to Forty million (40,000,000) Dollars, to consist of four hundred thousand (400,000) shares of the par value of one hundred dollars each, as set forth in the foregoing certificate.

Witness my hand and official seal at the City of Albany, this fifteenth *day of* June *in the Year of our Lord one thousand nine hundred and* twenty-eight.

George Overocker

First Deputy *Superintendent of Banks*

CERTIFICATE OF INCREASE OF THE AMOUNT OF CAPITAL STOCK OF AMERICAN EXCHANGE IRVING TRUST COMPANY PURSUANT TO SECTION THIRTY-SIX OF THE STOCK CORPORATION LAW.

We, the undersigned, President and Secretary respectively, of American Exchange Irving Trust Company do hereby certify and state as follows:

1. The name of the corporation is American Exchange Irving Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The corporation is created by a special law and has no certificate of incorporation. The chapter, number and year of passage of such law, are Chapter 616 of the laws passed in 1871.

3. The total amount of the previously authorized capital stock is Thirty-two million Dollars ($32,000,000).

4. The total number of shares which it is already authorized to issue is three hundred twenty thousand (320,000); the number thereof which have a par value is three hundred twenty thousand (320,000) and the par value of each is One hundred Dollars ($100). The number thereof which are without par value is none.

5. The shares already authorized are not classified.

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6. The number of shares issued and outstanding, all of one class, is three hundred twenty thousand (320,000).

7. None of the shares are without par value.

8. The amount of the capital stock which the corporation is hereafter to have is Forty million Dollars ($40,000,000.).

9. The total number of shares, including those previously authorized, which the corporation may henceforth have is four hundred thousand (400,000); the number thereof which are to have a par value is four hundred thousand (400,000) and the par value of each is One hundred Dollars ($100.). The number thereof which are to be without par value is none.

10. None of the shares are to be classified or reclassified

IN WITNESS WHEREOF, we, the President and Secretary of said American Exchange Irving Trust Company have subscribed and acknowledged this certificate in duplicate, this 15th day of June, 1928.

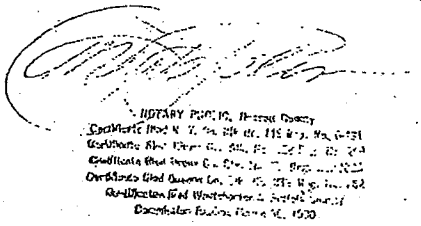
Henry E. Ford
President.

Secretary

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STATE OF NEW YORK,)
: ss.:
County of New York,)

On this 15th day of June, 1928, before me personally appeared HARRY E. WARD and E. D. JUNIOR, to me known and known to me to be the individuals described in and who executed the foregoing certificate, and they severally acknowledged to me that they executed the same as President and Secretary respectively, of American Exchange Irving Trust Company.



STATE OF NEW YORK,)
: ss.:
County of New York,)

HARRY E. WARD and E. D. JUNIOR being severally duly sworn, each for himself, deposes and says: that he, Harry E. Ward, is the President, and he, E. D. Junior, is the Secretary of American Exchange Irving Trust Company, the corporation above mentioned, that they have been authorized to execute and file

the foregoing certificate by the votes cast in person or by proxy of the holders of record of a majority of the outstanding shares of the corporation entitled to vote thereon, and that such votes were cast at a stockholders' meeting held on a date specified, to-wit: June 15th , 1928, upon notice pursuant to Section forty-five of the Stock Corporation Law.

Severally sworn to and subscribed before me, this 15th day of June, 1928.

Harry E. Stern

NOTARY PUBLIC, Nassau County
Certificate filed N. Y. Co. No. 0-158
Certificate filed Kings Co. 68
Certificate filed Bronx Co. No.
Certificate filed Queens Co. No. 382
Certificate filed Westchester
Commission Expires March 30, 1929

RECEIVED
JUN 15 1928
BANKING DEPT.
STATE OF NEW YORK.
DEPUTY SUPERINTENDENT

30

CERTIFICATE OF INCREASE OF THE AMOUNT OF CAPITAL STOCK OF AMERICAN EXCHANGE IRVING TRUST COMPANY PURSUANT TO SECTION THIRTY-SIX OF THE STOCK CORPORATION LAW.

Filed in the Office of the Superintendent of Banks, State of New York, this 16th day of June 1928.

First Deputy Superintendent of Banks

TAX
$ 4,000.00
INTER SECTION [illegible]
OF THE TAX LAW
PAID BEFORE FILING
June 15 1928

DAVIES, AUERBACH & CORNELL
34 NASSAU STREET
NEW YORK

State of New York,
Banking Department.

I, FRANK H. WARDER, Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the increase of capital stock of IRVING BANK AND TRUST COMPANY, located in the borough of Manhattan, city of New York, from Twenty-two Million (22,000,000) Dollars, consisting of two hundred and twenty thousand (220,000) shares of the par value of one hundred dollars each, to Thirty-two Million (32,000,000) Dollars, to consist of three hundred and twenty thousand (320,000) shares of the par value of one hundred dollars each, as set forth in the foregoing certificate.

Witness my hand and official seal at the City of Albany, this second *day of* December *in the Year of our Lord one thousand nine hundred and* twenty-six.

Frank H. Warder

Superintendent of Banks

CERTIFICATE OF INCREASE OF THE AMOUNT OF CAPITAL STOCK OF IRVING BANK AND TRUST COMPANY PURSUANT TO SECTION THIRTY-SIX OF THE STOCK CORPORATION LAW.

WE, the undersigned, President and Secretary respectively of Irving Bank and Trust Company do hereby certify and state as follows:

1. The name of the corporation is Irving Bank and Trust Company; the name under which it was originally incorporated is the Mutual Benefit Life Policy, Loan and Trust Company of New York.

2. The corporation is created by a special law and has no Certificate of Incorporation. The Chapter number and year of passage of such law, are Chapter 616 of the Laws passed in 1871.

3. The total amount of the previously authorized Capital Stock is Twenty-two million dollars ($22,000,000.)

4. The total number of shares which it is already authorized to issue is Two hundred twenty thousand (220,000); the number thereof which have a par value is Two hundred twenty thousand (220,000) and the par value of each is One hundred dollars ($100.) The number thereof which are without par value is none.

5. The shares already authorized are not classified.

6. The number of shares issued and outstanding, all of one class, is Two hundred twenty thousand (220,000).

7. None of the shares are without par value.

8. The amount of the Capital Stock which the corporation is hereafter to have is Thirty-two million dollars ($32,000,000.).

9. The total number of shares, including those previously authorized, which the corporation may henceforth have is Three hundred twenty thousand (320,000); the number thereof which are to have a par value is Three hundred twenty thousand (320,000) and the par value of each is One hundred dollars ($100.), and the number thereof which are to be without par value is none.

10. None of the shares are to be classified or reclassified.

IN WITNESS WHEREOF, we, the President and Secretary of said Irving Bank and Trust Company have subscribed and acknowledged this certificate in duplicate this 26th day of November 1926.

Harry E. Ward
President.

E. D. Junior
Secretary.

STATE OF NEW YORK :
: ss.:
COUNTY OF NEW YORK:

On this 26th day of November, 1926, before me personally appeared HARRY E. WARD and E. D. JUNIOR, to me known and known to me to be the individuals described in and who executed the foregoing instrument and they severally acknowledged to me that they executed the same as President and Secretary respectively of Irving Bank and Trust Company. Robert P. Tilee

Notary Public
Bronx Co. Register's No. 2808
New York Co. Register's No. 9457
Commission expires March 30, 1928

STATE OF NEW YORK :
: ss.:
COUNTY OF NEW YORK :

HARRY E. WARD and E. D. JUNIOR being severally duly sworn, each for himself, deposes and says: that he, HARRY E. WARD is the President and he, E. D. JUNIOR is the Secretary of Irving Bank and Trust Company, the corporation above mentioned, that they have been authorized to execute and file the foregoing certificate by the votes cast in person or by proxy of the holders of record of a majority of the outstanding shares of the corporation entitled to vote thereon, and that such votes were cast at a stockholders' meeting held on a date specified, to wit: November 26, 1926, upon notice pursuant to Section Forty-five of the Stock Corporation Law.

Severally sworn to and subscribed
before me this 26th day of November, 1926.

Robert K. Velie
NOTARY PUBLIC, Bronx County No. 8
Certificate filed in New York Co. No. 8
Bronx Co. Register's No. 2806
New York Co. Register's No. 8022
Commission expires March 30, 1928

Harry E. Ward

CERTIFICATE OF INCREASE OF THE AMOUNT OF CAPITAL STOCK OF IRVING BANK AND TRUST COMPANY PURSUANT TO SECTION THIRTY-SIX OF THE STOCK CORPORATION LAW.

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TAX

$5,000.....

UNDER SECTION 18[illegible]
OF THE TAX LAW
PAID BEFORE FILING

Filed in the office of the Superintendent of Banks, State of New York, this 22 day of December 1926

First Deputy Superintendent of Ba[illegible]

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THE AMERICAN EXCHANGE-PACIFIC BANK

INTO

IRVING BANK AND TRUST COMPANY

Agreement for Merger

UNDER THE NAME OF

AMERICAN EXCHANGE IRVING TRUST COMPANY

Dated November 9, 1926

The Evening Post Job Printing Office, Inc., 154 Fulton St., New York, N. Y.

THIS AGREEMENT executed in duplicate this 9th day of November, 1926 by and between Irving Bank and Trust Company, hereinafter called "the Trust Company", party of the first part, and The American Exchange-Pacific Bank, hereinafter called "the Bank", party of the second part, WITNESSETH:

WHEREAS, the Trust Company is a Trust Company located in the City of New York organized and existing under Chapter 616 of the Laws of 1871 of the State of New York, as affected from time to time both by special and general acts of the Legislature; and

WHEREAS, the Bank is a corporation organized and existing under Article III of the Banking Law of the State of New York; and

WHEREAS, each of the parties hereto is a corporation, other than a savings bank, organized under the laws of the State of New York for the purposes or some of them mentioned in Articles III and V of said Banking Law; and

WHEREAS, the parties hereto desire to merge the Bank into the Trust Company pursuant to the provisions of Sections 487 to 496 inclusive of the Banking Law of the State of New York,

NOW, THEREFORE, the parties described, acting under authority of a majority vote of all the members of their respective Boards of Directors, do make this written agreement in duplicate, under their respective corporate seals, for the merger of such corporations, and prescribe the terms and conditions of the merger and the mode of carrying the same into effect, which shall be as follows:

ARTICLE I.

SECTION 1: The Bank shall be merged into the Trust Company and its corporate existence shall be merged into that of the Trust Company and all and singular the rights, privileges and franchises of the Bank, and all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of conceivable value or benefit then existing which would inure to it under an unmerged existence, shall be deemed fully and finally, and without any right of reversion, transferred to and vested in the Trust Company, without further act or deed, immediately upon this agreement going into effect, and the Trust Company shall have and hold the same in its own right as fully as the same were possessed and held by the Bank.

ARTICLE II.

SECTION 1: The name of the Trust Company upon and after the merger shall be "AMERICAN EXCHANGE IRVING TRUST COMPANY", hereinafter referred to as "the Continuing Corporation", and its principal place of business shall be in the Borough of Manhattan, City, County and State of New York.

SECTION 2: The capital stock of the Continuing Corporation shall be thirty-two million dollars ($32,000,000) consisting of three hundred and twenty thousand (320,000) shares of the par value of one hundred dollars ($100) each, being an increase of one hundred thousand (100,000) shares over the shares of the Trust Company now outstanding.

SECTION 3: The Trust Company and the Bank shall each contribute to the Continuing Corporation all its assets of every kind and nature whatsoever, real and personal, tangible and intangible existing at the time the merger becomes effective.

SECTION 4: In all matters relating to the merger, including arrangements for the employment of the official staff of the Continuing Corporation, a Committee, hereinafter referred to as the Trust Company Merger Committee, consisting of Sidney Z. Mitchell, J. Horace Harding and Edward H. Clark, heretofore appointed from their number by the Board of Directors of the Trust Company, shall act for the Trust Company and its stockholders, and a committee, hereinafter referred to as the Bank Merger Committee, consisting of J. H. Walbridge, William M. Barrett and Edgar J. Nathan, heretofore appointed from their number by the Board of Directors of the Bank, shall act for the Bank and its stockholders. The said Merger Committees shall have full power and discretion in the premises, and in the performance of their duties may adopt such procedure and use such agents as they may mutually agree upon.

SECTION 5: Any matters not herein specifically provided for may be determined by the Merger Committees and any action taken or ratified in good faith by a majority of either of the Merger Committees shall be conclusive and binding upon the party represented by such Committee and upon its stockholders, and no member of either Merger Committee shall be liable for any action which he may take or fail to take provided only he is not chargeable with bad faith.

Any disagreement between the Merger Committees shall be referred to Mr. Walter E. Frew, as umpire and his determination shall be final and binding on all parties. In case Mr. Frew shall be unable, or shall for any reason fail to act, the Merger Committees shall jointly select an alternate to act as umpire in his place and stead.

In case of the death, resignation or incapacity of a member of either Merger Committee the remaining members thereof shall continue as such Committee, vested with all the powers and authority intended to be vested in said Committee but any such vacancy if occurring before the merger becomes effective may be filled by the Board of Directors of the Trust Company or of the Bank as the case may be, or if occurring after the merger by the remaining members of the Committee affected.

SECTION 6: No dividends shall be declared by either party or by American Exchange Securities Corporation (herein called the Securities Corporation) prior to the merger without consent of both Merger Committees, except such regular dividends at rates not exceeding those heretofore paid as shall in the ordinary course become payable to stockholders of record as of a date preceding the date when the merger becomes effective.

ARTICLE III.

SECTION 1: The Trust Company will take the necessary steps so that the authorized capital stock of the Continuing Corporation shall consist of three hundred and twenty thousand (320,000) shares of the par value of one hundred dollars ($100) each, being an increase of one hundred thousand shares. Such new increased shares shall not be entitled to participate in any dividend payable to stockholders of record of a date prior to the merger becoming effective.

SECTION 2: Upon the merger becoming effective, stockholders of the Trust Company will be entitled to receive, upon surrender to the Continuing Corporation of their present stock certificates, new stock certificates of the Continuing Corporation for an equal number of shares of stock of the same par value.

SECTION 3: Upon the merger becoming effective, stockholders of the Bank holding receipts of United States Mortgage and Trust Company as Depositary under the Deposit Agreement dated January 2, 1920, as subsequently amended (representing shares of stock of the Bank and an equal number of shares of Class B stock of the American Exchange Securities Corporation) upon surrender to the Continuing Corporation of such receipts duly endorsed, will be entitled to receive shares of the Continuing Corporation and cash at the rate of one and one-third shares of stock of the Continuing Corporation and $70 in cash for each one share of Bank stock and one share of Class B stock of American Exchange Securities Corporation covered by the receipt so surrendered. Said Class B stock of American Exchange Securities Corporation shall become the property of the Continuing Corporation.

Upon the merger becoming effective, stockholders of the Bank holding stock certificates which have not been deposited with United States Mortgage and Trust Company, as such Depositary, upon surrender to the Continuing Corporation of such stock certificates, will be entitled to receive shares of the Continuing Corporation and cash at the rate of one and one-third shares of stock of the Continuing Corporation and $40 in cash for each share of stock of the Bank so surrendered.

Fractional shares of stock of the Continuing Corporation will not be issued, but will be represented by scrip, exchangeable in amounts aggregating a full share or full shares of stock for stock certificates of such Continuing Corporation.

SECTION 4: Upon such surrender of certificates of stock of either party, the Continuing Corporation shall stamp across the face thereof these words: "Cancelled under the provisions of Merger Agreement dated the 9th day of November, 1926, between Irving Bank and Trust Company and The American Exchange-Pacific Bank" and shall retain possession of such cancelled certificates until such time as it may elect to destroy them.

ARTICLE IV.

SECTION 1: The rights, obligations and relations of the Bank to any person, creditor, depositor, trustee or beneficiary of any trust, shall remain unimpaired, and the Continuing Corporation shall by such merger succeed to all such relations, obligations, trusts

and liabilities, and shall execute and perform all such trusts, in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and the liabilities and obligations of the Bank to creditors existing for any cause whatsoever shall not be impaired by such merger; nor shall any obligation or liability of any stock holder or shareholder in either the Trust Company or the Bank be affected by any such merger, but such obligations and liabilities shall continue as fully and to the same extent as existed before such merger.

SECTION 2: All pending actions or other judicial proceedings, to which either the Bank or the Trust Company is a party, shall not be deemed to have abated or to have discontinued by reason of the merger, but may be prosecuted to final judgment, order or decree in the same manner as if the merger had not been made; or the Continuing Corporation may be substituted as a party to such action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against either the Bank or the Trust Company if the merger had not occurred.

SECTION 3: The foregoing special effects of such merger shall not be deemed to exclude or modify any other effects, obligations, rights or privileges provided by law as incident to or resulting from such merger and not herein specifically mentioned and shall not in any respect, except as expressly stated, modify or change the existing terms, conditions and provisions of the Trust Company's special charter.

ARTICLE V.

SECTION 1: The parties hereto mutually covenant that the merger shall in all respects be consummated in conformity with the provisions of the Banking Law of the State of New York, and each party agrees to do and perform each and every act required by law to effectuate such merger.

SECTION 2: This agreement is made subject to the approval of the Superintendent of Banks and subject also to the approval of the stockholders of each of the parties hereto given in the manner prescribed in the Banking Law.

SECTION 3: Each of the parties agrees promptly to call a meeting of its stockholders and to submit this agreement for action by them.

SECTION 4: The proper officers of the respective parties are authorized and directed from time to time as occasion may arise to make the transfer of any property, rights and franchises of the respective parties and to do all acts and execute and acknowledge all deeds, contracts, assignments and instruments in writing deemed necessary or proper to carry out the provisions of this agreement, and to affix the corporate seals of the respective parties unto such instruments in writing; but upon the merger becoming effective all such property and franchises shall be deemed to be transferred to and vested in the Continuing Corporation without any deed, assignment or other instrument of transfer.

SECTION 5: Pending necessary changes in the forms used by the respective parties, particularly in the transfer, registry or authentication of stocks, bonds or other securities, the Continuing Corporation may use the name of the Trust Company or of the Bank as the case may be.

ARTICLE VI.

SECTION 1: After this agreement shall have been approved by the Superintendent of Banks and also by the stockholders of the respective parties, in accordance with the Banking Law, the same shall go into effect and become operative upon filing, in the office of the Superintendent of Banks and in the office of the Clerk of New York County, the original of this agreement with the written approval of the Superintendent of Banks and copies of the proceedings had at the respective meetings, as required by said Banking Law.

ARTICLE VII.

SECTION 1: In conformity with Section 488 of the Banking Law, the stockholders of the Continuing Corporation shall at the annual meeting in January, 1927, if such meeting occurs within sixty days of the merger, or if not at a special meeting within sixty days after the merger elect a Board of Directors, in conformity to its charter and the modifications thereof aforesaid, to hold office until the next annual meeting. Meantime the affairs of the Continuing Corporation shall be conducted by a temporary Board of Directors of not more than forty members consisting of the members of the two Merger Committees aforesaid together with such additional members as may be jointly named and appointed by the said Merger Committees of the Trust Company and of the Bank or by majority of the members thereof. Such additional members of the Board of Directors shall be named and appointed by instruments in writing signed by the members of the Merger Committees, or a majority thereof, and filed with the Continuing Corporation at the time when the merger becomes effective. Pending the election by the stockholders provided for above, such persons shall constitute, and shall have full authority as, the Board of Directors of the Continuing Corporation.

SECTION 2: The Board of Directors of the Trust Company before the merger or the Board of Directors of the Continuing Corporation after the merger shall proceed to elect and appoint such officers as may be required by law or as may be prescribed or permitted by the by-laws of the Continuing Corporation and as the Board may deem necessary or proper.

So far as consistent with this agreement the by-laws of the Trust Company shall be the by-laws of the Continuing Corporation until the same shall be altered or amended in the manner provided by statute and pursuant to said by-laws.

ARTICLE VIII.

SECTION 1: In case any stockholder of either of the parties not voting in favor of this agreement shall demand and shall become entitled to payment for his stock in accordance with the provisions of the Banking Law, such payment shall be made by the Continuing

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Corporation and the stock in the Continuing Corporation which such stockholder would be entitled to receive hereunder shall be held and disposed of by the Continuing Corporation for its benefit.

IN WITNESS WHEREOF, Irving Bank and Trust Company and The American Exchange-Pacific Bank have made this agreement in duplicate under their respective corporate seals.

IRVING BANK AND TRUST COMPANY

By _____
Chairman of the Board

ATTEST: _____
Asst. Secretary

By _____
President

[CORPORATE SEAL]

THE AMERICAN EXCHANGE-PACIFIC BANK

By _____
President

ATTEST: _____
Cashier

[CORPORATE SEAL]

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STATE OF NEW YORK }
County of New York } ss.:

On this 9th day of November, 1926, before me came LEWIS E. PIERSON and HARRY E. WARD, to me known, who, being by me duly sworn, did depose and say, each for himself, that they reside in the City of New York; that said Lewis E. Pierson is Chairman of the Board of Directors and said Harry E. Ward is President of Irving Bank and Trust Company, one of the corporations described in and which executed the foregoing instrument; that they know the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order.

Robert H. Veltz

NOTARY PUBLIC, Bronx County No. 7
Certificate filed in New York Co. No. 6
Bronx Co. Register's No. 2806
New York Co. Register's No. 8022
Commission expires March 30, 1928

STATE OF NEW YORK }
County of New York } ss.:

On this 9th day of November, 1926, before me came LEWIS L. CLARKE, to me known, who being by me duly sworn, did depose and say that he resides in Elberon, N. J.; that he is the President of The American Exchange-Pacific Bank, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Leonard Dorn

NOTARY PUBLIC, KINGS CO. No. 1
KINGS COUNTY REGISTER No. 7042
N. Y. CO., No. 22
N. Y. CO., REGISTER No. 8023
BRONX CO., No. 5
BRONX COUNTY REGISTER No. 2312
MY COMMISSION EXPIRES MARCH 30, 1928

STATE OF NEW YORK,
BANKING DEPARTMENT.

Pursuant to Article XII of the Banking Law of the State of New York, the foregoing Agreement, made and entered into between Irving Bank and Trust Company and The American Exchange-Pacific Bank for the Merger of The American Exchange-Pacific Bank into Irving Bank and Trust Company under the name American Exchange Irving Trust Company, is hereby approved.

WITNESS my hand and official seal at the City of New York, this 9th day of November, 1926.

Frank A. Garder
Superintendent of Banks.

[OFFICIAL SEAL]

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MERGER

of

THE AMERICAN EXCHANGE-PACIFIC BANK

into

IRVING BANK AND TRUST COMPANY

under the name of

AMERICAN EXCHANGE IRVING TRUST COMPANY

Filed in the office of the Superintendent of Banks, State of New York, the 11th day of January 1938

By Superintendent of Banks

CARDOZO & NATHAN
Counselors at law
128 Broadway
New York

RECEIVED

DEC 13 1926

BANKING DEPT.
STATE OF NEW YORK.
THIRD DEPUTY SUPERINTENDENT

STATE OF NEW YORK : ss.:
COUNTY OF NEW YORK :

I, WILLIAM T. COLLINS, Clerk of the said County and Clerk of the Supreme Court of said State for said County, DO CERTIFY that the following papers were filed in the office of the Clerk of the County of New York at 11:59 A. M. on December 11, 1926, namely:

The American Exchange-Pacific Bank into Irving Bank and Trust Company - agreement for merger under the name of American Exchange Irving Trust Company bearing thereon written approval of the Superintendent of Banks of the State of New York;

Sworn copy of proceedings of Board of Directors of The American Exchange-Pacific Bank, November 9, 1926, bearing thereon written approval of the Superintendent of Banks of the State of New York;

Sworn copy of proceedings of Board of Directors of the Irving Bank and Trust Company, November 9, 1926, bearing thereon written approval of the Superintendent of Banks of the State of New York;

Sworn copy of proceedings of meeting of stockholders of The American Exchange-Pacific Bank, November 26, 1926.

Sworn copy of proceedings of meeting of stockholders of Irving Bank and Trust Company, November 26, 1926;

and that said documents are now on file in my office.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal this 13th day of December 1926.

William T. Collins
Clerk.

CERTIFICATE OF INCREASE OF CAPITAL STOCK
OF
IRVING BANK-COLUMBIA TRUST COMPANY

Pursuant to Section 36 of the Stock Corporation Law.

WE, the undersigned, President and Secretary respectively of IRVING BANK-COLUMBIA TRUST COMPANY do hereby certify as follows:

1. The name of the corporation is IRVING BANK-COLUMBIA TRUST COMPANY. The name under which it was originally incorporated was The Mutual Benefit Life Policy Loan and Trust Company of New York.

2. The corporation was created by a special law, viz: by Chapter 616 of the laws passed in 1871.

3. The total amount of the previously authorized capital stock is Seventeen million five hundred thousand Dollars ($17,500,000).

4. The total number of shares which the corporation is already authorized to issue is one hundred seventy five thousand (175,000) shares, each of the par value of One hundred Dollars ($100).

5. The shares already authorized are not classified.

6. The number of shares issued and outstanding is one hundred seventy-five thousand (175,000).

7. None of the shares are without par value.

8. The amount of the capital stock which the corporation is hereafter to have is Twenty-two million Dollars ($22,000,000).

9. The total number of shares, including those previously authorized, which the corporation may henceforth have is two hundred and twenty thousand (220,000) shares, all of which are to be of the same class and are to have a par value of One hundred Dollars ($100) each.

IN WITNESS WHEREOF, we have made, subscribed and

acknowledged this certificate in duplicate this 13th day of September, 1926.

Harry E. Ward
President.

Eugene D. Junior
Secretary.

STATE OF NEW YORK)
(SS:
COUNTY OF NEW YORK)

On this 13th day of September, 1926, before me personally came HARRY E. WARD and EUGENE D. JUNIOR, to me known and known to me to be the persons described in and who executed the foregoing certificate and severally duly acknowledged to me that they executed the same.

Robert R. Velie

STATE OF NEW YORK)
(SS:
COUNTY OF NEW YORK)

HARRY E. WARD and EUGENE D. JUNIOR, being severally duly sworn, do depose and say, and each for himself deposes and says, that he, the said Harry E. Ward is the President of Irving Bank-Columbia Trust Company, and he, the said Eugene D. Junior, is the secretary thereof, that they have been authorized to execute and file the foregoing certificate by the votes, cast in person or by proxy, of the holders of record of a majority of the outstanding shares of said corporation entitled to vote thereon, viz: to vote on an increase of the amount of its capital stock, and that such votes were cast at a stockholders' meeting held at No. 233 Broadway, Borough of Manhattan, City, County and State of New York on the 13th day of September, 1926 at twelve o'clock noon, upon notice pursuant to Section 45 of the Stock Corporation Law.

Sworn to before me this
13th day of September, 1926.

Robert A. Veluk

Harry E. Ward

Eugene D. Junior

I, the undersigned, FRANK H. WARDER, Superintendent of Banks of the State of New York, do hereby approve the foregoing certificate for the increase of the capital stock of IRVING BANK-COLUMBIA TRUST COMPANY from Seventeen Million Five Hundred Thousand Dollars ($17,500,000) consisting on one hundred seventy-five thousand (175,000) shares of the par value of One Hundred Dollars ($100) each to Twenty-Two Million Dollars ($22,000,000) consisting of two hundred and twenty thousand (220,000) shares of the par value of One hundred Dollars ($100) each, pursuant to Section 38 of the Stock Corporation Law.

Dated Sept. 13, 1926.

Frank H. Warder
Superintendent of Banks of the
State of New York.

CERTIFICATE OF INCREASE OF
CAPITAL STOCK OF IRVING BANK-
COLUMBIA TRUST COMPANY,
Pursuant to Section 36 of
the Stock Corporation Law.

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Dated September 17th 1926.

TAX
$2,250.00
UNDER SECTION 180
OF THE TAX LAW
PAID BEFORE FILING

Filed in the office of the Superintendent
of Banks, State of New York, this
17th day of September 1926.

First Deputy Superintendent of Banks

M E R G E R

THE NATIONAL BUTCHERS & DROVERS BANK
OF THE CITY OF NEW YORK

INTO

IRVING BANK-COLUMBIA TRUST COMPANY

UNDER THE NAME

IRVING BANK AND TRUST COMPANY

Original Merger Agreement dated August 17, 1926 with approval of Superintendent of Banks endorsed thereon dated August 26, 1926.

Sworn copy of Proceedings of Stockholders' Meeting of IRVING BANK-COLUMBIA TRUST COMPANY, held September 13, 1926.

Sworn copy of Proceedings of Stockholders' Meeting of THE NATIONAL BUTCHERS & DROVERS BANK OF THE CITY OF NEW YORK, held September 15, 1926.

Filed in the Office of the Superintendent of Banks, State of New York, this 17th day of September 1926

First Deputy Superintendent of Banks

BREED, ABBOTT & MORGAN
ATTORNEYS & COUNSELLORS
32 LIBERTY STREET
MUTUAL LIFE BUILDING
NEW YORK

Revised Proof.

THIS AGREEMENT executed in duplicate this 17th day of August, 1926 by and between IRVING BANK-COLUMBIA TRUST COMPANY, hereinafter called "the Trust Company", party of the first part, and THE NATIONAL BUTCHERS & DROVERS BANK OF THE CITY OF NEW YORK, hereinafter called "the Bank", party of the second part, WITNESSETH:

WHEREAS, the Trust Company is a corporation organized and existing under Chapter 616 of the Laws of 1871 of the State of New York, as affected from time to time both by special and general acts of the Legislature; and

WHEREAS, the Bank was originally incorporated in 1830 under the laws of the State of New York, was duly converted into a National Bank in 1865 and is now existing as a national banking association under the laws of the United States; and

WHEREAS, the parties hereto desire to merge the Bank into the Trust Company pursuant to the provisions of Sections 487 to 496 inclusive of the Banking Law of the State of New York,

NOW, THEREFORE, the parties described, acting under authority of a majority vote of their respective Boards of Directors, do make this written agreement in duplicate, under their respective corporate seals, for the merger of such corporations, and prescribe the terms and conditions of the merger and the mode of carrying the same into effect which shall be as follows:

ARTICLE I.

SECTION 1: The Bank shall be merged into the Trust Company and all and singular the rights, privileges and franchises of the Bank, and all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, leases and every right, privilege, interest or asset of conceivable value or benefit then existing which would inure to it under an unmerged existence, shall be deemed fully and finally, and without any right of reversion, transferred to and vested in the Trust Company, without any further act or deed immediately upon this agreement going into effect, and the Trust Company shall have and hold the same as fully as if the same were possessed and held by the Bank.

ARTICLE II.

SECTION 1: The name of the Trust Company upon and after the merger shall be "IRVING BANK AND TRUST COMPANY", hereinafter referred to as "the Continuing Corporation", and its principal place of business shall be at No. 233 Broadway, in the Borough of Manhattan, City, County and State of New York.

SECTION 2: The capital stock of the Continuing Corporation shall be Twenty-two Million Dollars ($22,000,000) consisting of Two Hundred and Twenty Thousand (220,000) shares of the par value of One Hundred Dollars ($100), an increase of Forty-five Thousand (45,000) shares over the shares of the Trust Company now outstanding.

SECTION 3: The Trust Company shall contribute to the Continuing Corporation all its assets of every kind and nature whatsoever, real and personal, tangible and intangible.

The Bank shall contribute to the Continuing Corporation assets acceptable to the Merger Committees of both the Trust Company and the Bank, to an amount equal to any and all deposit and other book liabilities of the Bank as of the date of merger, plus Two Million Dollars ($2,000,000), included in which acceptable assets shall be its furniture, fixtures and equipment at the book value thereof as of the 26th day of July, 1926 plus any subsequent expenditures therefor and in addition shall contribute its supplies, books and records of all kinds, goodwill and business.

Should any shortage of acceptable assets develop, the amount of such shortage will be secured by the Bank by the balance of its assets, which will be pledged with the Continuing Corporation with full power pending the payment of such shortage from the proceeds of the pledged assets.

SECTION 4: The Continuing Corporation will assume and discharge, without recourse to the Liquidating Committee of the Bank hereinafter provided for, all such deposit and other book liabilities of the Bank against which and to the extent of which assets are to be contributed to the Continuing Corporation as above provided, and in return for said additional contribution of Two Million Dollars ($2,000,000) the Continuing Corporation will issue to the stockholders of the Bank Ten Thousand (10,000) shares of its new increased capital stock as hereinafter provided.

SECTION 5: A Committee, hereinafter referred to as the Trust Company Merger Committee, consisting of Sidney Z. Mitchell, Milo M. Belding, Henry Fletcher, Augustus G. Paine, Jr. and Alfred H. Swayne, heretofore appointed from their number by the Board of Directors of the Trust Company, shall act on behalf of the Trust Company and a committee, hereinafter referred to as the Bank Merger Committee, consisting of James H. Clark, S. C. Lamport, Isaac Liberman, Samuel Rottenberg, Bernard Semel and Israel Unterberg, ex officio, heretofore appointed from their number by the Board of Directors of the Bank, shall act for the Bank, in all matters relating to the merger. Any action by a majority shall be the action of the committee. The said Merger Committees shall have full power and discretion in the premises, and in the performance of their duties may adopt such procedure and use such agents as they may mutually agree upon.

SECTION 6: Prior to merger the Bank will vote duly to go into liquidation at or subsequent to the date of merger.

The Bank's surplus assets, over and above those to be contributed to the Continuing Corporation as above provided, will, before or at the time of the merger, be transferred to a committee duly appointed by the Board of Directors of the Bank consisting of James H. Clark, Herbert Frankel, A. L. Liebovitz, Max Rubin, David T. Tishman and Israel Unterberg, ex officio, to be known as the Liquidating Committee of the Bank for liquidation pursuant to the provisions of the National Bank Act, with full powers. The proceeds of liquidation as and when realized, will be deposited with the Continuing Corporation and after the discharge of the liabilities and obligations of the Bank, if any, which do not appear on its books and against which assets shall not have been contributed to the Continuing Corporation, and after providing for the expenses of liquidation, including the expenses incurred by the Bank on the merger, will be distributable to the holders of the

beneficial certificates hereinafter provided for. Said Liquidating Committee, as such but not individually, shall hold the Continuing Corporation harmless against any demands, liabilities, and obligations of the Bank or claims of any kind arising out of any action by the Bank prior to the merger, as against which assets shall not have been transferred to the Continuing Corporation as above provided.

Any such surplus assets may be sold by said Liquidating Committee to the Continuing Corporation at such prices and upon such terms as the Liquidating Committee may approve.

Distributions shall be made in cash from time to time, as in the opinion of the said Liquidating Committee conditions warrant, pro rata among the holders of the certificates of beneficial interest hereinafter provided for, but no such distribution shall be made unless first approved by the Board of Directors of the Continuing Corporation. Any such approval shall be conclusive upon the Continuing Corporation and there shall be no liability upon the holders of any certificates of beneficial interest to return any proceeds so distributed.

On said merger becoming effective, said Liquidating Committee shall take steps to issue in due course to stockholders of the Bank or their assignees, upon the surrender of their certificates of bank stock in exchange for certificates of stock in the Continuing Corporation as hereinafter provided, certificates of beneficial interest in such surplus assets.

SECTION 7: Any matters not herein specifically provided for may be determined by the Merger Committees and any action taken or ratified in good faith by a majority of either of the Merger Committees shall be conclusive and binding upon the party represented by such Committee and upon its stockholders and upon the holders of certificates of beneficial interest in the surplus assets of the Bank, and no member of either Merger Committee shall be liable for any action which he may take or fail to take provided only he is not chargeable with bad faith.

Any disagreement between the Merger Committees shall be referred to Mr. Stevenson E. Ward, as umpire and his determination shall be final and binding on all parties.

In case of the death, resignation or incapacity of a member of either Merger Committee or of said Liquidating Committee the remaining members thereof shall continue as such Committee vested with all the powers and authority intended to be vested in said Committee but any such vacancy if occurring before the merger becomes effective may be filled by the Board of Directors of the Trust Company or of the Bank as the case may be or if occurring after the merger by the remaining members of the Committee affected.

SECTION 8: All current charges of the Bank such as rent, salaries, taxes and other accruals, including discounts received but not earned, and all prepayments, refunds, interest accrued and fees partially earned on going business shall be adjusted, as shall be jointly determined by the Merger Committees, as of the date when the merger becomes effective or as at any earlier date or dates jointly fixed by the Merger Committees. Bonds and other securities belonging to the Bank shall be transferred at their market value on date when merger goes into effect, and all accruals thereon shall belong to the Bank.

The Continuing Corporation will assume and carry out all contracts of employments, if any, made prior to July 26, 1926, by the Bank with its officers and other employees. The Bank represents, however, that there are no such contracts which extend beyond January, 1927, and none which have not been made in regular course for services to be rendered.

All leases shall be transferred to and the rent and other obligations thereunder assumed by the Continuing Corporation. The Continuing Corporation shall pay to the Bank for its leaseholds the sum of $400,000 which sum shall be paid by the Continuing Corporation to the Liquidating Committee of the Bank if and when the Continuing Corporation shall have been secured, to its satisfaction by the transfer of good assets or otherwise, against the liabilities of the Bank. The Liquidating Committee of the Bank shall have the right to distribute the said sum of $400,000 as and when received to the holders of certificates of beneficial interest in the surplus assets of the Bank, subject, however, to the approval of the Board of Directors of the Continuing Corporation as provided in Article II, Section 6.

No dividends shall be declared by either party prior to the merger without consent of both Merger Committees, except that the Trust Company may declare and pay to the holders of its present stock its regular dividend amounting to $3.50 per share quarterly, the next dividend date being October 1st, 1926.

ARTICLE III.

SECTION 1: The Trust Company will take the necessary steps so that the authorized capital stock of the Continuing Corporation shall consist of two hundred and twenty thousand (220,000) shares of the par value of One Hundred Dollars ($100) each, an increase of 45,000 shares. Such new increased shares shall not be entitled to participate in any dividend payable on or prior to October 1st, 1926.

SECTION 2: Upon the merger becoming effective, the stockholders of the Trust Company or their assignees shall, if called upon, surrender their certificates of Trust Company stock to the Continuing Corporation and receive in lieu thereof new certificates representing one share of stock of the Continuing Corporation for each share of stock so surrendered and stockholders of record of the Trust Company, on a date to be fixed by the Board of Directors of the Trust Company, which date shall not be later than the beginning of business on the day on which the merger becomes effective, shall have the right to subscribe for thirty-five thousand (35,000) shares of the new increased stock of the Continuing Corporation at the rate of one share of such new increased stock for each five shares of stock of the Trust Company held by them, at the price of Two Hundred Dollars ($200) per share.

SECTION 3: Upon the merger becoming effective, the stockholders of the Bank or their assignees shall surrender on call their certificates of stock in the Bank to the Continuing Corporation and shall be entitled to receive in lieu thereof ten thousand (10,000) shares of the new increased stock of the Continuing Corporation at the rate of one share of the new increased stock of the Continuing Corporation for each two shares of stock of the Bank so surrendered.

The said stockholders of the Bank shall also be entitled to receive from said Liquidating Committee, as hereinbefore provided, a certificate for one share of beneficial interest in said surplus assets of the Bank for each share of stock of the Bank so surrendered.

SECTION 4: Upon such surrender of certificates of stock of either party, the Continuing Corporation shall stamp across the face thereof these words: "Cancelled under the provisions of Merger Agreement dated the ..... day of August, 1926, between Irving Bank-Columbia Trust Company and The National Butchers & Drovers Bank of New York," and shall retain possession of such cancelled certificates until such time as it may elect to destroy them.

ARTICLE IV.

SECTION 1: The rights, obligations and relations of the parties to any person, creditor, depositor, trustee or beneficiary of any trust, shall remain unimpaired, and the Continuing Corporation shall by such merger succeed to all such relations, obligations, trusts and liabilities, and shall execute and perform all such trusts, in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and the liabilities and obligations of the Bank and of the Trust Company to creditors existing for any cause whatsoever shall not be impaired by such merger; nor shall any obligation or liability of any stockholder or shareholder in either the Trust Company or the Bank be affected by any such merger, but such obligations and liabilities shall continue as fully and to the same extent as before such merger.

SECTION 2: All pending actions or other judicial proceedings, to which either the Bank or the Trust Company is a party, shall be deemed not to have abated or to have discontinued by reason of the merger but may be prosecuted to final judgment, order or decree in the same manner as if the merger had not been made; or the Continuing Corporation may be substituted as a party to any such action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against either the Bank or the Trust Company if the merger had not occurred.

SECTION 3: The foregoing special effects of such merger shall not be deemed to exclude or modify any other effects, obligations, rights or privileges provided by law as incident to or resulting from such merger and not herein specifically mentioned and shall not in any respect, except as expressly stated, modify or change the existing terms, conditions and provisions of the Trust Company's special charter aforesaid.

ARTICLE V.

SECTION 1: The parties hereto mutually covenant that the merger shall in all respects be consummated in conformity with the provisions of the Banking Law of the State of New York, and each party agrees to do and perform each and every act required by said Banking Law.

SECTION 2: This agreement is made subject to the approval of the Superintendent of Banks and subject also to the approval of the stockholders of each of the parties hereto given in the manner prescribed in the Banking Law.

SECTION 3: Each of the parties agrees promptly to call a meeting of its stockholders and to submit this agreement for action by them. This agreement shall be null and void unless the merger is made effective on or before October thirty-first, 1926.

SECTION 4: After the merger has become effective, the President or any of the Vice Presidents of the respective parties and the Cashier, or any of the Assistant Cashiers of the Bank, and the Secretary, or any of the Assistant Secretaries of the Trust Company, are authorized and directed from time to time as occasion may arise to make the transfer of any property, rights and franchises of the respective parties and to do all acts and execute and acknowledge all deeds, contracts, assignments and instruments in writing deemed necessary or proper to carry out the provisions of this agreement, and to affix the corporate seals of the respective parties unto such instruments in writing; but all such property and franchises shall be deemed to be transferred to and vested in the Continuing Corporation without any deed, assignment or other instrument of transfer.

SECTION 5: Pending necessary changes in the forms used by the respective parties, particularly in the transfer, registry or authentication of stocks, bonds or other securities, the Continuing Corporation may use the name of the Trust Company or of the Bank as the case may be.

ARTICLE VI.

SECTION 1: After this agreement shall have been approved by the Superintendent of Banks and also by the stockholders of the respective parties, in accordance with the Banking Law, the same shall go into effect and become operative upon filing, in the office of the Superintendent of Banks and in the office of the Clerk of New York County, duplicate originals of this agreement with the written approval of the Superintendent of Banks and sworn copies of the proceedings had at the respective stockholders meetings, as required by Section 492 of the Banking Law.

ARTICLE VII.

SECTION 1: The persons who shall constitute the board of directors of the Continuing Corporation after the merger shall have been accomplished, to hold office until the next annual meeting of the Continuing Corporation in January 1927 or until their successors are elected, shall be as follows:

Lewis E. Pierson
Milo M. Belding
William C. Breed
Edward H. Clark
Edward Cornell
Warren Cruikshank
William K. Dick
Henry Fletcher
James M. Gifford
Alexander Gilbert
J. Horace Harding
Harold A. Hatch
Willard V. King
Lee Kohns
Harry M. Williams
Harry E. Ward
Adam K. Luke
Sidney Z. Mitchell
Augustus G. Paine, Jr.
Hubert T. Parson
John J. Pulleyn
Jacob L. Reiss
Arthur Sachs
William Skinner
Matthew S. Sloan
Albert Strauss
Alfred H. Swayne
William A. Tucker
Daniel W. Whitmore

The by-laws of the Trust Company shall be the by-laws of the Continuing Corporation until the same shall be altered or amended in the manner provided by statute and pursuant to said by-laws.

The present officers of the Trust Company shall continue as officers of the Continuing Corporation with the same tenure of office as is now held by them in the Trust Company.

ARTICLE VIII.

SECTION 1: In case any stockholder of the Bank who does not vote in favor of this agreement shall demand and shall become entitled to payment for his stock in accordance with the provisions of the Banking Law, such payment shall be made by the Liquidating Committee of the Bank and the stock in the Continuing Corporation and certificate of beneficial interest which such stockholder would be entitled to receive hereunder shall be held and disposed of by said Liquidating Committee as a surplus asset of the Bank.

IN WITNESS WHEREOF, Irving Bank-Columbia Trust Company and The National Butchers & Drovers Bank of the City of New York have made this agreement in duplicate under their respective corporate seals.

IRVING BANK-COLUMBIA TRUST COMPANY

By ..... *Chairman of the Board*

ATTEST:

..... *Secretary*

By ..... *President*

THE NATIONAL BUTCHERS & DROVERS BANK OF THE CITY OF NEW YORK

ATTEST:

By ..... *Chairman and President.*

..... *Cashier*

STATE OF NEW YORK,
COUNTY OF NEW YORK, } ss.:

On this 25th day of August, 1926, before me came LEWIS E. PIERSON and HARRY E. WARD, to me known, who, being by me duly sworn, did depose and say, each for himself, that they reside in the City of New York; that said Lewis E. Pierson is Chairman of the Board of Directors and said Harry E. Ward is President of Irving Bank-Columbia Trust Company, one of the corporations described in and which executed the foregoing instrument; that they know the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order.

Notary Public, Westchester County
[illegible] Clerk's No. 142
[illegible] No. 7135

Notary Public.

STATE OF NEW YORK,
COUNTY OF NEW YORK, } ss.:

On this 23rd day of August, 1926, before me came ISRAEL UNTERBERG, to me known, who, being by me duly sworn, did depose and say that he resides in New York City; that he is the Chairman and President of The National Butchers & Drovers Bank of the City of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Notary Public, Kings Co. Clerk's No. 62
Kings Co. Register's No. 8054
Certificate filed in New York Co.
New York County Clerk's No. 36
New York County Register's No. 8027
Term Expires March 30, 1928

Notary Public.

STATE OF NEW YORK,
BANKING DEPARTMENT.

Pursuant to Article XII of the Banking Law of the State of New York, the foregoing Agreement, made and entered into between Irving Bank-Columbia Trust Company and The National Butchers & Drovers Bank of the City of New York, for the Merger of The National Butchers & Drovers Bank of the City of New York into Irving Bank-Columbia Trust Company under the name Irving Bank and Trust Company, is hereby approved.

WITNESS my hand and official seal at the City of New York, this 26th day of ~~September~~ August, 1926.

Superintendent of Banks.

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IRVING BANK—COLUMBIA TRUST COMPANY

Merger

MERGER AGREEMENT DATED JANUARY 9, 1923.

APPROVAL OF SUPERINTENDENT OF BANKS
DATED JANUARY 11, 1923.

SWORN COPY OF PROCEEDINGS OF STOCKHOLDERS OF IRVING BANK, NEW YORK, AT MEETING HELD JANUARY 29, 1923.

SWORN COPY OF PROCEEDINGS OF STOCKHOLDERS OF COLUMBIA TRUST COMPANY AT MEETING HELD JANUARY 29, 1923.

Filed in the office of the Superintendent of Banks, State of New York, this 7th day of February 1923.
Second Deputy Superintendent of Banks

THIS AGREEMENT executed in duplicate this ninth day of January, 1923 by and between COLUMBIA TRUST COMPANY, hereinafter called "the Trust Company", party of the first part, and IRVING BANK, NEW YORK, hereinafter called "the Bank", party of the second part, WITNESSETH:

WHEREAS, the Trust Company is a corporation organized and existing under Chapter 616 of the Laws of 1871 of the State of New York as affected from time to time both by special and general acts of the Legislature; and

WHEREAS, the Bank is a corporation organized and existing under Article III of the Banking Law of the State of New York; and

WHEREAS, each of the parties hereto is a corporation, other than a savings bank, organized under the laws of the State of New York for the purposes or some of them mentioned in Article III of said Banking Law; and

WHEREAS, the parties hereto desire to merge the Bank into the Trust Company pursuant to the provisions of Sections 487 to 496 inclusive of said Banking Law,

NOW, THEREFORE, the parties described, acting under authority of a majority vote of their respective Boards of Directors, do make this written agreement in duplicate, under their respective corporate seals, for the merger of such corporations, and prescribe the terms and conditions of the merger and the mode of carrying the same into effect which shall be as follows:

ARTICLE I.

SECTION 1: The Bank shall be merged into the Trust Company and all and singular the rights, privileges and franchises of the Bank, and all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of conceivable value or benefit then existing which would inure to it under an unmerged existence, shall be deemed fully and finally, and without any right of reversion, transferred to and vested in the Trust Company, without any further act or deed immediately upon this agreement going into effect, and the Trust Company shall have and hold the same as fully as the same were possessed and held by the Bank.

ARTICLE II.

SECTION 1: The name of the Trust Company upon and after the merger shall be "IRVING BANK-COLUMBIA TRUST COMPANY", hereinafter referred to as "the Continuing Corporation", and its principal place of business shall be at No. 233 Broadway, in the Borough of Manhattan, City, County and State of New York.

SECTION 2: The capital stock of the Continuing Corporation shall be Seventeen million five hundred thousand Dollars ($17,500,000) consisting of one hundred and seventy-five thousand (175,000) shares of the par value of One hundred Dollars ($100) each, and its surplus and undivided profits shall be Ten million five hundred thousand Dollars ($10,500,000) or thereabouts to be fixed, ascertained and contributed by the respective parties as hereinafter provided.

SECTION 3: For the purpose of providing and insuring said capital stock, surplus and undivided profits, the Trust Company shall contribute to the Continuing Corporation in acceptable assets a sufficient amount to equal any and all deposit and other liabilities of the Trust Company and $8,000,000 additional thereto and the Bank shall contribute to the Continuing Corporation in acceptable assets a sufficient amount to equal any and all deposit and other liabilities of the Bank and $20,000,000 additional thereto and in addition each party shall contribute its supplies, furniture, fixtures and equipment (other than safe deposit equipment) good will and business.

SECTION 4: A committee, hereinafter referred to as the Trust Company Merger Committee, consisting of Arthur Sachs, Edward H. Clark, Augustus G. Paine, Jr., Frederick Strauss and William A. Tucker, heretofore appointed from their number by the Board of Directors of the Trust Company, shall act for the Trust Company and its stockholders in all matters relating to the merger and a Committee, hereinafter referred to as the Bank Merger Committee, consisting of S. Z. Mitchell, Henry Fletcher, Harold A. Hatch, William Skinner and Theodore F. Whitmarsh, heretofore appointed from their number by the Board of Directors of the Bank, shall act for the Bank and its stockholders in all matters relating to the merger. The said Merger Committees shall have full power and discretion in the premises and in the performance of their duties may adopt such procedure and use such agent or agents, examiner or examiners as they may mutually agree upon.

SECTION 5: Deposit and other liabilities shall in the first instance be taken to be as they appear on the books and in the records of the respective parties as certified by two principal officers thereof.

SECTION 6: Acceptable assets shall be assets approved by the Merger Committees or by the umpire hereinafter named and shall be taken at valuations approved by the Merger Committees or by such umpire.

SECTION 7: The assets of the Trust Company shall be placed in four Schedules to be designated as Trust Company Schedules A, B, C and D; and the assets of the Bank shall be placed in four Schedules to be designated as Bank Schedules A, B, C and D.

In Schedule A of each party shall be placed such acceptable assets of a permanent nature as may be deemed necessary or desirable for the Continuing Corporation as a going concern such as real estate, banking houses, safe deposit equipment and stocks, other stocks, etc. In Schedule B of each party shall be placed acceptable assets other than those included in Schedules A of which the approved values equal or exceed the

valuations at which same are carried on the books of the Trust Company or of the Bank as the case may be. In Schedule C of each party shall be placed other acceptable assets, if any, of which the approved values are less than the values at which the same may be carried on the books of the respective parties. The total of the assets in Schedules A, B and C of each party at the approved values thereof shall aggregate the amount to be contributed to the Continuing Corporation by the respective parties as hereinbefore provided.

In Schedule D of each party shall be placed all assets of the respective parties of every kind and nature, not included in its Schedules A, B and C and not specified in Section 3 of this Article, and such assets shall be held by the Continuing Corporation in trust for liquidation under the direction and in the absolute discretion of the respective Merger Committees and the proceeds shall be used, applied and distributed as hereinafter provided.

In the event any asset included in Schedule C of either party shall liquidate for an amount in excess of its approved value or in case a portion of any such asset shall liquidate for an amount equal to or in excess of the approved value of the entire asset, such excess amount and/or the balance of any such asset shall be duly transferred to Schedule D of such party, except that prior to the liquidation at the approved values thereof of the several assets included in said Schedule C any such excess amount or any such balance may be taken and held by the Continuing Corporation in place of any remaining unliquidated asset or assets or portion thereof included in said Schedule C of equal approved value and such unliquidated asset or assets, or proper proportion thereof, shall thereupon be duly transferred to Schedule D of such party. No asset included in either Schedule C shall be deemed liquidated until the approved value thereof is actually realized therefor or thereon by the Continuing Corporation in cash or its equivalent satisfactory to the Continuing Corporation. The Continuing Corporation shall have absolute discretion in handling the liquidation of any asset included in either Schedule C.

SECTION 8: Any disagreement between the Merger Committees as to which are or which are not acceptable assets or as to the values thereof shall be referred to Mr. Stephen Baker and his determination shall be final. In case Mr. Baker shall be unable or shall for any reason fail to act, the Merger Committees shall jointly select an alternate to act as umpire in his place and stead.

SECTION 9: Any errors in stating book values by either party and any liabilities incurred prior to the merger developing subsequently or proving to be greater than as set forth pursuant to Section 5 of this Article and which were not wholly provided for in the valuation of assets included in Schedules A, B and C of such party shall be adjusted by charging same against Schedule D of such party and paying the amount thereof to the Continuing Corporation out of the proceeds of assets included in said Schedule D or with respect to errors shall be adjusted in proper case by crediting the amount thereof to said Schedule D. In case any such liability is covered in whole or in part by insurance, the Continuing Corporation may enforce all rights of the insured party with respect to such insurance, and apply the proceeds against such liability.

Any and all charges and expenses incurred by the Continuing Corporation or by the Merger Committees in connection with the collection, reduction to cash or protection of any of the assets included in either Schedule D aforesaid shall be charged against Schedule D of the party concerned and paid out of the proceeds of assets included in said Schedule D. No charge shall be made by either Merger Committee for services in connection with the liquidation thereof except that members of the Merger Committees shall be entitled to fees for attendance at meetings of the Committees at the rate allowed directors.

The Continuing Corporation may deal with all persons not parties to this agreement with respect to assets included in either Schedule D as if the same were held by it free from any trust and no such person shall be under any obligation or duty to inquire into the authority of the Continuing Corporation to collect, sell or otherwise deal with said assets or into the disposition of the proceeds thereof. Any asset contained in either Schedule D may, with the consent of the Merger Committee charged with the liquidation thereof, be sold to the Continuing Corporation on terms approved by such Merger Committee, and the Continuing Corporation shall thereafter hold the same in its own right free of any trust.

Any liability for damages to adjoining buildings and property shall be charged against Schedule D of the party concerned and met out of the proceeds of the assets included in said Schedule D as shall also recoveries against either party in any pending suit and the costs and expense thereof.

Any and all realizations on the collection, sale, compromise or other liquidation of the assets included in either Schedule D, after the charges provided for in this agreement are met or otherwise cared for, shall be distributable in cash from time to time, as in the opinion of the respective Merger Committees conditions warrant, *pro rata* among the holders of the respective certificates of beneficial interest therein, but no such distribution shall be made unless first approved by the Board of Directors of the Continuing Corporation. Any such approval shall be conclusive upon the Continuing Corporation, and there shall be no liability upon the holders of any certificates of beneficial interest to return any proceeds so distributed.

The Continuing Corporation, as trustee, shall at the time of the merger issue, or take steps to issue in due course, to the stockholders of record of each party as of that date, or the assignees of their shares, certificates of beneficial interest in the assets hereinabove apportioned to its Schedule D.

SECTION 10: Any matters not herein specifically provided for may be determined by the Merger Committees and any action taken or ratified in good faith by a majority of either of the Merger Committees shall be conclusive and binding upon the party represented by such Committee and upon its stockholders and upon the holders of its certificates of beneficial interest and no member of either Merger Committee shall be liable for any action which he may take or fail to take provided only he is not chargeable with bad faith.

In case of the death or incapacity of a member of either Merger Committee, the remaining members thereof shall continue as such Merger Committee vested with all the powers and authority intended to be vested in said Committee but any such vacancy if oc-

curring before the merger becomes effective may be filled by the Board of Directors of the Trust Company or of the Bank as the case may be or if occurring after the merger by the remaining members of such Merger Committee.

SECTION 11: All current charges such as rent, salaries, taxes and other accruals, including discounts received but not earned, and all prepayments, refunds, interest accrued and fees partially earned on going business shall be adjusted as shall be jointly determined by the Merger Committees as of the date when the merger becomes effective or as at any earlier date or dates jointly fixed by the Merger Committees.

All leases shall be assumed by the Continuing Corporation.

No dividends shall be declared by either party prior to the merger without consent of the other party.

The employees or officers of the Bank shall not by reason of the merger become entitled to any benefits of or rights under the present Pension Death Benefit and Profit Sharing Fund of the Trust Company which shall be at liberty to make such disposition thereof prior to the merger as may be determined by it.

ARTICLE III.

SECTION 1: The Trust Company shall take the necessary legal steps so that the authorized capital stock of the Continuing Corporation shall consist of one hundred seventy-five thousand (175,000) shares of the par value of One hundred Dollars ($100) each.

SECTION 2: Upon the merger becoming effective the stockholders of record of the Trust Company as of that date, or the assignees of their shares, shall surrender on call their certificates of Trust Company stock to the Continuing Corporation and receive in lieu thereof new certificates representing one share of stock in the Continuing Corporation and also one share of beneficial interest in Schedule D of the Trust Company for each share of Trust Company stock so surrendered.

SECTION 3: Upon the merger becoming effective the stockholders of record of the Bank as of that date, or the assignees of their shares, shall surrender on call their certificates of stock in the Bank or in its predecessor Irving National Bank, New York, to the Continuing Corporation and shall be entitled to receive in lieu thereof a certificate or certificates for one share of the capital stock in the Continuing Corporation and also one share of beneficial interest in Schedule D of the Bank for each share of stock of the Bank or of its predecessor so surrendered.

SECTION 4: Upon such surrender of certificates of stock of either party, the Continuing Corporation shall stamp, across the face thereof, these words:

> "Cancelled under the provisions of Merger Agreement, dated the day of January, 1923, between Columbia Trust Company and Irving Bank, New York."

and shall retain possession of such cancelled certificates until such time as it may elect to destroy same.

ARTICLE IV.

SECTION 1: The rights, obligations and relations of the parties to any person, creditor, depositor, trustee or beneficiary of any trust, shall remain unimpaired, and the Continuing Corporation shall by such merger succeed to all such relations, obligations, trusts and liabilities, and shall execute and perform all such trusts, in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and the liabilities and obligations of the Bank and of the Trust Company to creditors existing for any cause whatsoever shall not be impaired by such merger; nor shall any obligation or liability of any stockholder or shareholder in either the Bank or the Trust Company be affected by any such merger, but such obligations and liabilities shall continue as fully and to the same extent as before such merger.

SECTION 2: All pending actions or other judicial proceedings, to which either the Bank or the Trust Company is a party, shall be deemed not to have abated or to have discontinued by reason of the merger but may be prosecuted to final judgment, order or decree in the same manner as if the merger had not been made; or the Continuing Corporation may be substituted as a party to any such action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against either the Bank or the Trust Company if the merger had not occurred.

SECTION 3: The foregoing special effects of such merger shall not be deemed to exclude or modify any other effects, obligations, rights or privileges provided by law as incident to or resulting from such merger and not herein specifically mentioned and shall not in any respect, except as expressly stated, modify or change the existing terms, conditions and provisions of the Trust Company's special charter aforesaid.

ARTICLE V.

SECTION 1: The parties hereto mutually covenant that the merger shall in all respects be consummated in conformity with the provisions of the Banking Law of the State of New York, and each party agrees to do and perform each and every act required by said Banking Law.

SECTION 2: This agreement is made subject to the approval of the Superintendent of Banks and subject also to the approval of the stockholders of each of the parties hereto given in the manner prescribed in the Banking Law.

SECTION 3: Each of the parties agrees to call a meeting of its stockholders and to submit this agreement for action by them.

SECTION 4: After the merger has become effective, the President or any of the Vice Presidents of the respective parties and the Cashier, or any of the Assistant Cashiers of the Bank, and the Secretary, or any of the Assistant Secretaries of the Trust Com-

pany, are authorized and directed from time to time as occasion may arise to make the transfer of any property and franchises of the respective parties and to do all acts and execute and acknowledge all deeds, contracts and instruments in writing deemed necessary or proper to carry out the provisions of this agreement, and to affix the corporate seals of the respective parties unto such instruments in writing; but all such property and franchises shall be deemed to be transferred to and vested in the Continuing Corporation without any deed or other instrument of transfer.

SECTION 5: Pending necessary changes in the forms used by the respective parties, particularly in the transfer, registry or authentication of stocks, bonds or other securities, the Continuing Corporation may use the name of the Trust Company or of the Bank as the case may be.

ARTICLE VI.

SECTION 1: After this agreement shall have been approved by the Superintendent of Banks and also by the stockholders of the respective parties, in accordance with the Banking Law, the same shall go into effect and become operative upon filing, in the office of the Superintendent of Banks and in the office of the Clerk of New York County, duplicate originals of this agreement with the written approval of the Superintendent of Banks and sworn copies of the proceedings had at the respective stockholders meetings, as required by Section 492 of the Banking Law.

ARTICLE VII.

SECTION 1: In conformity with Section 488 of the Banking Law, the stockholders of the Continuing Corporation shall hold a meeting within sixty days after the merger to elect a Board of Directors, in conformity to its charter and the modifications thereof aforesaid, to hold office until the next annual meeting. Meantime the affairs of the Continuing Corporation shall be conducted by a temporary Board of Directors of not more than thirty members consisting of the members of the two Merger Committees aforesaid together with such additional members as may be jointly named and appointed by the said Merger Committees of the Trust Company and of the Bank or by majority of the members thereof. Such additional members of the Board of Directors shall be named and appointed by instruments in writing signed by the members of the Merger Committees, or a majority thereof, and filed with the Continuing Corporation at the time when the merger becomes effective. Pending the election by the stockholders provided for above, such persons shall constitute, and shall have full authority as, the Board of Directors of the Continuing Corporation.

The following persons shall be officers of the Continuing Corporation:

Chairman of the Board ..... Lewis E. Pierson
President ..... Harry E. Ward
Chairman of the Advisory Committee in charge of the Columbia Office at No. 60 Broadway ..... Willard V. King

Said temporary Board of Directors shall convene at 3.15 o'clock on the afternoon of the day when the merger shall become effective and shall proceed to elect and appoint

such other officers as may be required by law and as may be prescribed by the by-laws of the Continuing Corporation, and such other officers as said Board may deem necessary or proper.

Except so far as inconsistent with this agreement, the by-laws of the Bank shall be the by-laws of the Continuing Corporation until the same shall be altered or amended in the manner provided by statute and pursuant to said by-laws.

ARTICLE VIII.

SECTION 1: In case any stockholder of either of the parties, who does not vote in favor of this agreement, shall demand and shall become entitled to payment for his stock in accordance with the provisions of the Banking Law, such payment shall be made by the Continuing Corporation and the stock and certificates of beneficial interest to which such stockholder was entitled may be held and disposed of as directed by its Board of Directors for the benefit of the Continuing Corporation.

SECTION 2: Any and all expenses incurred by either of the parties, including those incurred by Irving National Bank, New York, the predecessor of the Bank, in or about the effecting of the merger and in the several steps thereof shall be obligations of the Continuing Corporation and so far as paid by the parties shall be credited to them respectively as assets contributed to the Continuing Corporation except that charges for legal services shall be paid by the respective parties incurring same.

IN WITNESS WHEREOF, Columbia Trust Company and Irving Bank, New York, have made this agreement in duplicate under their respective corporate seals.

COLUMBIA TRUST COMPANY,

Attest:

.....
Secretary.

By .....
President.

IRVING BANK, NEW YORK,

By .....
Chairman of the Board.

Attest:

.....
Cashier.

By .....
President.

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STATE OF NEW YORK,
County of New York, } SS.:

On this 10TH day of January, 1923, before me came Willard V. King to me known, who, being by me duly sworn, did depose and say that he resides in Convent, New Jersey; that he is the ———— President of Columbia Trust Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

G. Whitfield Ward
NOTARY PUBLIC, Kings County Notary Public.
Kings County Clerk's No. 14
Kings Co. Register's No. 3619
Certificate filed in New York County
Clerk's No. [illegible] Reg. No. 4153
Commission expires March [illegible]

STATE OF NEW YORK,
County of New York, } SS.:

On this 9th day of January, 1923, before me came LEWIS E. PIERSON and HARRY E. WARD, to me known, who, being by me duly sworn, did depose and say, each for himself, that they reside in the City of New York; that said Lewis E. Pierson is Chairman of the Board of Directors and said Harry E. Ward is President of Irving Bank, New York, one of the corporations described in and which executed the foregoing instrument; that they know the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order.

Fred J. Kraemer
Notary Public.
[illegible]

STATE OF NEW YORK,

BANKING DEPARTMENT.

Pursuant to Article XII of the Banking Law of the State of New York, the foregoing Agreement, made and entered into between Irving Bank, New York, and Columbia Trust Company, for the Merger of Irving Bank, New York into Columbia Trust Company, is hereby approved.

WITNESS my hand and official seal at the City of New York, this 11th day of January, 1923.

Geo. V. McLaughlin
Superintendent of Banks.

5

State of New York,
Banking Department.

I, GEORGE A. COLEMAN, Third Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the increase of the capital stock of the COLUMBIA TRUST COMPANY, located at No. 60 Broadway in the Borough of Manhattan and City of New York, from Five million (5,000,000) Dollars, consisting of fifty thousand (50,000) shares of the par value of One hundred (100) Dollars each, to Seventeen million five hundred thousand (17,500,000) Dollars, to consist of one hundred seventy-five thousand (175,000) shares of the par value of One hundred (100) Dollars each, as set forth in the foregoing certificate.

Witness, my hand and official seal at the City of Albany, this thirtieth *day of* January *in the Year of our Lord one thousand nine hundred and* twenty-three.

Geo A Coleman

Third Deputy *Superintendent of Banks.*

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CERTIFICATE OF INCREASE OF CAPITAL STOCK
of
COLUMBIA TRUST COMPANY.

We, Willard V. King, Chairman, and Melville W. Jerry Secretary of a special meeting of stockholders of Columbia Trust Company, a domestic corporation, subject to the Banking Law of the State of New York, which meeting was duly called and held pursuant to the Stock Corporation Law of the State of New York, for the purpose of increasing the capital stock of said Company, DO HEREBY CERTIF pursuant to Section 64 of said Stock Corporation Law:

(a) That said meeting was called specially for said purpose, in the manner provided by law and the By-Laws of said Company, to wit: by the Board of Directors of said Company at a meeting of said Board duly called and held on the 9th day of January, 1923, by resolution duly passed by said Board, which resolution is as follows:

> RESOLVED that a meeting of the stockholders of the Company is hereby called to be held at the office of the Company, 60 Broadway, New York City, on January 29, 1923, at 1.00 P.M. (or at said hour and place on such later day as shall be fixed for the meeting of the stockholders to approve said merger agreement) for the purpose of authorizing an increase of the capital stock of the Company from the present amount thereof, to wit, $5,000,000., consisting of 50,000 shares of the par value of $100. each, to $17,500,000. to consist of 175,000 shares of the par value of $100. each, being an increase of $12,500,000. divided into 125,000 shares of the par value of $100. each, and that the proper officers of the Company are hereby authorized and directed to give notice of such meeting in the manner provided by law and the by-laws.

(b) That, as appears by the affidavits of publication and mailing herein set forth, a notice of the meeting stating the time, place and object and the amount of the increase proposed, signed by the President and the Secretary,

was published once a week for at least two consecutive weeks, in The New York Times, a newspaper published in New York County, the county where the principal business office of the said Company is located, and a copy of such notice was duly mailed to each stockholder at his last known post-office address, at least two weeks before the meeting.

(c) That the meeting was called to order by Mr. Willard V. King, President of the Company. The stockholders then organized by choosing from their number Mr. Willard V. King, as Chairman, and Mr. Melville W. Terry, as Secretary.

(d) That the Secretary produced and read the original notice of meeting signed by the President and the Secretary of the Company, and also produced and read the affidavits of publication and of the mailing of the notice of meeting as required by Section 63 of the Stock Corporation Law. That copies of said notice and said affidavits of publication and mailing thereof were, on motion duly made and carried, ordered spread upon the minutes of the meeting, and originals in triplicate of said affidavits were ordered to be included in the certificates of the proceedings of said meeting, showing a compliance with the provisions of law, to be made by the Chairman and the Secretary of the meeting pursuant to Section 24 of the Stock Corporation Law.

(e) That the following is said affidavit of publication:

COLUMBIA TRUST COMPANY

MEMBER OF FEDERAL RESERVE SYSTEM

SIXTY BROADWAY

NEW YORK

FIFTH AVENUE OFFICE
5TH AVENUE & 34TH STREET
PARK AVENUE OFFICE
PARK AVENUE & 46TH STREET
HARLEM OFFICE
125TH ST. AT SEVENTH AVENUE
BRONX OFFICE
3RD AVENUE & 149TH STREET
CABLE ADDRESS "COLUMTRUST"

January 13, 1923.

TO THE STOCKHOLDERS OF COLUMBIA TRUST COMPANY:

NOTICE IS HEREBY GIVEN:

(1) That a special meeting of the stockholders of Columbia Trust Company is hereby called to be held at the principal office of the Company, 60 Broadway, Borough of Manhattan, New York City, on Monday, January 29, 1923, at 12 o'clock M., for the purpose of approving a merger agreement in writing, dated January 9, 1923, between Irving Bank, New York, and Columbia Trust Company, made in duplicate, under their respective corporate seals, by authority of their respective Boards of Directors by a vote of a majority of all the members of each Board, which said agreement provides, for the merger of said Irving Bank, New York, and Columbia Trust Company, under the charter of Columbia Trust Company and name Irving Bank-Columbia Trust Company, and which said agreement has been approved by the Superintendent of Banks of the State of New York, and will be submitted to the stockholders at said meeting; and

(2) That a special meeting of the stockholders of Columbia Trust Company is hereby called to be held at the principal office of the Company, 60 Broadway, Borough of Manhattan, New York City, on Monday, January 29, 1923, at 1 o'clock P. M., for the purpose of authorizing the increase of the capital stock of Columbia Trust Company from Five Million Dollars ($5,000,000) consisting of fifty thousand (50,000) shares of the par value of One Hundred Dollars ($100) each, to Seventeen Million Five Hundred Thousand Dollars ($17,500,000) consisting of one hundred and seventy-five thousand (175,000) shares of the par value of One Hundred Dollars ($100) each, being an increase of Twelve Million Five Hundred Thousand Dollars ($12,500,000) consisting of one hundred and twenty-five thousand (125,000) shares of the par value of One Hundred Dollars ($100) each.

By order of the Board of Directors.

WILLARD V. KING,
President.

ARTHUR W. HUTCHINS,
Secretary.

(f) That the following is said affidavit of mailing.

STATE OF NEW YORK)
: SS:
COUNTY OF NEW YORK)

William H. Nutt, Jr., being duly sworn, says that he is over the age of twenty-one years; that he is employed by Columbia Trust Company; that on January 13th, 1923, he mailed to each stockholder of the Columbia Trust Company the notice, in the form hereto annexed, of stockholders' meetings of the Columbia Trust Company, to be held January 29th, 1923, by depositing in the Station P, United States Post Office in the Borough of Manhattan, City of New York, postage duly prepaid, a copy of said notice enclosed in a securely sealed envelope, addressed to such stockholder at his last known post office address.

That deponent has charge of the stock books of said Columbia Trust Company and knows of his own knowledge that the persons to whom such notices were so mailed were all the stockholders of said Trust Company and that the addresses to which said envelopes were addressed respectively were the last known post office addresses of the respective stockholders.

William H. Nutt

Sworn to before me, this)
)
24th day of January, 1923)

Notary Public

(g) That Messrs. Seth Sprague Terry and W. C. Jacquette , the inspectors of election of the Company chosen at the annual meeting of the stockholders of the Company held January 17, 1923, being present were appointed inspectors of the meeting and were sworn faithfully to execute the duties of inspectors at the meeting with strict impartiality, according to the best of their ability, and entered upon the performance of their duties. Neither of said inspectors was an officer or director of the Company.

(h) That the Secretary presented the stock books of the Company and also a certified alphabetical list of the stockholders of record holding the 50,000 shares of stock of the Company, being all the outstanding stock as shown by such books on January 29, 1923. The inspectors of election thereupon ascertained and reported that there were present, in person or by proxy, stockholders owning 42570 5/12 shares, being more than a majority of all the shares of stock of said Company.

(i) That the Chairman ordered that all proxies be submitted to the inspectors for their examination. The inspectors thereafter reported that they had examined all proxies and found same in due form; that no director, officer or other employee of the Company was named as a proxy on any of the proxies presented, and that said proxies totaled 42515 5/12 shares.

That upon motion duly made and carried, said proxies were ordered to be kept among the records of the Company subject, however, to the further order of the directors of the Company.

(j) That the following resolution was offered and seconded:

> RESOLVED, that an increase of the capital stock of Columbia Trust Company from the present amount thereof, to wit: $5,000,000. consisting of 50,000 shares of the par value of $100. each, to $17,500,000. to consist of 175,000 shares of the par value of $100. each, being an increase of $12,500,000., divided into 125,000 shares of the par value of $100. each, be, and the same hereby is, authorized.

(k) That thereupon a vote of the stockholders was taken by ballot upon said resolution.

That the stockholders present, both in person and by proxy, having voted, and the inspectors having received and counted all the ballots cast, the inspectors reported that stockholders owning 42570 5/12 shares of the capital stock of the Company, being more than a majority of all the shares of stock of said Company, to wit: 42570 5/12 shares out of 50,000 shares issued and outstanding, had voted in favor of said resolution and in favor of such increase, and that stockholders owning No shares of stock had voted against said resolution and against such increase.

That the inspectors thereupon presented their duly acknowledged certificate, executed in duplicate, showing the vote as above stated, and that on motion duly made and carried such certificate was received in duplicate and it was ordered that one duplicate be filed in the office of the Company and the other duplicate filed in the office of the Clerk of the County of New York.

(l) That the Chairman declared the said resolution adopted and said increase authorized.

(m) That the amount of capital heretofore authorized is $5,000,000.

That the proportion thereof actually issued is $5,000,000.

That the amount of the increased capital stock is $17,500,000., consisting of 175,000 shares of the par value of $100. each, being an increase of $12,500,000., divided into 125,000 shares of the par value of $100. each.

That the assets of the Company are in excess of its debts and liabilities and the capital stock as increased.

IN WITNESS WHEREOF, we have made, signed, verified and acknowledged this certificate, in triplicate, this 29th day of January, 1923.

Willard V. King
Chairman.

Melville W. Terry
Secretary.

STATE OF NEW YORK,)
: SS:
COUNTY OF NEW YORK.)

Willard V. King and Melville W. Terry being severally duly sworn, each for himself deposes and says, that he is a stockholder of COLUMBIA TRUST COMPANY; that the said Willard V. King was the Chairman and that the said Melville W. Terry was the Secretary of the special meeting of the stockholders of Columbia Trust Company, held as described in the foregoing certificate, and that the foregoing certificate, made and signed by them, is in all respects true; and that the proceedings of said meeting have been entered upon the minutes of the Company.

Severally sworn to before me, this 29th day of January, 1923.

J. Whitfield Ward

Willard V. King
Melville W. Terry

STATE OF NEW YORK,)
) SS.
COUNTY OF NEW YORK.)

On this 29th day of January, 1923, before me personally came Willard V. King and Melville W. Terry to me known and known to me to be the persons described in and who made, signed and verified the foregoing certificate, and they several duly acknowledged to me that they made, signed and verified the same.

J. Whitfield Wands

CERTIFICATE OF INCREASE

of the

CAPITAL STOCK

of

COLUMBIA TRUST COMPANY

Filed in the office of the Superintendent of Banks, State of New York, this 30th day of January 1917.

[signature]

Second Deputy Superintendent of Banks

State of New York,
Banking Department.

I, GEORGE I. SKINNER, First Deputy Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the increase of the capital stock of the COLUMBIA TRUST COMPANY, of New York, N.Y. , from Two Million (2,000,000) Dollars, consisting of Twenty thousand (20,000) shares of the par value of One Hundred (100) Dollars each, to Five Million (5,000,000) Dollars, to consist of Fifty Thousand (50,000) shares of the par value of One Hundred (100) Dollars each, as set forth in the foregoing certificate.

Witness, my hand and official seal at the City of Albany, this fourth *day of* December, *in the Year of our Lord one thousand nine hundred and* sixteen.

George I. Skinner

First Deputy *Superintendent of Banks*

We, Willard V. King Chairman, and Langley W. Wiggins Secretary, of the Special Meeting of Stockholders of COLUMBIA TRUST COMPANY, a domestic corporation organized and existing under and pursuant to the laws of the State of New York, which meeting was duly called and held pursuant to the Stock Corporation Law of the State of New York for the purpose of increasing the Capital Stock of said Company, DO HEREBY CERTIFY, pursuant to Section 64 of the Stock Corporation Law:

(a) That said meeting was specially called for said purpose in the manner provided by law and the by-laws of said Company, to wit, by the Board of Directors of said Company at a meeting of said Board duly called and held on the 16th day of November, 1916, by resolutions duly passed by said Board of Directors, which resolutions are as follows:

> RESOLVED that a meeting of the Stockholders of the Columbia Trust Company is hereby called, to be held at the office of the Columbia Trust Company, 60 Broadway, New York City, on December 4th, 1916, at twelve o'clock noon.
>
> The object of the meeting shall be:
>
> (1) To authorize an increase of the Capital Stock of the Columbia Trust Company from Two million Dollars ($2,000,000) consisting of Twenty thousand (20,000) shares of the par value of One hundred Dollars ($100) each, to Five million Dollars ($5,000,000) to consist of Fifty thousand (50,000) shares of the par value of One hundred Dollars ($100) each, being an increase of Three million Dollars ($3,000,000) consisting of Thirty thousand (30,000) shares of One hundred Dollars ($100) each.
>
> (2) To authorizethe offering of such increased stock, to wit, 30,000 shares of $100 each, for subscription at the par value thereof, pro rata, to the Stockholders of the Columbia Trust Company of record at the close of business on the 4th day of December, 1916, such subscriptions to be made during such period and under such regulations and provisions as shall be determined at such meeting of Stockholders, and to authorize the sale of all additional shares not so subscribed, taken and paid for, by the President of the Company to such persons, in such manner, at such times and at such price as he may determine, at not less, however, than the market value thereof nor less than

$100 per share.

(3) To take such other action as may properly come before said meeting in relation to the proposed increase of Capital Stock and the disposition thereof.

RESOLVED that notice of the meeting stating the time, place and object and the amount of the increase proposed, signed by the President or a Vice-President and the Secretary, shall be published once a week for two successive weeks in a newspaper in the County of New York, and a copy thereof shall be duly mailed to each Stockholder at his lastknown post-office address at least two weeks before the meeting.

(b) That as appears by the affidavits of publication and mailing hereto annexed, a notice of the meeting stating the time, place and object and the amount of the increase proposed, signed by the President and the Secretary, was published once a week for at least two successive weeks in the New York Sun, a newspaper published in the City and County of New York, the county where the principal business office of the said corporation is located, and a copy of such notice was duly mailed to each stockholder at his lastknown post-office address two weeks before the meeting.

(c) That at the time and place specified in said notice, the Stockholders appeared in person and by proxy in numbers representing 16547½ shares, being more than a majority of all the shares of stock of said Company, and organized by choosing from their number William V. King as Chairman and Langley W. Wiggin as Secretary of the meeting.

(d) That the Secretary produced and read the original notice of meeting signed by the President and Secretary of the Company, and also produced and read the affidavits of publication and of the mailing of the notice of meeting, as required by Section 63 of the Stock Corporation Law. That copies of said notice and said affidavits of publication and mailing thereof, were on motion duly made and carried, ordered

spread upon the minutes of the meeting, and originals in triplicate of said affidavits were ordered to be annexed to the certificates of the proceedings of said meeting, showing a compliance with the provisions of law, to be made by the Chairman and Secretary of the meeting under Section 84 of the Stock Corporation Law.

(e) That said affidavit of mailing reads as follows:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

JAMES WARE LIVINGSTON, JR. being duly sworn, deposes and says, that he is an employee of COLUMBIA TRUST COMPANY, a New York Corporation; that on the 16th day of November, 1916, in accordance with the provisions of the By-Laws of said Columbia Trust Company, he mailed to each stockholder of said Company, at his last known post-office address, a notice of a special meeting of the stockholders of said Columbia Trust Company, called to be held on the 4th day of December, 1916, at No. 60 Broadway, New York City, (a copy of which notice is hereto annexed and made a part hereof), by depositing copies of such notice, securely enclosed in post-paid sealed envelopes, respectively addressed to such stockholders at their respective last known post-office addresses, in Sub-Station "P", United States Post Office, Borough of Manhattan, New York City, on said 16th day of November, 1916, being at least two weeks before the meeting.

JAMES WARE LIVINGSTON, JR.

Sworn to before me this
1st day of December, 1916.

J. A. BURNS
Notary Public, Putnam Co.
Ctf. filed in N.Y. Co. No. 212 Register's
No. 8220
Ctf. filed in Bronx Co. No. 32 Register's
No. 853
Term expires Mar. 30, 1918

(Notarial Seal)

To the Stockholders of
Columbia Trust Company:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Stockholders of Columbia Trust Company has by authority of the Board of Directors been called to be held at the office of the Columbia Trust Company, 60 Broadway, New York City, on the 4th day of December, 1916, at twelve o'clock noon.

The object of said meeting is:

(1) To authorize an increase of the Capital Stock of the Columbia Trust Company from Two million Dollars ($2,000,000) consisting of Twenty thousand (20,000) shares of the par value of One hundred Dollars ($100) each, to Five million Dollars ($5,000,000) to consist of Fifty thousand (50,000) shares of the par value of One hundred Dollars ($100) each, being an increase of Three million Dollars ($3,000,000) consisting of Thirty thousand (30,000) shares of One hundred Dollars ($100) each.

(2) To authorize the offering of such increased stock, to wit, 30,000 shares of $100 each, for subscription at the par value thereof, pro rata, to the Stockholders of the Columbia Trust Company of record at the close of business on the 4th day of December, 1916, such subscriptions to be made during such period and under such regulations and provisions as shall be determined at such meeting of Stockholders, and to authorize the sale of all additional shares not so subscribed, taken and paid for, by the President of the Company to such persons, in such manner, at such times and at such price as he may determine, at not less, however, than the market value thereof nor less than $100 per share.

(3) To take such other action as may properly come before said meeting in relation to the proposed increase of Capital Stock and the disposition thereof.

In case you do not expect to be present in person, please execute the enclosed proxy and return the same in the stamped envelope enclosed herewith.

Your attention is called to the following resolution of the Board of Directors passed at its meeting held November 16, 1916:

> RESOLVED: That in the event that the proposed increase of Capital Stock of this Company to Five million Dollars ($5,000,000) shall become effective, a dividend upon the Capital Stock of this Company of One hundred Dollars ($100) per share shall be and is hereby declared, payable on the 27th day of December, 1916, to stockholders of record at the close of business on the 4th day of December, 1916.

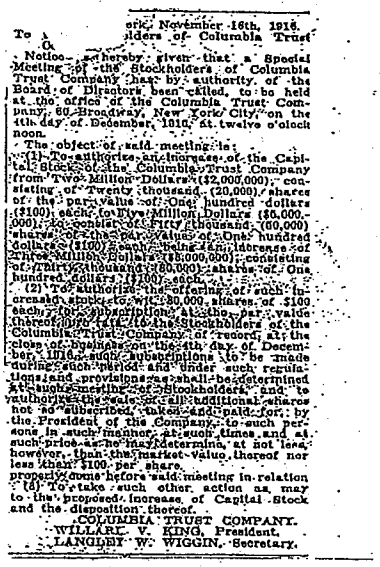
WILLARD V. KING,
President.

LANGLEY W. WIGGIN,
Secretary.

New York, November, 16, 1916.

(f) That said affidavit of publication reads as follows:

STATE OF NEW YORK)
)
CITY AND COUNTY OF NEW YORK) SS.
)
BOROUGH OF MANHATTAN.)



...ork, November 16th, 1916.
To ...olders of Columbia Trust
Co.
Notice is hereby given that a Special Meeting of the Stockholders of Columbia Trust Company has by authority of the Board of Directors been called, to be held at the office of the Columbia Trust Company, 60 Broadway, New York City, on the 4th day of December, 1916, at twelve o'clock noon.
The object of said meeting is:
(1) To authorize an increase of the Capital Stock of the Columbia Trust Company from Two Million Dollars ($2,000,000), consisting of Twenty thousand (20,000) shares of the par value of One hundred dollars ($100) each, to Five Million Dollars ($5,000,000), to consist of Fifty thousand (50,000) shares of the par value of One hundred dollars ($100) each, being an increase of Three Million Dollars ($3,000,000), consisting of Thirty thousand (30,000) shares of One hundred dollars ($100) each.
(2) To authorize the offering of such increased stock, to wit: 30,000 shares of $100 each, for subscription at the par value thereof to the Stockholders of the Columbia Trust Company of record at the close of business on the 4th day of December, 1916, such subscriptions to be made during such period and under such regulations and provisions as shall be determined at such meeting of Stockholders, and to authorize the sale of all additional shares not so subscribed, taken and paid for, by the President of the Company, to such persons in such manner, at such times, and at such price as he may determine, at not less, however, than the market value thereof nor less than $100 per share.
(3) To take such other action as may be properly come before said meeting in relation to the proposed increase of Capital Stock and the disposition thereof.
COLUMBIA TRUST COMPANY.
WILLARD V. KING, President.
LANGLEY W. WIGGIN, Secretary.

C. F. COLBORN being duly sworn, says that he is the Principal Clerk of the Publisher of The Sun, a daily newspaper printed and published in the City and County of New York, Borough of Manhattan; that the advertisement hereto annexed has been regularly published in the said newspaper Nov. 17th and 24th 1916.

C. F. COLBORN.

Sworn to before me
this 4th day of
Dec. 1916

G. R. TEMPLETON
Notary Public
New York County No. 122
New York Register No. 8111
Commission expires March 30,
1918

(Notarial Seal)

(g) That the following resolutions were offered by Mr. H. P. Williams and duly seconded by Mr. James W. Barney, both Stockholders of the Company:

RESOLVED that an increase of the Capital Stock of the Columbia Trust Company from Two million Dollars ($2,000,000) consisting of Twenty thousand (20,000) shares of the par value of One hundred Dollars ($100) each, to Five million Dollars ($5,000,000) to consist of Fifty thousand (50,000) shares of the par value of One hundred Dollars ($100) each, being an increase of Three million Dollars ($3,000,000) consisting of Thirty thousand (30,000) shares of One hundred Dollars ($100) each, be and the same is hereby authorized.

RESOLVED that such increased stock, to wit, Thirty thousand (30,000) shares of One hundred Dollars ($100) each, shall be offered for subscription at the par value thereof, pro rata, to the Stockholders of the Columbia Trust Company of record at the close of business on the 4th day of December, 1916, and that, under the direction of the President of the Company, transferable warrants for such subscription rights shall be issued to such Stockholders of record, and that pursuant to such warrants such subscriptions must be made and delivered to the Columbia Trust Company not later than the 29th day of December, 1916, and payments in full for the stock subscribed for must be made on or before the 29th day of December, 1916.

RESOLVED that all shares of such increased stock not subscribed, taken and paid for by the Stockholders, pursuant to the terms of the foregoing resolution, may be sold by the President of the Company to such persons, in such manner, at such times and at such price as he may determine, at not less, however, than the market value thereof nor less than $100 per share.

That thereupon the Chairman appointed Mr. W. O. Jacquette and Mr. Curt H. Reisinger Inspectors of Election. The Inspectors of Election thereupon appeared at the meeting, entered upon the performance of their duties, and took and subscribed the following oath:

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.

We, the undersigned, Inspectors of Election duly appointed to act at a Special Meeting of the Stockholders of Columbia Trust Company, held at the office of the Company, 60 Broadway, Borough of Manhattan, City of New York, on the 4th day of December, 1916, being severally duly sworn, do depose and say, and each for himself deposes and says, that he will faithfully execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Severally sworn to before me
this 4th day of December, 1916. W. O. Jacquette
Howard E. Rieder Curt H. Reisinger

NOTARY PUBLIC, ORANGE CO.
CERTIFICATE FILED IN NEW YORK CO. No. 152
NEW YORK CO. REGISTER'S No. 2410

The polls were thereupon declared to be open for the reception of votes upon the said resolutions offered by Mr. Williams and seconded by Mr. Barney

All of the votes having been received, the polls were declared closed, and the votes having been canvassed by the Inspectors of Election, they made and presented the following report:

We, the undersigned, Inspectors of Election at the special meeting of Stockholders of Columbia Trust Company held on the 4th day of December, 1916, hereby certify as follows:

That the result of the vote taken at such meeting upon the resolutions offered by Mr. Williams and seconded by Mr. Barney, was as follows:

In favor of said resolution and of the proposed increase of Capital Stock, 16547 1/2 shares;

Opposed to such resolution and increase, 2/100 shares;

being more than a majority of the Capital Stock of said Columbia Trust Company voted in favor of said resolution.

IN WITNESS WHEREOF, we have made and signed this certificate this 4th day of December, 1916.

W. O. Jacquette
Curt H. Reisinger

The Chairman thereupon declared the said resolutions duly adopted and the proposed increase of said Capital Stock authorized by the owners of 16547 1/2 Shares of the Capital

Stock of the Columbia Trust Company, being a majority of all the shares of said Stock of the Columbia Trust Company, to wit, the vote of 16547½ shares out of 20000. shares.

On motion duly made and carried, the meeting adjourned.

(h) That the amount of capital theretofore authorized is $2,000,000. That the proportion thereof actually issued is $2,000,000. That the amount of the increased Capital Stock is $5,000,000 divided into 50,000 shares of the par value of $100 each, being an increase of $3,000,000 divided into 30,000 shares of the par value of $100 each.

(i) That the assets of said Corporation are at least equal to its debts and liabilities and the Capital Stock as increased as aforesaid.

IN WITNESS WHEREOF, we have made, signed and verified this certificate in triplicate this 4th day of December, 1916.

Willard V. King
Chairman

Langley M. Wiggin
Secretary of the meeting.

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.

Willard V. King and Langley M. Wiggin being severally sworn do depose and say that they are Stockholders of the Columbia Trust Company; that the said Willard V. King was the Chairman and that the said Langley M. Wiggin was the Secretary of the Special Meeting of the Stockholders of the said Columbia Trust Company held as described in the foregoing certificate, and that the foregoing certificate made and signed by them, is in all respects true, and that the proceedings of said meeting have been entered upon the minutes of the Corporation.

Sworn to before me this)
4th day of December, 1916)

Willard V. King

Langley M. Wiggin

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 4th day of December, 1916, before me personally came Willard V. King and Langley Tyler Higgins to me known and known to me to be the persons described in and who made, signed and verified the foregoing certificate, and they severally duly acknowledged to me that they made, signed and verified the same.

Amanda O'Rider

STATE OF NEW YORK
BANKING DEPARTMENT

I hereby approve of the increase of the Capital Stock of the COLUMBIA TRUST COMPANY from Two million Dollars ($2,000,000) consisting of Twenty thousand (20,000) shares of the par value of $100 each, to Five million Dollars ($5,000,000) consisting of Fifty thousand (50,000) shares of the par value of $100 each, as set forth in the foregoing certificate.

WITNESS my hand and official seal at the City of this day of December in the year of Our Lord One thousand nine hundred and sixteen.

COLUMBIA TRUST COMPANY

CERTIFICATE OF INCREASE OF CAPITAL STOCK.

Dated, December 4th, 1916

To the Stockholders of
Columbia Trust Company:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Stockholders of Columbia Trust Company has by authority of the Board of Directors been called to be held at the office of the Columbia Trust Company, 60 Broadway, New York City, on the 4th day of December, 1916, at twelve o'clock noon.

The object of said meeting is:

(1) To authorize an increase of the Capital Stock of the Columbia Trust Company from Two million Dollars ($2,000,000) consisting of Twenty thousand (20,000) shares of the par value of One hundred Dollars ($100) each, to Five million Dollars ($5,000,000) to consist of Fifty thousand (50,000) shares of the par value of One hundred Dollars ($100) each, being an increase of Three million Dollars ($3,000,000) consisting of Thirty thousand (30,000) shares of One hundred Dollars ($100) each.

(2) To authorize the offering of such increased stock, to wit, 30,000 shares of $100 each, for subscription at the par value thereof, pro rata, to the Stockholders of the Columbia Trust Company of record at the close of business on the 4th day of December, 1916, such subscriptions to be made during such period and under such regulations and provisions as shall be determined at such meeting of Stockholders, and to authorize the sale of all additional shares not so subscribed, taken and paid for, by the President of the Company to such persons, in such manner, at such times and at such price as he may determine, at not less, however, than the market value thereof nor less than $100 per share.

(3) To take such other action as may properly come before said meeting in relation to the proposed increase of Capital Stock and the disposition thereof.

In case you do not expect to be present in person, please execute the enclosed proxy and return the same in the stamped envelope enclosed herewith.

Your attention is called to the following resolution of the Board of Directors passed at its meeting held November 16, 1916:

> RESOLVED: That in the event that the proposed increase of Capital Stock of this Company to Five million Dollars ($5,000,000) shall become effective, a dividend upon the Capital Stock of this Company of One hundred Dollars ($100) per share shall be and is hereby declared, payable on the 27th day of December, 1916, to stockholders of record at the close of business on the 4th day of December, 1916.

WILLARD V. KING,
President.

LANGLEY W. WIGGIN,
Secretary.

New York, November, 16, 1916.

State of New York,
CITY AND COUNTY OF NEW YORK,
BOROUGH OF MANHATTAN. } SS.:



ELECTIONS AND MEETINGS.

New York, November 14th, 1916.

To the Stockholders of Columbia Trust Company:

Notice is hereby given that a Special Meeting of the Stockholders of Columbia Trust Company has by authority of the Board of Directors been called, to be held at the office of the Columbia Trust Company, 60 Broadway, New York City, on the 4th day of December, 1916, at twelve o'clock noon.

The object of said meeting is:

To authorize an increase of the Capital Stock of the Columbia Trust Company from Two Million Dollars ($2,000,000) consisting of twenty thousand (20,000) shares of the par value of One hundred dollars ($100) each, to Five Million Dollars ($5,000,000) consisting of fifty thousand (50,000) shares of the par value of One hundred dollars ($100) each, being an increase of Three Million Dollars ($3,000,000) consisting of thirty thousand (30,000) shares of One hundred dollars ($100) each.

To authorize the offering of such increased stock, to wit, 30,000 shares of $100 each for subscription, at the par value thereof, to the Stockholders of the Columbia Trust Company of record at the close of business on the 4th day of December, 1916, such subscriptions to be made during such period and under such regulations and provisions as shall be determined by the Board of Directors, and to authorize the sale of all additional shares not subscribed, taken and paid for, by the President of the Company, to such persons in such manner, at such times and at such prices as he may determine, at not less than the then market value thereof but not less than $100 per share.

To take such other action as may properly come before said meeting in relation to the proposed increase of Capital Stock and the disposition thereof.

By order of the Board of Directors.

COLUMBIA TRUST COMPANY,
WILLARD V. KING, President.
HANLEY W. SWIGGIN, Secretary.

C. H. Colborn ..... being duly sworn, says that he is the Principal Clerk of the Publisher of The Sun, a daily newspaper printed and published in the City and County of New York, Borough of Manhattan; that the advertisement hereto annexed has been regularly published in the said newspaper Nov. 17 "24 " 1916

for ..... successive .....

commencing on the .....day of .....191....

and .....upon the .....day of .....191....

C. H. Colborn

Sworn to before me this 4"
day of Dec. 1916

NOTARY PUBLIC
NEW YORK COUNTY NO. 122
NEW YORK REGISTER NO. 8111
COMMISSION EXPIRES MARCH 30, 1918

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS:

JAMES DUANE LIVINGSTON, JR. being duly sworn, deposes and says, that he is an employee of COLUMBIA TRUST COMPANY, a New York Corporation; that on the 16th day of November, 1916, in accordance with the provisions of the By-Laws of said Columbia Trust Company, he mailed to each stockholder of said Company, at his last known post-office address, a notice of a special meeting of the stockholders of said Columbia Trust Company, called to be held on the 4th day of December, 1916, at No. 60 Broadway, New York City, (a copy of which notice is hereto annexed and made a part hereof), by depositing copies of such notice, securely enclosed in post-paid sealed envelopes, respectively addressed to such stockholders at their respective last known post-office addresses, in Sub-Station "P", United States Post Office, Borough of Manhattan, New York City, on said 16th day of November, 1916, being at least two weeks before the meeting.

James Duane Livingston

Sworn to before me this
1st day of December, 1916.

NOTARY PUBLIC, [illegible]
[illegible] IN N. Y. CO. NO. [illegible] REGISTER'S NO. [illegible]
[illegible] FILED IN [illegible] CO. NO. 22 REGISTER'S NO. [illegible]
TERM EXPIRES MAR. 30, 1918

Certificate of Proceedings

to increase the capital

stock of the

Columbia Trust Company.

Filed in the Banking Department
of the State of New York, the
4th day of December, 1916.

Third Deputy Superintendent
of Banks.

State of New York,
Banking Department.

Pursuant to the request of the Columbia-Knickerbocker Trust Company, of New York City, to increase the number of its directors, I, George C. Van Tuyl, Jr., Superintendent of Banks of the State of New York, do hereby consent to an increase in the number of directors of the Columbia-Knickerbocker Trust Company from twenty-four (24), the present number, to thirty (30), in compliance with the provisions of Section 26 of the Stock Corporation Law.

Banking Dep't,
State of New York,
JUL 22 1912
RECEIVED
Albany, N. Y.

Witness, my hand and official seal at the City of Albany, this sixth *day of* July *in the Year of our Lord one thousand nine hundred and* twelve.

Superintendent of Banks.

CERTIFICATE OF INCREASE

-of-

Number of Directors

-of-

COLUMBIA-KNICKERBOCKER TRUST COMPANY.

Banking Dep't.
State of New York,
JUL 10 1912
RECEIVED
Albany, N. Y.

We, the undersigned, do HEREBY CERTIFY that the following is a correct transcript of the Minutes of proceedings of a meeting of Stockholders of the COLUMBIA-KNICKERBOCKER TRUST COMPANY held pursuant to the Stock Corporation Law, Article III, Section 26, to wit:-

New York, June 20, 1912.

To the Stockholders of the COLUMBIA-KNICKERBOCKER TRUST COMPANY:

Pursuant to resolution of the Executive Committee of the COLUMBIA-KNICKERBOCKER TRUST COMPANY, a special meeting of the Stockholders of said Company will be held at the office of the Company, 60 Broadway, Borough of Manhattan, City of New York, State of New York, on Monday, the 8th day of July, 1912, at 12 o'clock M., for the purpose of taking action upon a resolution providing for the increase of the number of Directors of said Company from twenty-four to thirty Directors. If unable to be present in person, kindly sign, and return the enclosed Proxy.

LANGLEY W. WIGGIN,

Secretary.

Such meeting was held at the office of the Company on two weeks' notice in writing to each stockholder of record; such notice having been served personally, or by mail, postage prepaid, directed to each stockholder at his last known Post Office address.

Pursuant to such notice the meeting was held at the time and place mentioned, stockholders owning more than a majority of the stock of the corporation being present in

person or by proxy.

Such meeting was duly organized by choosing Willard V. King as President and Langley W. Wiggin as Secretary thereof.

The notice of the meeting and proof of the due service thereof were read and filed in the office of the corporation at the time of such meeting.

On motion duly seconded, the following resolution was offered for adoption:

RESOLVED, That the number of Directors of Columbia-Knickerbocker Trust Company be increased from Twenty-four, the present number, to Thirty.

Upon a canvass of the votes cast upon said resolution, it was found that stockholders owning 11958 10/12 shares of the stock of the corporation, being more than a majority of the stock thereof, voted in favor of said resolution and no stockholder voted against its adoption.

The President reported that George C. Van Tuyl, Jr Superintendent of Banks of the State of New York, had consented in writing to the increase covered by the resolution.

Such resolution was thereupon declared duly adopte and the meeting adjourned.

IN WITNESS WHEREOF, we have made, signed and filed this Certificate this 8th day of July, One thousand nine hundred and twelve.

Willard V. King President

Langley W. Wiggin Secretar

4A

State of New York, County of New York, } ss.:

No. 19715

Form 2.

I, WILLIAM F. SCHNEIDER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the same being a Court of Record, DO HEREBY CERTIFY, That

before whom the annexed deposition was taken, was, at the time of taking the same, a Notary Public of New York, dwelling in said County, duly appointed and sworn, and authorized to administer oaths to be used in any Court in said State, and for general purposes; that I am well acquainted with the handwriting of said Notary, and that his signature thereto is genuine, as I verily believe.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the said Court and County, the 9 day of July 191

Clerk.

STATE OF NEW YORK, :
: ss.:
County of New York.:

WILLARD V. KING and LANGLEY W. WIGGIN, being severally duly sworn, depose and say, and each for himself deposes and says, that he, the said Willard V. King, was the President, and that he, the said Langley W. Wiggin, was the Secretary of the meeting of Stockholders of COLUMBIA-KNICKERBOCKER TRUST COMPANY, held to determine whether the number of Directors thereof should be increased; and that the foregoing is a correct transcript of the proceedings of such meeting entered in the minutes of the corporation.

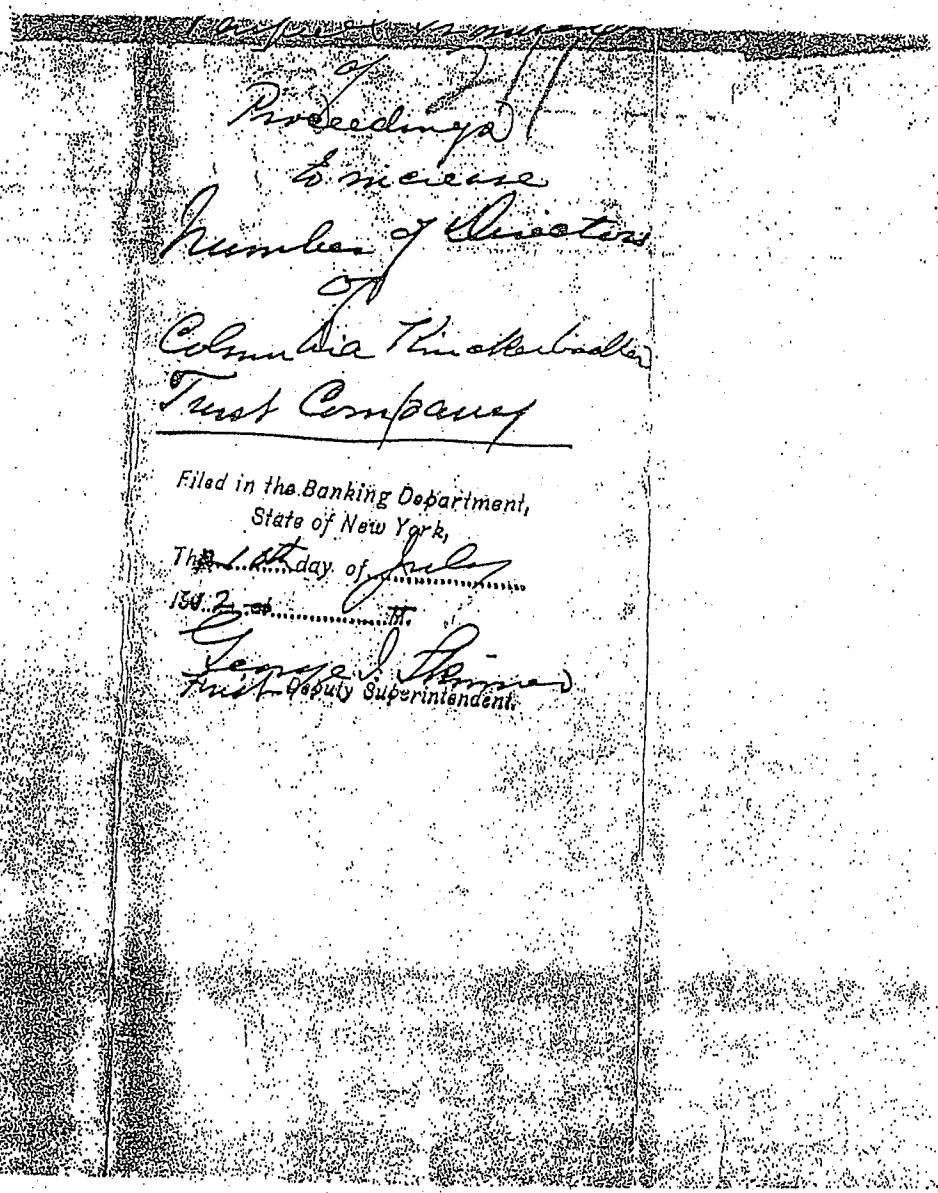
Willard V. King Presiden

Langley W. Wiggin Secretar

Sworn to before me, this:
:
8th day of July, 1912. :

R. Robert
Notary Public, New York County.

Notary Public, New York County,
Commission Expires March 30, 1913 #51
No. in Registers Office 3019



Proceedings
to increase
Number of Directors
of
Columbia Knickerbocker
Trust Company

Filed in the Banking Department,
State of New York,
This 18th day of July
1902.

George J. Skinner
First Deputy Superintendent.

****

COLUMBIA-KNICKERBOCKER TRUST CO.

Consent to increase the number of directors from 24 to 30.

July 6, 1912.

****

Vol. 1

At a Special Term of the Supreme Court of the State of New York, held in the First Judicial District, at the County Court House, in the Borough of Manhattan, City of New York, on the 19th day of June, 1914.

P R E S E N T:

HON. MITCHELL L. ERLANGER,

Justice.

- x

In the Matter :

of the :

Petition of Columbia-Knickerbocker Trust Company to change its name. :

- x

A petition duly verified the 28th day of May, 1914, having been presented to the Court by the Columbia-Knickerbocker Trust Company, a corporation formed under and in accordance with the provisions of the Banking Laws of the State of New York, for leave to change its name to "Columbia Trust Company," and to assume such corporate name, and such petition having been approved by Eugene Lamb Richards, Superintendent of Banks, and notice of the presentation thereof having been duly advertised in the "New York Commercial" and the "New York Times", newspapers published in the Borough of Manhattan, County of New York, and the "Bronx Record and Times" and "North Side News", newspapers published in the Borough of Bronx, County of Bronx, being the newspapers designated pursuant to statute by the Superintendent of Banks, beginning with the 29th day of May, 1914, and upon reading and filing said petition and due proof of publication of the presentation thereof, and after hearing Charles E. Hotchkiss,

Form 9

State of New York, }
County of New York, } ss.:

I, WILLIAM F. SCHNEIDER, Clerk of the said County and Clerk of the Supreme Court of said State for said County, Do CERTIFY, That I have compared the preceding with the original ~~certificate of~~ Order

on file in my office, and that the same is a correct transcript therefrom, and of the whole of such original.

Indorsed Filed June 19, 1914 - 12 h. 45 m.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal this day of June 1914

Clerk.

of Counsel for the petitioner, in support of the application, and no one appearing in opposition thereto, and due deliberation having been had and the Court being satisfied that there is no reasonable objection to the change of name proposed, and that the petition has been duly authorized, and that notice of the presentation thereof as required by law has been made;

NOW, on motion of Davies, Auerbach & Cornell, attorneys for the petitioner, it is

ORDERED, that the application of said petitioner, Columbia-Knickerbocker Trust Company, for leave to change its name to Columbia Trust Company and to assume such corporate name, be and it hereby is granted, and that said petitioner be, and it hereby is authorizedand directed to assume the name of Columbia Trust Company, on and after the 1st day of August, 1914; and it is further

ORDERED, that this order be entered and the papers on which it was granted be on or before the 29th day of June, 1914, filed in the office of the Clerk of the County of New York, in which county is located the principal office of the petitioner; and it is further

ORDERED, that within ten days after the entry of this order a certified copy thereof shall be filed in the office of the Secretary of State and in the office of the Superintendent of Banks; and it is further

ORDERED, that within ten days after the entry of this order a copy thereof shall be published in the New York Law Journal a newspaper published in the County of New York, once in each week for four successive weeks.

Enter Mitchell Olcott & Co.

SIR :

Please take notice that a of which the within is a copy was duly filed and entered in the office of the Clerk of

on the day of , 191

Dated New York, , 191

To

Yours &c.,

DAVIES, AUERBACH & CORNELL,

Attorney for

Attorneys for

No. 34 Nassau Street,

Borough of Manhattan,

City of New York.

SUPREME COURT OF THE STATE OF NEW YORK, First Judicial District,

In the Matter of the Petition of Columbia-Knickerbocker Trust Company to change its name.

Original Copy

ORDER DIRECTING CHANGE OF NAME

AND NOTICE OF ENTRY ENDORSED HEREON

DAVIES, AUERBACH & CORNELL, Attorneys for Petitioner, MUTUAL LIFE BUILDING, 34 NASSAU STREET, BOROUGH OF MANHATTAN, NEW YORK CITY.

Received this ... day of ... 191...

State of New York, } ss.:

... day of ... 191...

Entered in ... Clerk's Office.

Examiner.

Examiner's Office, Banking Department

JUN 23 1914

RECEIVED

Albany, N. Y.

MERGER AGREEMENT.

THIS AGREEMENT, executed in duplicate, this 20th day of May, 1922, by and between the KNICKERBOCKER TRUST COMPANY (hereinafter at times designated as the "Knickerbocker Trust"), party of the first part, and COLUMBIA TRUST COMPANY (hereinafter at times designated as the "Columbia Trust"), party of the second part, each being a corporation other than a Savings Bank, duly organized under the Laws of the State of New York, made and entered into by the respective Boards of Directors under their respective corporate seals,

WITNESSETH:-

WHEREAS the Knickerbocker Trust Company and the Columbia Trust Company are both corporations organized under, and existing or carrying on business pursuant to, the Banking Laws of the State of New York, for the purposes and with all the powers mentioned and set forth in Article 5 of the Banking Law, and each having its principal place of business located in the Borough of Manhattan, City, County and State of New York; and

WHEREAS the respective Boards of Directors of said Corporations desire to enter into an agreement for the merger, pursuant to the provisions of Sections 36 to 40, inclusive, of the Banking Law, of the said Knickerbocker Trust Company into the Columbia Trust Company, which said corporation after such merger is hereinafter referred to as the "New Corporation".

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties here-

to HEREBY AGREE as follows:

That the said party of the first part shall be merged into the COLUMBIA TRUST COMPANY, party of the second part, and the terms and conditions of the Merger, and the mode of carrying the same into effect shall be as follows:-

ARTICLE I.

Section 1. All and singular, the rights, franchisee, and interests of the Knickerbocker Trust Company in and to every species of property, real, personal, and mixed, and in and to all things in action belonging to the said Knickerbocker Trust Company shall be deemed to be transferred to and vested in the COLUMBIA TRUST COMPANY of the City of New York, and the Columbia Trust Company shall receive, hold and enjoy the same and all the rights, property, franchises and interests in the same manner and to the same extent as the Knickerbocker Trust Company might do if this agreement had not been made, and the title to real estate acquired by the Knickerbocker Trust Company , if any, shall not be deemed to revert by means of such merger, or anything relating thereto. The transfer of all and singular the rights, franchises and interests in and to every species of property, real, personal, and mixed, and things in action including any and all trusts belonging to the Knickerbocker Trust Company to the Columbia Trust Company shall without any other deed or transfer be deemed to have taken place immediately on this agreement going into effect.

ARTICLE II.

Section 1. The name of the Trust Company after merger shall be COLUMBIA - KNICKERBOCKER TRUST [illegible]NY, and its capital stock shall be Two million dol[illegible]00,000)

consisting of Twenty thousand (20,000) shares of the par value of One hundred dollars ($100) each, and its surplus fund shall be Seven million dollars ($7,000,000), or thereabouts, to be fixed, ascertained and determined, as hereinafter stated.

Section 2. For the purpose of providing and insuring said capital stock and surplus, the Knickerbocker Trust Company shall contribute in good and acceptable assets a sufficient amount to cover any and all deposits and liabilities of said "Knickerbocker Trust" and Six million dollars ($6,000,000) additional thereto; and the Columbia Trust Company shall contribute in good and acceptable assets a sufficient amount to cover any and all deposits and liabilities of said "Columbia Trust" and Three million dollars ($3,000,000) additional thereto.

For the purpose of said Merger, the method of procedure shall be substantially as follows:-

A Committee of Directors of the Knickerbocker Trust Company shall be chosen in behalf of said Corporation to examine the assets of the Columbia Trust Company; and a Committee of the Directors of the Columbia Trust Company shall be chosen in behalf of said Corporation to examine the assets of the Knickerbocker Trust Company.

The assets of the Knickerbocker Trust Company shall be divided into three classes to be designated as "Schedules A", "B" and "C".

In "Schedule A" shall be placed such assets as shall be accepted by the Columbia Committee and at a value to be approved by both said Committees. The assets covered by said Schedule shall be received by the New Corporation at the value so determined, free from any claim on the Guaranty Fund hereinafter mentioned.

In "Schedule B" shall be placed such assets as shall be deemed by the Columbia Committee to be sufficient (together with the assets covered by "Schedule A") to cover deposits, capital and surplus and insure against debts and liabilities of the Knickerbocker Trust Company, as hereinbefore stated, but said assets in said Schedule shall be fixed at a value to be agreed upon by said Committees and shall be subject to protection of the Guaranty Fund hereinafter mentioned.

In "Schedule C" shall be placed all other assets of the Knickerbocker Trust Company which said assets shall be carried by the New Corporation in trust for the protection of the New Corporation against any loss on any of the assets covered by "Schedule B", any surplus of such assets remaining to be covered by Beneficial Certificates to be issued as hereinafter stated.

The Assets of the Columbia Trust Company shall be divided into two classes to be designated as "Schedules D" and "E".

In "Schedule D" shall be placed such assets as shall be accepted by the Knickerbocker Directors Committee and at a value to be approved by both said Committees. The assets covered by said Schedule shall be received by the New Corporation at the value so determined.

In "Schedule E" shall be placed such assets as shall be deemed by the Knickerbocker Directors Committee to be sufficient (together with assets covered by "Schedule D") to cover deposits, capital and surplus and insure against debts and liabilities of the Columbia Trust Company as hereinbefore stated.

The assets contributed by said Knickerbocker Trust Company and covered by "Schedule C" , as aforesaid, shall be received and held in trust by said New Corporation under the general direction and control of J. Horace Harding, William A. Tucker, Charles H. Keep and B. L. Allen, and their survivors and successors, as a Committee of the Stockholders of the Knickerbocker Trust Company (hereinafter called "Knickerbocker Committee") as a Guaranty Fund for the protection of the New Corporation against loss on assets covered by "Schedule B" and against liabilities of said Knickerbocker Trust Company, as hereinafter stated, and subject to such guaranty shall also be held for the benefit of the holders of Beneficial Certificates hereinafter mentioned.

Moneys held in the Guaranty Fund ("Schedule C") may from time to time be invested and reinvested by said New Corporation in such securities or form as may be approved by said Knickerbocker Committee, which Committee shall have full power in its absolute discretion to direct such investment or reinvestment in stocks, bonds, or otherwise, without regard to the limitation provided by law upon the investment of trust funds, and a direction in writing signed by a majority of the Knickerbocker Committee as at any time constituted shall be full authority and protection with regard to any investment of said Guaranty Fund ("Schedule C"), or any part thereof. Any action taken by a majority of said Committee shall be conclusive and binding upon the holders of Beneficial Certificates, and in the case of death or incapacity of any member of said Committee, the remaining members of said Committee may by a majority vote fill the vacancy so created, or such remaining members, at the option of such majority, shall continue as the Committee vested

with all the powers and authority intended to be vested in the parties hereinbefore named. Said fund so held in trust (herein called the Guaranty Fund) shall be held, as aforesaid, for a period of Two years from and after said Merger shall take effect for the purpose of insuring the full value of the assets received by said New Corporation for the protection of said deposits, capital and surplus, contributed by said Trust Company and contained in "Schedule B", and for the purpose of assuring said New Corporation that the debts, obligations and liabilities of said Knickerbocker Trust Company shall not exceed the sum at which the same shall be taken or considered as existing or outstanding at the time said Merger shall become effective.

From time to time the amount realized or collected from the assets covered by "Schedule C" shall be paid and applied as follows:-

1st. So much of said Guaranty Fund ("Schedule C") as shall be necessary for the purpose of making good any loss or shrinkage in said assets, covered by "Schedule B", and any excess in debts, obligations or liabilities of said Knickerbocker Trust shall be applied for that purpose by the New Corporation.

It is not intended that any deficit shall be made up other than net deficits after allowing due credit for profits realized on other assets in "Schedule B" and after deducting any loss or shrinkage in said assets "Schedule B"

2nd. In case the condition of said Guaranty Fund ("Schedule C") and the income thereof, shall warrant, the New Corporation, from time to time, shall pay interest to the registered holders of Beneficial Certificates issued as hereinafter stated, at not exceeding Four dollars ($4) per share per annum.

3rd. Any assets remaining in said Fund "Schedule C" after any such deficiency in "Schedule B" shall have been made good and any excess in said debts, obligations and liabilities shall have been paid, as aforesaid, shall be reduced to cash by the New Corporation under the supervision and general direction of the said Knickerbocker Committee, and said cash shall be paid over and distributed, pro rata, among the holders of Beneficial Certificates at the time outstanding, at the expiration of said period of two years, or from time to time so soon thereafter as said Knickerbocker Committee shall deem practicable.

In case any assets of "Schedule B" shall not have been realized upon within said period of two years (and for this purpose all time loans extended without the consent of the Knickerbocker Committee and all demand loans continued beyond such time as the Knickerbocker Committee shall approve shall be deemed to have been so realized upon), the New Corporation may vest such assets in said Guaranty Fund "Schedule C" and any deficit in "Schedule B" thereby created shall thereupon be paid in cash from said Guaranty Fund ("Schedule C"). No distribution shall be made to the holders of Beneficial Certificates (other than interest as above provided) until all liabilities charged upon or against said Guaranty Fund ("Schedule C") shall be met or provided for to the satisfaction of the New Corporation.

Any and all charges and expenses appertaining to the collection, reduction to cash, or protection of any of the assets constituting said Guaranty Fund and covered by said Beneficial Certificates, as aforesaid, shall be charged against and paid by said Fund prior to distribution thereof among the holders of said Certificates, but no charge shall be made by the Knickerbocker Committee, or either of them, or by the New Corporation for services rendered in connection with said liquidation, with the exception, however,

that each member of said Committee shall be entitled to receive fees at the rate allowed directors for attendance at Committee meetings.

The New Corporation may, at any time in its discretion, and shall at such time as the said Knickerbocker Committee shall in writing direct, sell, dispose of, or convert into cash any securities which shall constitute a part of "Schedule B", but the New Corporation, instead of disposing of any securities required by said Knickerbocker Committee to be sold as aforesaid, shall have the right to receive and retain the same, free from any claim upon the Guaranty Fund, either at the value fixed in said "Schedule B", or at such other value as may be agreed upon by said New Corporation and said Knickerbocker Committee.

All liabilities for rents due and which shall fall due on leases executed by the respective Trust Companies covering premises which shall not be used by the New Corporation; any and all claims for damages to adjoining buildings, if any such exist; any and all litigation now pending; and any and all salaries, including counsel fees and legal charges for work done and services rendered prior to the Merger, shall be liquidated by the respective Corporations before Merger, or in the case of the Knickerbocker Trust Company, may be charged against the Guaranty Fund covered by "Schedule C", and to the extent so charged shall not be deemed liabilities to be covered by assets "Schedules A" and "B"

ARTICLE III.

Section 1. The capital stock of the New Corporation, to wit,- Two million dollars ($2,000,000), shall be divided among the stockholders of the respective Trust Companies as follows:-

Stockholders of record of the said Knickerbocker Trust Company at the time said Merger shall take

effect shall be entitled to receive for each share of stock held by them in said Knickerbocker Trust Company five-twelfths (5/12) of a share of stock in said New Corporation and also one share of Beneficial Certificates.

Stockholders of record of the said Columbia Trust Company at the time said Merger shall take effect shall be entitled to receive for each share of stock held by them in said Columbia Trust Company two-thirds (2/3) of a share of stock in said New Corporation.

ARTICLE IV.

Section 1. The rights of creditors of the said Trust Companies shall not in any manner be impaired by the Merger, nor shall any liability or obligation for the payment of any money due or to become due, or any claim or demand, in any manner or for any cause existing against either of said Trust Companies, or against any stockholder thereof, be in any manner released or impaired, and all the rights, obligations and relations of all the parties, creditors, depositors, trustees and beneficiaries of trusts shall remain unimpaired by the Merger, but the New Corporation shall succeed to all such relations, obligations, trusts and liabilities and be held liable to pay and discharge all such debts and liabilities, and to perform all such trusts of the merged corporation in the same manner as if the New Corporation had itself incurred the obligation or liability or assumed the relation of trust.

ARTICLE V.

Section 1. Immediately after such Merger shall have taken effect, the New Corporation shall require each and every holder of existing stock in either of said Trust Companies to surrender all certificates for such stock, and in lieu thereof, upon such surrender and delivery of said Certificates, the New Corporation shall issue new certificates for such number of shares of its own stock and Beneficial Certificates for such number of shares in

the Guaranty Fund as such holder may be entitled to receive under the terms of this agreement, the amount of such stock to be ascertained, fixed and determined in the manner hereinbefore set forth.

Section 2. The certificates of stock delivered to and received by the New Corporation, as aforesaid, shall be transferred in blank by the owner thereof, and upon receipt of the same, the New Corporation shall stamp across the face of each certificate, these words:-

> "Cancelled under provisions of Merger Agreement dated the 20th day of May, 1912, between the Knickerbocker Trust Company and the Columbia Trust Company."

ARTICLE VI.

Section 1. The parties hereto mutually covenant that the Merger shall in all respects be consummated in conformity with the provisions of the Banking Law of the State of New York, and each party agrees to do and perform each and every act required by said Banking Law.

Section 2. This agreement is made subject to the approval of the Superintendent of Banks and subject also to the approval of the stockholders of each of the parties hereto given in the manner prescribed in the appropriate sections of the Banking Law.

Section 3. Each of the parties hereto agrees with the other party to this agreement, to call a meeting of its stockholders and to submit this agreement at such meetings for action by its stockholders.

Section 4. In case this agreement shall receive the approval of the Superintendent of Banks, and in case it shall be approved at each of such meetings of the respective stockholders, then and in that case, the Presidents or Vice-

Presidents and Secretaries of the respective Trust Companies hereinbefore mentioned are authorized and directed to make, and the President, or Vice-President and Secretary of the New Corporation are authorized and directed to receive, the transfer of any property and franchises of the said respective Trust Companies, and to do all acts and execute and acknowledge all deeds, contracts and instruments in writing deemed necessary or proper to carry out the provisions of this agreement, and to affix the corporate seals of each of the respective Trust Companies unto such instruments in writing, but all such property and franchises shall be deemed to be transferred to and vested in the New Corporation without any deed of transfer.

ARTICLE VII.

Section 1. If this agreement shall be approved by the Superintendent of Banks and also by the stockholders of the respective Trust Companies, in accordance with the Statute applicable thereto, the same shall go into effect and become operative upon filing, in the office of the Superintendent of Banks and in the office of the Clerk of New York County, duplicate originals of this agreement and verified copies of the proceedings had at the respective stockholders' meetings, as required by Section 37 of the Banking Law.

ARTICLE VIII.

Section 1. In conformity with Section 36 of the Banking Law the number of Directors of the New Corporation shall be twenty-four (24), and the following persons shall constitute the Board of Directors of the said COLUMBIA-

KNICKERBOCKER TRUST COMPANY:

Benjamin L. Allen	Edward H.R.Green
Samuel G. Bayne	J. Horace Harding
Union N. Bethell	A. Barton Hepburn
G. Louis Boissevain	Charles H. Keep
Frederick O. Bourne	Willard V. King
Franklin Q. Brown	Anthony R. Kuser
Edward H. Clark	William H. Nichols
George C. Clark, Jr.	Augustus G. Paine
Harold B. Clark	Hermann Sielcken
T. Coleman Dupont	Frederick Strauss
Frederick H. Eaton	William A. Tucker
Henry Goldman	Payne Whitney.

The following persons shall be officers and shall fill the following offices of the Company:

President: Willard V. King
Chairman of the Board: Charles H. Keep
Chairman of the Executive Committee: A. Barton Hepburn
Vice-Presidents: Benjamin L. Allen and Howard Bayne
Secretary: Langley W. Wiggin
Treasurer: Harris A. Dunn.

There shall also be such additional Vice-Presidents and other officers as shall be determined by the Board of Directors and as shall be elected or appointed to such offices.

Said Board of Directors shall convene at 3:15 o'clock in the afternoon on the day when said Merger shall become effective and shall proceed to elect and appoint such officers as may be required by law and such other officers as may be prescribed by the By-laws of the New Corporation, and any such other officers as said Board may deem necessary or proper.

Except so far as inconsistent with this agreement, the by-laws of the Columbia Trust Company shall be the by-laws of the New Corporation until the same shall be altered or amended in the manner in said by-laws provided.

Section 2. It is further covenanted and agreed that as soon as practicable after said Merger shall become effective, proceedings shall be taken in the manner prescribed by the Statutes applicable thereto for the purpose of increasing said Board of Directors but not exceeding the number fixed by the charter of the Columbia Trust Company or by the Statutes amendatory thereof or supplemental thereto, and the additional Directors to fill the vacancies created by any such increase may be elected by the stockholders at the Special meeting at which the increase of the number of Directors shall be determined upon.

ARTICLE IX.

Section 1. If any stockholder of either of the Trust Companies hereto who does not vote in favor of this agreement of Merger, shall demand and shall become entitled to, payment for his stock in accordance with the provisions of Section 38 of the Banking Law of the State of New York, such payment shall be made by the Columbia-Knickerbocker Trust Company after the Merger and the stock to which such stockholder was entitled and which he would otherwise have received may be held and disposed of as directed by the Board of Directors for its own benefit.

ARTICLE X.

Section 1. The offices of the New Corporation shall be those now occupied by the Knickerbocker Trust Company.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed in their behalves by their respective Presidents, and their corporate seals to

be hereunto affixed attested by their respective Secretaries, and a majority of the Board of Directors of each of said Companies have hereunto set their hands and seals the day and year first above written.

KNICKERBOCKER TRUST COMPANY

By _____
President.

ATTEST:

_____
Secretary.

COLUMBIA TRUST COMPANY

By _____
President

ATTEST:

_____
Secretary.

DIRECTORS OF THE KNICKERBOCKER TRUST COMPANY.

Charles T. Hoffman

[illegible]

Wm. A. Tucker.

R. C. Towne

Payne Whitney

[illegible]

Edward H. Clark

Franklin D. Brown

[illegible]

[illegible]

[illegible]

[illegible]

Horace Havemeyer

J. G. deR. Pyne

DIRECTORS OF COLUMBIA TRUST COMPANY.

Harold Bruning Clark
Herman Selicka
Richard King
Frederick Strauss
Richard Marshall
Henry G. Adams
C. H. Hinckley
Thos. D. Cornish
Geo. B. Blake Jr.
H. H. Eaton
A. G. Paine
Anthony R. Kuser
[illegible]
[illegible]
Frederick C. J. Chute
James Clifford
Noah C. Rogers
[illegible]
W. P. Bethell
Barton Hepburn

State of New York, :
: ss.:
County of New York.:

On this 20th day of May, 1912, before me personally came CHARLES H. KEMP, with whom I am personally acquainted, who being by me duly sworn, says: that he resides in the Borough of Manhattan, City of New York, and is the President of the KNICKERBOCKER TRUST COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order and direction .

Notary Public, New York County.
Notary Public, New York County,
Commission Expires March 30-1913 #61
No. in Registers Office 3019

State of New York,:
: ss.
County of New York.:

On this 20th day of May, 1912, before me personally came WILLARD V. KING, with whom I am personally acquainted, who being by me duly sworn, says: that he resides in the Town of Convent, State of New Jersey, and is the President of the COLUMBIA TRUST COMPANY, one of the corporations described in and which executed the foregoing instrument that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order and direction.

Notary Public, New York County.
Notary Public, New York County
Commission Expires March 30-1913 #61
No. in Registers Office 3019

I, the undersigned, Superintendent of Banks of the State of New York, DO HEREBY APPROVE of the foregoing agreement for the merger of the KNICKERBOCKER TRUST COMPANY in to COLUMBIA TRUST COMPANY, the said corporation after the said Merger to be known as the COLUMBIA- KNICKERBOCKER TRUST COMPANY, with a capital stock of Two million dollars ($2,000,000).

WITNESS my hand and official seal at the City of Albany, this 24th day of May in the year of our Lord, One thousand nine hundred and twelve.

William Fay Jr

Superintendent of Banks.

-DUPLICATE ORIGINAL-

KNICKERBOCKER TRUST COMPANY

-with-

COLUMBIA TRUST COMPANY

MERGER AGREEMENT

and

VERIFIED COPY OF PROCEEDINGS

Filed in the Banking Department
State of New York
This 5th day of June
1918 at ... M.

Deputy Superintendent

CERTIFICATE executed in quadriplicate, changing the name of "New York and London Trust Company" to

"COLUMBIA TRUST COMPANY."

THIS IS TO CERTIFY that, pursuant to Section 8, Chapter 616 of an Act of the Legislature of the State of New York, passed April 19, 1871, amended by Chapter 356 of the Laws of 1904, passed April 18th, 1904, New York and London Trust Company, a corporation duly organized and existing under said Act of the Legislature, amended as aforesaid, did on the 28th day of October, A.D. 1905, by action of the Board of Directors of said corporation, at a meeting duly called and held, change its corporate name "New York and London Trust Company" to that of

"COLUMBIA TRUST COMPANY,"

and did adopt as its corporate name "COLUMBIA TRUST COMPANY" and by which said corporate name, to wit:- "COLUMBIA TRUST COMPANY" the said corporation shall and will hereafter be known.

Clark Williams
Vice-President.

ATTEST:

Maurice S. Becker
Secretary.

STATE OF NEW YORK,:
: ss.:
County of New York:

On this 30th day of October, 1905, before me personally came CLARK WILLIAMS, to me known and known to me to be the Vice-President of New York and London Trust Company, and being by me duly sworn, did depose and say that he is

the Vice-President of the aforesaid Company; that the foregoing statement ~~xxx~~ subscribed to by him is true, and that at a meeting of the Board of Directors of "New York and London Trust Company" duly called and held at which a quorum of said Board was present, it was voted that the said corporate name of "New York and London Trust Company" should be changed to "COLUMBIA TRUST COMPANY", and the said name of said "New York and London Trust Company" was thereupon by unanimous vote of said Board of Directors duly changed to the name "COLUMBIA TRUST COMPANY".

Subscribed and sworn to before me, :
this 28th day of October, 1905. :

Francis A. Huck

NOTARY PUBLIC
NEW YORK COUNTY

Form 2.

State of New York,
County of New York, } ss.

I, THOMAS L. HAMILTON, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the same being a Court of Record, DO HEREBY CERTIFY, That

Francis A Huck

before whom the annexed deposition was taken, was, at the time of taking the same, a Notary Public of New York, dwelling in said County, duly appointed and sworn, and authorized to administer oaths to be used in any Court in said State, and for general purposes; that I am well acquainted with the handwriting of said Notary, and that his signature thereto is genuine, as I verily believe.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of

Form 9.

No. 26

State of New York,
County of New York, } ss.:

I, THOMAS L. HAMILTON, Clerk of the said County and Clerk of the Supreme Court of said State for said County, DO CERTIFY, That I have compared the preceding with the original Certificate of

Change of Name

Quadruplicate

on file in my office, and that the same is a correct transcript therefrom, and of the whole of such original.

Indorsed Filed. Oct 30, 1905. 9 A.M.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 30th day of October 1905

Thos L Hamilton

Clerk.

CERTIFICATE changing name of
"New York and London Trust Company"

-to-

"COLUMBIA TRUST COMPANY."

------oOo------

Dated, October 28th, 1905.

Reed, Hobbs, Haskell & Brown

[redacted] NEW YORK CITY.

5 Nassau Street.

Filed in Banking Dept. Oct 31, 1905

EXHIBIT B

BOARD OF DIRECTORS RESOLUTION (EXCERPT)

SIGNING AUTHORITIES
Extracts from By-Laws of
THE BANK OF NEW YORK MELLON
ARTICLE VI
As amended through July 4, 2009

SECTION 6.1 ***Real Property.*** Real property owned by the Bank in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Bank in its own right with such maximum values as the Board may fix in its authorizing resolution.

SECTION 6.2 ***Senior Signing Powers.*** Subject to the exception provided in Section 6.1, the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Bank in all transactions arising out of, or in connection with, the normal course of the Bank's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Bank thereto. In such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Bank authorized in or pursuant to Section 6.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 6.2, is authorized to attest to the seal of the Bank on any documents requiring such seal.

SECTION 6.3. ***Limited Signing Powers.*** Subject to the exception provided in Section 6.1, in such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time to time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Bank to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

SECTION 6.4 ***Powers of Attorney.*** All powers of attorney on behalf of the Bank shall be executed by any officer of the Bank jointly with the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors and, at foreign branches only, by any two officers provided one of such officers is the Branch Manager.

SECTION 6.5. ***Auditor.*** The Chief Auditor or any officer designated by the Chief Auditor is authorized to certify in the name of, or on behalf of the Bank, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Section 6.3 of the By-laws

RESOLVED, that, pursuant to Section 6.3 of the By-laws of The Bank of New York Mellon authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Bank; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Bank's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification;

receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Bank as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Bank in trust or in connection with any transaction with respect to which the Bank is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Bank or to affix the seal of the Bank to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Bank in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Bank products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Company.

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Section 6.2 X	
Adelson, Melissa	Managing Director
Amankwah, Andrews	Vice President
Aubry, Barbara	Managing Director
Avizov, Arthur	Managing Director
Bush, Gary S.	Vice President
Duffy, Joseph	Managing Director
Feig, Martin	Vice President
Flowerday, Robert	Vice President
Fudali, Harold	Managing Director
Gagliardo, John	Managing Director
Griffin, Robert L.	Managing Director
Guiliano, John M.	Vice President
Hatton, Matthew John	Managing Director
Lew, Gary	Managing Director
Lundberg, Loretta A.	Managing Director
Lynch, Jocelyn M.	Managing Director
Magnolia, Douglas J.	Managing Director
Maitland, James W.	Managing Director
Nunes Jr, Antonio A.	Managing Director
O'Neal, Stephen	Managing Director
Palladino, Mauro	Managing Director
Randall, Michael	Vice President
Sabatino, Michael	Managing Director
Shields, Laura M.	Managing Director
Spedding, John A.	Managing Director
Tadie, Patrick J.	Executive Vice President
Thomson, Michael J.S.	Managing Director
Valentine, Melinda	Vice President
Section 6.3 A	
Campbell, Edward	Senior Associate
Costantino, Richard	Managing Director
Courcey, Erin	Managing Director
Cunningham, Peter H.	Vice President
Dale, Nicola	Vice President
Dunthorne, Peter	Vice President
Eisen, Maria	Vice President
Giurlando, Stephen J.	Vice President
Harchuck, John	Vice President
Herrera, Hector S.	Vice President
Howard, Peter A.	Vice President
MacInnes, Douglas	Managing Director
McIntyre, Robert F.	Vice President
Ng, Agnes Yuen Ting	Vice President
O'Leary, Patrick J.	Vice President
Patel, Sonal	Vice President
Peterkin, Christine	Vice President
Polito, John C.	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Quek, Hwee-Choo	Vice President
Robinson, Craig	Vice President
Rodgers, Jackie	Vice President
Rodriguez, Miguel	Vice President
Safer, David	Vice President
San Miguel-Cruicksh, Caroline A	Vice President
Sperandio, Michela	Vice President
Stout, Sarah	Vice President
Strakosch, Christopher	Vice President
Thorson, Robert	Vice President
Tinnelly, Breige	Vice President
Veith, David	Senior Associate
Wagstaff, Robert	Vice President
Ward, Jacqueline	Senior Associate
Wong, Winnie Wing-Sze	Vice President
Section 6.3 A and J	
Abedin, Roisul	Senior Associate
Adamis, Joanne	Vice President
Adhikari, Dipesh	Senior Associate
Aggus, James	Senior Associate
Ahern, Thomas	Managing Director
Alcantara, Jose	Senior Associate
Alimchandani, Bimal	Senior Associate
Amico, Christopher	Managing Director
Anin, Samuel	Vice President
Antoine, Esther D.	Vice President
Archer-Smith, James A.	Senior Associate
Ashby, Luke	Senior Associate
Au, Carol	Associate
Austin, Charles	Senior Associate
Austin, Latoya	Senior Associate
Babb, Richard	Vice President
Baez, Henry	Senior Associate
Baker, Debra	Managing Director
Barger, Watson	Vice President
Barrett, Paul	Vice President
Barris, Geovanni	Vice President
Bartholomew, Courtney	Vice President
Bartlett, Jamie	Vice President
Bashford, Paul A.	Vice President
Batista, Maria	Senior Associate
Bausa, Anthony	Senior Associate
Belen, Fredic	Senior Associate
Bell, David	Managing Director
Berkecz, Natalie	Vice President
Berry, Christopher	Vice President
Bershaw, Sharon	Vice President
Bertolin, Maria	Vice President

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OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Bharadia, Suresh J.	Senior Associate
Binnie, Kevin F.	Vice President
Birkin, Tom A.	Vice President
Blaszcyk, Anna	Senior Associate
Blewer, Alex	Associate
Blewer, Trevor R.	Vice President
Bobko, John	Vice President
Bogert, Thomas J.	Vice President
Bourtman, Anna	Senior Associate
Boutros, Pierre	Vice President
Bowley, Amy	Senior Associate
Brazier, Clare	Senior Associate
Brinkman, Amy	Senior Associate
Briones, Eugene	Senior Associate
Buckley, Tracey	Vice President
Burack, Michael	Senior Associate
Burgos, Raul	Senior Associate
Burke, Siobhan	Vice President
Burke, Timothy	Vice President
Burleigh, Sarah A.	Vice President
Burzynska, Anna	Senior Associate
Byrne, Paul	Vice President
Cabej, Mirela	Vice President
Cabrera, Hilda	Associate
Carey, Lorraine	Vice President
Carter, David	Senior Associate
Casaccio, Paul	Senior Associate
Casasnovas, Bridgette	Vice President
Casey, Timothy	Senior Associate
Cassano-Raneri,AnnMarie	Senior Associate
Catania, Paul L.	Senior Associate
Cattermole, Paul	Vice President
Cave, Gregory	Vice President
Cerchio, Michael	Vice President
Cerilles, Catherine	Vice President
Chan, Shirley	Senior Associate
Chan, Su Linn Audrey	Senior Associate
Chaney, Cynthia J.	Vice President
Chang, Tae-Ho (Alex)	Vice President
Cheong, Kenneth	Managing Director
Chiong, Siew Lin Angie	Senior Associate
Choi, Janie K.	Vice President
Chu, Edward	Vice President
Chu, Susan	Vice President
Chung, Tin Wan	Vice President
Chung, Won Hee	Senior Associate
Clark, Frederick W.	Vice President
Clarke, Candace T.	Senior Associate
Clarke, Cheryl	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Claypoole, John	Vice President
Collazo, Elizabeth	Vice President
Conway, Christine	Vice President
Cooper, Andrew M.	Vice President
Corbo, Linda	Vice President
Costantino, Joseph M.	Vice President
Cremin, Kevin	Managing Director
Cronin, Jade	Senior Associate
Cross, Guy	Managing Director
Crosson, Kelly	Vice President
Curti, Christopher	Vice President
Daley, Lesley	Senior Associate
Daly, Myles	Vice President
Davenport, Matthew Lynden	Vice President
Davidson, Kimberly	Vice President
Dawkin, Stuart	Vice President
Day, Sally	Senior Associate
Denno, Joseph S.	Vice President
Devane, Michael	Vice President
Dicker, Daniel	Managing Director
Diep, Mike T.	Vice President
Ding, Mei Ling	Vice President
Donohue, Catherine	Vice President
Eiland, Wanda	Vice President
Elsom, Mark	Vice President
Eng, Kevin	Senior Associate
Facendola, Gerard F.	Managing Director
Farah, Rouba F.	Vice President
Farrell, Paul	Vice President
Faruolo, Vito	Senior Associate
Feely, Aengus	Senior Associate
Ferrera, Franca M.	Senior Associate
Ferry, Karen	Vice President
Fevola, James	Vice President
Fighera, Tammy L	Vice President
Fischer, Jared	Senior Associate
Fletcher, Dean	Managing Director
Fong, Su Ching Esther	Vice President
Fornes, Brandon	Senior Associate
French, Diane Welsh	Vice President
Frith, Deanna	Vice President
Froede, Amanda	Senior Associate
Fudge, Craig	Senior Associate
Fulling, Alan	Vice President
Fumarola, Alessandra	Vice President
Gallagher, Frank	Vice President
Geary, Lisa A.	Vice President
Genkin, Maksim	Senior Associate
Gentile, Colette R.	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
George, Lloyd David	Vice President
Gevertzman, Jason	Senior Associate
Gilmore, Sean	Vice President
Grace, Anthony	Vice President
Greene, Christopher	Vice President
Greene, Karon	Vice President
Grell, Christopher J.	Vice President
Griffin, John	Vice President
Grose, Christopher	Senior Associate
Guerra, Melquides	Associate
Gusz, Kristine	Senior Associate
Hacker, Thomas	Vice President
Halpin, Helen	Senior Associate
Hancock, Melissa	Vice President
Harris, Andrea	Vice President
Harrison, Daniel	Senior Associate
Harrison, Karen B.	Senior Associate
Harvin, Beata	Senior Associate
Haslett, Damian Andrew	Senior Associate
Hayden, Peter	Vice President
Heery, Orla	Vice President
Hennessey, Elaine	Vice President
Hennessy, Margaret-Anne	Vice President
Herrmann, William	Vice President
Hett, Glenn	Vice President
Hewer, Wendy Frances	Managing Director
Hieb, Michael C.	Vice President
Hoey, Brian	Senior Associate
Hollingsworth, Jeremy Gilbert Smily	Vice President
Holohan, Edward	Vice President
Huang, Pei	Senior Associate
Hughes, Catherine	Senior Associate
Hume, David James	Senior Associate
Husbands, Steve Mckenley	Vice President
Hussain, Nadia	Senior Associate
Imbach, Francesca Natasha	Vice President
Ippolito, Paolo	Senior Associate
Iris, Joette M	Vice President
Islam, Bina B.	Senior Associate
Isles, Stephen J	Vice President
Jaffe-Goser, Sharon H	Vice President
Jaklitsch, Lucia	Vice President
Jamison, Michael L.	Vice President
Jandu, Gurdip	Senior Associate
Jauny, Stephane	Vice President
Jeanes, Mark Sinclair	Vice President
Jean-Paul, Cindy	Senior Associate

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

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NAME	TITLE
Jehangir, Zaira	Senior Associate
Jhingoor, Vincent	Senior Associate
Jobanputra, Sanjay	Vice President
Johnson, George R.	Vice President
Jones, Ciaran	Vice President
Jones, Regina	Senior Associate
Joseph, Maryann	Vice President
Kaczmar, Barbara	Vice President
Kateris, Kalliope E.	Vice President
Kavanagh, David	Vice President
Kehoe, Lisa	Senior Associate
Kelly, James	Senior Associate
Kerr Jr., David M.	Vice President
Khan, Bakhtiarul Alam	Senior Associate
Khawaja, Suhail Ahmed	Senior Associate
Kildea, Dennis	Senior Associate
Kincaid, Francine J.	Vice President
Klein, Scott	Vice President
Ko, I-San	Vice President
Kotkin, Gregg	Senior Associate
Koutsavgousti, Amneris	Senior Associate
Kuhn, Jacqueline	Senior Associate
Kunak, Glenn J.	Vice President
Kwok, Amy	Senior Associate
LaBarbera, Joann	Associate
Lago, Edgar R	Senior Associate
Laidley, Melissa Theresa	Senior Associate
Lam, Helen	Senior Associate
Lam, Tze-Kit	Vice President
Lane, Suzanne O'Leary	Vice President
Lauro, Noraida	Vice President
Lawlor, Joseph M.	Vice President
Le Claire, David Graham	Vice President
Leahy, Charles Michael	Vice President
Leaker, Donna	Senior Associate
Lee, Michael	Senior Associate
Leledaki, Garyfalia	Vice President
Lewicki, Marybeth	Vice President
Lewis, Deirdre M.	Vice President
Lewis, Neil	Vice President
Li, Man-Yan	Vice President
Liu, Li-May Laura	Vice President
Loncke, Courtney F.	Vice President
Lonibos, David M.	Vice President
Louis, Matthew G.	Vice President
Luby, Margaret	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Lucente, Nicholas	Vice President
Luciano, Carlos R.	Vice President
Lui, Wesley	Associate
Lynch, Damien	Vice President
Mac Eochaidh, Treabhor	Vice President
Mack, Vanessa	Vice President
Mansoor, Abdul Anam	Vice President
Mara, Damien Kieran	Vice President
Maraite, Nicolas	Senior Associate
Marcazzan, Stella	Senior Associate
Maree, Ross	Senior Associate
Martin, Barry	Senior Associate
Massingill, Travis	Vice President
Mate, Joseph	Vice President
McCann, Johanna	Vice President
McCormack, Pauric	Vice President
McDermott, Natasha	Vice President
Mcdonnell, Kathleen Marie	Managing Director
McKay, Thomas	Vice President
McKeever, Glenn G.	Vice President
McNamara, Joellen Fehrs	Senior Associate
Melendez, Rosemary	Vice President
Mella, Federico	Vice President
Meloni, Annarita	Vice President
Mesa, Vanessa	Senior Associate
Miller, Ashia N.	Senior Associate
Miller, Reshu	Associate
Milliner, Denis	Vice President
Miranda, Rafael	Vice President
Miselis, Mary	Vice President
Mitchell, Glenn	Vice President
Moniaci, Rosario R.	Vice President
Moraca, Miriam	Vice President
Morgan, Wendy	Senior Associate
Morison, Raymond F.	Managing Director
Morris, Joann	Vice President
Morrison, Alexander Phillip	Vice President
Moss, Valerie	Senior Associate
Motusesky, Paul M	Senior Associate
Mule, Gaspare	Vice President
Mulkearns, Michael	Vice President
Mulvihill, Grace Marie	Vice President
Muneshwar, Bibi	Vice President
Murphy, Paul	Vice President
Myers, Andrea Jayne	Vice President
Na, Ki Un	Senior Associate

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Nascimento, Marcia	Senior Associate
Nasim, Iqbal Mohammad	Vice President
Needham Jr., John Thomas	Vice President
Neumann, Nancy	Senior Associate
Ng, Meime	Senior Associate
Nolan, Jennifer	Vice President
Ntavos, Evangelos	Vice President
Nystrom, Carl-Henrik	Vice President
O'Brien, Alan	Vice President
O'Brien, David J.	Vice President
O'Brien, Kieran	Vice President
O'Brien, Laurence J.	Vice President
O'Brien, Maeve	Managing Director
O'Mahoney, Christopher	Senior Associate
O'Muchadha, Colm	Senior Associate
Oommen, Anish	Senior Associate
Orkis, Rachel E.	Senior Associate
Orlandi, Monica	Senior Associate
Osipowicz, Tomaiz	Senior Associate
Overby, Randall Paul	Managing Director
Pagano, Alfonso	Vice President
Pahkala, Noora Emilia	Senior Associate
Pallier, Beatrice	Senior Associate
Panepinto, Joseph	Vice President
Parente, Dario J.	Vice President
Pariser, Raphael	Vice President
Patel, Bhavik	Senior Associate
Pellicano, Stacey	Vice President
Pena, Angelita	Senior Associate
Pereira, Paul Vernon	Vice President
Perkins, Jonathan	Vice President
Perry , Dawn	Vice President
Perry, Kathleen E.	Vice President
Peschler, Robert	Vice President
Petkova, Kamelia	Vice President
Petraitis, Mary Ann	Vice President
Phillips, Rosemary	Senior Associate
Pickett, Diane	Vice President
Pine, Kathy	Vice President
Plear, Tonya	Senior Associate
Poindexter, Stacey	Vice President
Popova, Liliya Angelova	Senior Associate
Potes, William	Senior Associate
Prata, Mayelle Tesser	Vice President
Provenzano, Thomas J.	Vice President
Pszonek, Susan	Vice President
Pule, David Alexander	Vice President
Pullen III, Edward M	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Quinoa, Carlos	Senior Associate
Racioppo, Kenneth	Vice President
Rainbird, Kevin M .	Managing Director
Reatz, Alissa	Senior Associate
Reed, Timothy John	Senior Associate
Reinle, Philip P.	Senior Associate
Reyes, Feliciano	Senior Associate
Rich, Robert W	Vice President
Riley, Kathleen A	Vice President
Robertson, Andrew Jonathan	Vice President
Romeo, Odell D.	Vice President
Rothenberg, Stuart	Vice President
Russo Jr., Anthony J.	Senior Associate
Russo, Ciro J	Vice President
Russo, Janet M	Senior Associate
Ryan, Aisling	Vice President
Ryan, Ming	Vice President
Sabino, Matthew	Vice President
Samir, Margaret	Vice President
Sathianathan, Manoraj	Vice President
Schwartz, Carolyn	Senior Associate
Scott, Antony Martyn	Vice President
Scrivano, Patricia	Senior Associate
Segro, Marcelly	Vice President
Shah, Ashish	Senior Associate
Shah, Deven	Vice President
Sharland, Alexander	Vice President
Sheehan. Sarah	Vice President
Sheridan, Tracy	Senior Associate
Sibree, Tania E.	Managing Director
Simons, Thomas W.	Vice President
Singer, Christine	Vice President
Slavkov, Dimitre Ivanov	Vice President
Small, Claudia Olivia	Senior Associate
Smith, Neil R.	Managing Director
Smyth, Terry	Vice President
Souter, Edward	Associate
Spelman, Karl	Vice President
Spence, O'Neil	Senior Associate
Stairker, Kara	Senior Associate
Stewart, Deborah	Vice President
Stone, Dennis Francis	Vice President
Stosik, Pawel	Vice President
Strietzel, Robert Hagen	Vice President
Sun, Zhuojia Nancy	Senior Associate
Tam, Eva Tze-Wai	Vice President
Tam, Man-Ho G	Senior Associate
Tan, Su-Fern Valetia	Vice President
Tartaglione,Kristen	Senior Associate

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Tavolotti, Luciano	Managing Director
Taylor, Andrew J.	Vice President
Taylor, Kirsten Anne	Vice President
Teh, Min Tau Samuel	Senior Associate
Tepper, Scott	Vice President
Terezian, Alan	Senior Associate
Tessler, Adam	Senior Associate
Thelwell, Arlene	Senior Associate
Thomas, Dionne	Senior Associate
Thomas, Jason Sebastian	Senior Associate
Thomas, Sherma	Senior Associate
Thompson, Darrel X.	Senior Associate
Thompson, Jennie Elizabeth	Vice President
Thuo, Marco Maina	Vice President
Tinnin, Bryon M.	Vice President
Todak, Deborah	Vice President
Townsend, Paul Simon Francis	Vice President
Trachtenberg, Karen A.	Vice President
Tran, Alice	Senior Associate
Triolo, Filippo	Vice President
Tsarnas, Alex P.	Managing Director
Turkel, Adam	Vice President
Turner, Kevin P.	Vice President
Uwhuba, Oghenovo Utieyinretsola	Vice President
Vaccarello, Steven V.	Vice President
Valenti, Jennifer J.	Vice President
Vaporean, Karen	Senior Associate
Vayas, Antonio	Vice President
Vlahakis, Thomas	Vice President
Voiner, Michael	Senior Associate
Wai, Nelson	Vice President
Walker, Erika	Senior Associate
Walsh, Kevin John	Vice President
Watts, Timothy Tissa	Senior Associate
Weber, Herbert William	Vice President
Wenzler, Craig S.	Vice President
Whelan, Justin Thomas	Senior Associate
Whelan, Michael	Managing Director
White, Jonathan Leo	Vice President
White, Michael C	Vice President
Wilkes, Emma	Vice President
Williams, Audrey M.	Senior Associate
Witty, Matt	Vice President
Wright, Teisha	Senior Associate
Wye, Lynne Margaret	Vice President
Wynne, Daniel	Managing Director
Yiu, Anna A.	Senior Associate
Yoon, Youngmi	Senior Associate
Young, Kevin	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE
Zacharias, Sanil	Senior Associate
Zando, Mark	Vice President
Zhang, Paul	Senior Associate
Zhu, Lici	Senior Associate
Zuniga, Jeriel	Vice President
Zuniga, Roxanne	Associate

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

I hereby certify that the following individuals have been granted the signing authority noted next to their names pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon:

NAME	TITLE

Carmela Ehret 7/24/09

Carmela Ehret
Vice President - GCT Office of Policy and Regulatory Reporting

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

TRUSTEE, REGISTRAR AND TRANSFER AGENT AGREEMENT

This Trustee, Registrar and Transfer Agent Agreement (the "Agreement") is executed and effective this 26th day of June, 2012 by and between THE BANK OF NEW YORK MELLON, a banking corporation organized and existing under the laws of the State of New York, as trustee, registrar and transfer agent (the "Bank"), and the HIGHER EDUCATION POLICY COMMISSION, a commission of the State of West Virginia (the "Commission").

WHEREAS, the Commission contemplates issuing its State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"), in the aggregate principal amount of $132,165,000;

WHEREAS, the Commission desires that the Bank act on behalf of the Commission to perform the duties of Trustee, Registrar and Transfer Agent as set forth in this Agreement; and

WHEREAS, the Bank is willing to act in such capacities solely in accordance with this Agreement and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Commission and the Bank agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions

"Authorized Officer" means the person designated pursuant to Section 1.03 of the Sixth Consolidated Supplemental Resolution.

"Resolution" means, collectively, the General Resolution adopted by the University of West Virginia Board of Trustees, on September 9, 1992, as predecessor to the Commission, and the General Resolution adopted by the Board of Directors of the State College System, on September 9, 1992, as predecessor to the Commission, as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution adopted by the Commission on May 9, 2012 and by the Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012.

"Register" means a complete listing of all holders of record of all 2012 Bonds outstanding at any time.

"Registrar" means any bank, trust company, national association or other organization duly authorized and empowered by law and applicable State or Federal regulations to perform the duties set forth under Section 2.02 herein, and initially means the Bank.

"Trustee" means any bank, trust company, national association or other organization duly authorized and empowered by law and applicable State or Federal regulations to perform the duties set forth under Section 4.02 herein, and initially means the Bank.

"Transfer Agent" means any bank, trust company, national association or other organization duly authorized and empowered by law and applicable State or Federal regulations to perform the duties set forth under Section 3.02 herein, and initially means the Bank.

"Underwriter" means the firm or firms purchasing the 2012 Bonds from the Commission.

"2012 Projects" means the capital improvements at institutions of higher education located throughout the State of West Virginia to be financed by the 2012 B Bonds.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

Section 1.02. Effect of Headings The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 1.03. Successors and Assigns All covenants and agreements contained herein by each of the parties hereto shall bind and inure to the benefit of their successors and assigns whether so expressed or not.

Section 1.04. Separability Clauses In the event any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.05. Rules of Construction For all purposes of this Agreement unless the context otherwise indicates:

(a) Terms in the singular number shall indicate the plural and vice versa.

(b) The words "hereof" and "herein" shall be construed to refer to the entirety of this Agreement and to not be restricted to the particular Article, Section, subsection or paragraph in which they occur.

(c) Terms of the masculine gender shall be deemed and construed to include correlative terms of the feminine and neuter genders.

Section 1.06. Governing Law. To the extent permitted by law, this Agreement shall be construed, interpreted, governed and enforced in accordance with the laws of the State of West Virginia.

ARTICLE II
REGISTRAR

Section 2.01. Acceptance by Bank as Registrar

The Commission hereby appoints Bank to act as Registrar for the 2012 Bonds, and Bank hereby agrees to perform the duties of Registrar as more fully set forth under this Article II, upon the terms and subject to the conditions of this Agreement.

Section 2.02. Duties of Registrar

The duties of Registrar shall be:

(a) to authenticate by manual signature, prepare and deliver 2012 Bonds upon the written instructions of Commission or the Underwriter, as agent for Commission;

(b) to keep and maintain the Register complete, current and accurate at all times;

(c) to maintain a full and complete accounting of all 2012 Bonds issued outstanding, destroyed and in inventory;

(d) upon reasonable, prior written request, permit the inspection of the Register's records pertaining to the 2012 Bonds during the Registrar's normal business hours by the Commission or, at the Commission's written direction, any other person or entity that the Commission has determined has a legitimate legal interest therein;

(e) to cancel any 2012 Bonds which have been paid, redeemed, transferred, exchanged, converted or otherwise required to be canceled; and

(f) in accordance with the Registrar's policies and procedures, to destroy all canceled 2012 Bonds, at such time as permitted by applicable law or regulation and to provide Commission with a certificate which lists all 2012 Bonds so destroyed; and

(g) to provide information concerning the 2012 Bonds and its Register to any party entitled to such information.

Section 2.03. Duties of the Commission

(a) The Commission agrees to provide or cause the Underwriter to provide to the Registrar at the time of initial issuance of the 2012 Bonds an accurate and complete list setting forth the following information, all of which shall be in a form acceptable to the Registrar:

(1) Each bondholder's name as it is to appear on each 2012 Bond to be issued, or in the event a 2012 Bond is to be registered to a trust or to a minor, then Registrar will be provided with all information necessary to register such 2012 Bond in proper legal form;

(2) Each bondholder's address;

(3) Each bondholder's Social Security Number or Federal Tax Identification Number;

(4) The principal amount of each 2012 Bond to be issued;

(5) The stated maturity of each 2012 Bond to be issued;

(6) The rate of interest applicable to each 2012 Bond; and

(7) Any other information required by applicable tax or other laws, rules or regulations.

(b) The Commission agrees to provide or cause to be provided the information enumerated under (a) immediately above with sufficient lead time to permit the Registrar to perform its duties here under in an orderly and deliberate manner.

(c) The Commission agrees to provide a sufficient supply of 2012 Bonds, in a form acceptable to Registrar, to enable Registrar to authenticate and deliver the 2012 Bonds upon proper direction from the Commission. Further, the Commission agrees to provide a sufficient supply of additional 2012 Bonds to enable the Registrar to perform its duties as Transfer Agent, as set forth under Article III herein. All 2012 Bonds, at the time so provided to the Registrar, will be numbered consecutively and will be fully executed by duly authorized representatives of the Commission.

ARTICLE III
TRANSFER AGENT

Section 3.01. Acceptance by Bank as Transfer Agent The Commission hereby appoints Bank to act as Transfer Agent for the 2012 Bonds, and Bank hereby agrees to perform the duties of Transfer Agent for the 2012 Bonds, upon the terms and subject to the conditions of this Agreement.

Section 3.02. Duties of Transfer Agent The duties of the Transfer Agent will be to:

(a) Transfer the ownership on the Register of any 2012 Bond when said 2012 Bonds, which have been duly and properly endorsed in a manner acceptable to the Transfer Agent and in relation therewith all things required by law and regulation have been done, is presented for transfer;

(b) Issue a replacement 2012 Bond of like tenor in the name of the designated transferee after performing the duties enumerated in (a) immediately above;

(c) Issue a replacement 2012 Bond of like tenor in lieu of any mutilated, lost, destroyed, or stolen 2012 Bonds upon receipt by the Transfer Agent of evidence to its satisfaction of the mutilation, destruction, loss or theft of such 2012 Bonds and such security or indemnification as the Transfer Agent may reasonably require to hold it harmless from any liability for its issuance of replacement 2012 Bonds; and

(d) Effect the transfer of ownership of any 2012 Bond presented in proper and acceptable form for such transfer within 3 business days of the Transfer Agent's receipt of the 2012 Bonds to be transferred.

Section 3.03. Duties of Commission The Commission agrees to provide the Transfer Agent with a sufficient supply of unissued 2012 Bonds to enable the Transfer Agent to perform its duties under this Article III. Upon written notice from the Transfer Agent, the Commission agrees to cause to be printed any additional 2012 Bonds required by the Transfer Agent subsequent to initial issuance as long as any 2012 Bonds remain outstanding. Prior to delivering any such additional 2012 Bonds to the Transfer Agent, the Commission agrees to affix the applicable seals and required signatures of its authorized representatives.

Section 3.04. Record Date The Transfer Agent shall not be required to transfer or exchange any 2012 Bond after the fifteenth day immediately preceding any date fixed for the payment of interest or principal on any of the 2012 Bonds.

Section 3.05. Persons Deemed Owners The Registrar and Transfer Agent shall treat each person in whose name any 2012 Bond is registered on the Register as the owner of such 2012 Bonds, for all purposes and at all times, both before and after maturity of any 2012 Bond, including without limitation, the payment of principal of, premium on, if any, and interest on such 2012 Bonds and for all other intents and purposes. The Registrar and Transfer Agent shall not be affected by any knowledge of facts or notice to the contrary, except for the Registrar's and Transfer Agent's own act or acts involving willful misconduct or gross negligence.

ARTICLE IV
TRUSTEE

Section 4.01. Acceptance by Bank as Trustee The Commission hereby appoints Bank to act as Trustee with regard to the accounts set forth herein for the 2012 Bonds, and Bank hereby agrees to perform the duties of Trustee as more fully set forth under this Article IV, upon the terms and subject to the conditions of this Agreement.

Section 4.02. Establishment of, and application of funds in, Bond Proceeds Funds The Trustee shall create a 2012 Series B Bond Proceeds Fund and a 2012 Series A Costs of Issuance Fund. The Trustee may make disbursements from the 2012 Series A Costs of Issuance Funds to pay such Costs of Issuance as set forth in Section 3.04(b) of the Sixth Consolidated Supplemental Resolution. The Trustee may make disbursements from the 2012 Series B Bond Proceeds Fund to pay costs of the projects as set forth in Series 3.01(b) of the Sixth Consolidated Supplemental Resolution.

From the proceeds of the 2012 Bonds, the Trustee acknowledges receipt of the sum of $8,225,219.06, which amounts shall be deposited into the various funds as follows:

(i) The sum of $228,045.52 of the proceeds of the 2012 A Bonds shall be deposited in the 2012 Series A Costs of Issuance Fund; and

(ii) The sum of $7,997,173.54 of the proceeds of the 2012 Series B Bonds shall be deposited in the 2012 Series B Bond Proceeds Fund.

Any amount on deposit with the Trustee may only be invested in Permitted Investments as defined in the Resolution and as directed in writing by the Commission. The Trustee shall not be liable or responsible for losses on investments made in compliance with the Commission's instructions.

ARTICLE V
MISCELLANEOUS

Section 5.01. Registrar's Fees and Expenses The Registrar's fees and expenses as compensation for the performance of its duties as Trustee, Registrar and Transfer Agent under the terms of this Agreement shall be as follows:

Annual Fee - $ 750.00/series

Fees and expenses quoted in this Section 5.01 are based upon current charges and expenses. The Registrar reserves the right to revise its fees and expenses in the normal course of business.

Section 5.02. Resignation of Registrar – Successor

(a) The Registrar may resign as Trustee, Registrar and Transfer Agent hereunder by giving Commission not less than 60 days' prior written notice of the effective date of such resignation. If at any time the Registrar shall cease to be eligible to act under this Agreement in any capacity it shall resign from such capacity in the manner and with the effect hereinafter specified.

(b) Upon receipt of the Registrar's notice of resignation in any of its capacities hereunder, Commission shall, within 45 days, appoint a successor Trustee, Registrar and Transfer Agent, as the case may be. In the event Commission fails to select a successor, the Registrar, at the Commission's expense may apply to a court of competent jurisdiction for the appointment thereof.

(c) The Registrar shall use its best efforts to make an orderly transition to its successors in any capacity thereunder by surrendering to its successors upon Commission's written order all documents reasonably required by the successor for the successor to perform its duties as such. The Registrar may retain copies of any such documents as it may deem appropriate.

(d) Upon the effective date of the succession to the duties of the Registrar by its successor and the surrender of all funds held by the Registrar to its successor, the Registrar's successor shall have all rights, duties and obligations which the

Registrar had thereunder in respect of the capacity or capacities assumed by such successor, and the Registrar shall have no further liability with respect thereto.

(e) Any corporation or association into which the Registrar in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Registrar in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Registrar in its individual capacity may be sold or otherwise transferred, shall be the Trustee, Registrar and Transfer Agent under this Agreement without further act.

Section 5.03. Limitations on Liability of Registrar

(a) The Registrar as Trustee, Registrar and Transfer Agent hereunder shall be protected in acting upon any written notice, request, waiver, consent, receipt or other paper or document furnished to it, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained, which it in good faith believes to be genuine.

(b) The Registrar as Trustee, Registrar and Transfer Agent hereunder shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except its own gross negligence or willfull misconduct.

(c) To the extent permitted by law, the Commission agrees to indemnify and save harmless the Registrar as Trustee, Registrar and Transfer Agent hereunder and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Registrar as Trustee, Registrar and Transfer Agent hereunder is authorized to rely pursuant to the terms of this Agreement. In addition to and not in limitation of the immediately preceding sentence, to the extent permitted by law, the Commission also agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Registrar's performance under this Agreement as Trustee, Registrar and Transfer Agent hereunder provided the Registrar has not acted with gross negligence or engaged in willful

misconduct. The provisions of this Section 5.03(c) shall survive the Registrar's resignation or removal or the termination of this Agreement. In no event shall the Registrar be liable for consequential, indirect or special damages, even if it has been advised of the possibility of such damages.

(d) The Registrar as Trustee, Registrar and Transfer Agent hereunder may consult with, and obtain advice from, legal counsel of its selection in the event any question as to any of the provisions hereof or its duties thereunder shall arise, and it shall incur no liability and shall be fully protected in acting or refraining from acting in good faith in accordance with the opinion and instructions of such counsel. The cost of such services shall be borne by Commission.

(e) The Registrar as Trustee, Registrar and Transfer Agent hereunder shall have no duties except those which are expressly set forth herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for the Commission, any of the parties ancillary to this transaction and the holders of the 2012 Bonds. The Registrar shall not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Agreement, unless in writing received by it, and, if its duties or liabilities as set forth herein are affected, unless it shall have given its prior written consent thereto.

(f) The permissive rights of the Registrar as Trustee, Registrar and Transfer Agent hereunder to do things enumerated in this Agreement shall not be construed as a duty.

(g) Whenever in the administration of this Agreement, the Registrar as Trustee, Registrar and Transfer Agent hereunder deems it desirable that a matter be proved or established before it takes, suffers or omits any action, the Registrar may rely upon a certificate of an Authorized Officer.

(h) Registrar as Trustee, Registrar and Transfer Agent hereunder shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report notice, direction, consent, order, or other paper or document.

(i) Except as otherwise expressly provided hereunder, the Registrar as Trustee, Registrar and Transfer Agent hereunder shall not be required to give or furnish any notice, demand, report, reply, statement advice or opinion to the Commission or any person, and the Registrar shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by express provisions hereof.

(j) No provision of this Agreement shall require the Registrar as Trustee, Registrar and Transfer Agent hereunder to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties.

(k) The Registrar as Trustee, Registrar and Transfer Agent hereunder shall not be accountable for the application by the Commission of the proceeds of the 2012 Bonds.

(j) The Registrar as Trustee, Registrar and Transfer Agent hereunder shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees, and shall not be responsible for the misconduct or negligence of such agents, attorneys, custodians and nominees appointed by it with due care.

Section 5.04. Renewal of Termination of Agreement This Agreement shall terminate at the end of the current fiscal year of the Commission, and thereafter be automatically renewed for each subsequent fiscal year. The Commission may terminate this Agreement at any time by giving Registrar 60 day's prior written notice of the effective date of such termination. Should the Commission elect to terminate this Agreement and appoint a successor Trustee, Registrar and Transfer Agent, the Registrar reserves the right to charge and be paid by the Commission for the costs of transferring records, notifying bondholders and for any other duties that need to be performed. These costs are in addition to those specified in Section 5.01.

Section 5.05 Electronic Communications The Registrar as Trustee, Registrar and Transfer Agent hereunder agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that each of the other parties hereto desiring to provide such directions shall provide to the Registrar as Trustee, Registrar and Transfer Agent an incumbency certificate listing persons with authority to act hereunder, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Commission elects to give the Registrar as Trustee, Registrar and Transfer Agent hereunder e-mail or facsimile instructions (or instructions by a similar electronic method) and the said Registrar in its discretion elects to act upon such instructions, the said Registrar's understanding of such instructions shall be deemed controlling. The Registrar as Trustee, Registrar and Transfer Agent hereunder shall not be liable for any losses, costs or expenses arising directly or indirectly from the said Registrar's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Commission agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Registrar as Trustee, Registrar and Transfer Agent hereunder, including without limitation the risk of the said Registrar acting on unauthorized instructions, and the risk or interception and misuse by third parties.

[Remainder of Page Intentionally Left Blank]

Executed as of this 26th day of June, 2012.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

THE BANK OF NEW YORK MELLON

By: _____
Name: Thomas A. Vlahakis
Title: Vice President

Executed as of this 26th day of June, 2012.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

THE BANK OF NEW YORK MELLON

By: _____
Name: Rosemary Melendez
Title: Vice President

3671558 (10791.8)

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE OF WEST VIRGINIA MUNICIPAL BOND COMMISSION

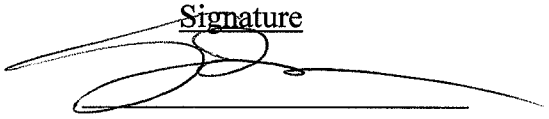
The undersigned, on behalf of the West Virginia Municipal Bond Commission (the "MBC"), in accordance with a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System, predecessors to the Higher Education Policy Commission (the "Commission"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution adopted on May 9, 2012 and the Seventh Consolidated Supplemental Resolution adopted on May 30, 2012 (collectively, the "Resolution"), and a Certificate of Determination dated June 12, 2012 (the "Certificate of Determination") with respect to the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds") in the aggregate principal amount of $132,165,000, certifies as follows.

1. The MBC is a commission of the State of West Virginia with the statutory duty, among other things, to serve as fiscal agent for revenue bonds issued by commissions of the State of West Virginia, and is lawfully empowered, pursuant to such laws, to execute and accept the duties as Paying Agent for the 2012 Bonds and as Escrow Trustee for the portion of the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Educational Facilities) 2004 Series B (the "2004 B Bonds") to be advanced refunded, as provided under the Resolution and the Certificate of Determination, and does hereby accept the duties and obligations as Paying Agent and as Escrow Trustee imposed thereon by the Resolution and the Certificate of Determination for the benefit of the Commission, the holders of the 2012 Bonds, and The Bank of New York Mellon, as the Trustee, Registrar and Transfer Agent (collectively, the "Beneficiaries"), and acknowledges and agrees that the Beneficiaries may and will rely on the obligations of MBC accepted and assumed hereby.

2. The person indicated below is now the acting incumbent of her respective office, and, such person, in her official capacity, is authorized to execute and deliver the Escrow Agreement and such other documents as are necessary to complete the financing described in the Resolution for and on behalf of the MBC.

3. The MBC hereby acknowledges the receipt of the 2012 A Bond proceeds in the amount of $134,399,083.38 to be deposited into the 2012 Series A Escrow Fund to be used to refund a portion of the 2004 B Bonds to be refunded in accordance with the Escrow Agreement.

4. Appearing opposite the respective name of the person indicated below is her true and correct title and true and correct specimen of her signature:

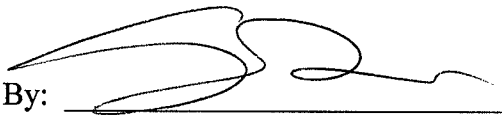
Name	Title	Signature
Sara Boardman	Executive Director	

5. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the West Virginia Municipal Bond Commission has caused this Certificate to be executed by its duly authorized officer this 26th day of June, 2012.

WEST VIRGINIA MUNICIPAL BOND COMMISSION



By: _____
Sara Boardman, Executive Director

3672846 (10791.0008)

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

ORDER AS TO AUTHENTICATION AND DELIVERY OF BONDS AND APPLICATION OF BOND PROCEEDS

June 26, 2012

The Bank of New York Mellon
as Trustee, Registrar and Transfer Agent
West Paterson, New Jersey

Ladies and Gentlemen:

We herewith hand to you, The Bank of New York Mellon, in your capacity as Trustee, Registrar and Transfer Agent (the "Registrar"), the State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and the State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"), in the aggregate principal amount of $132,165,000, duly executed and issued by the Higher Education Policy Commission (the "Commission") and authorized to be issued under and pursuant to the Resolution (as hereinafter defined) of the Commission.

As of this date, we have delivered to you:

A. Copies of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees, predecessor to the Commission, and the General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System, predecessor to the Commission, as amended, consolidated and supplemented from time to time, including and the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012, and the Seventh Consolidated Supplemental Resolution adopted May 30, 2012 (collectively, the "Resolutions"), all certified by the Secretary of the Commission;

B. A copy of the Certificate of Determination of the Commission dated June 12, 2012;

C. The opinion of Spilman Thomas & Battle, PLLC, bond counsel, dated June 26, 2012, delivered in connection with the issuance of the 2012 Bonds, to the effect that (i) the Sixth Consolidated Supplemental Resolution and the Seventh Consolidated Supplemental Resolution have been duly and lawfully adopted and each is in full force and effect; (ii) the General Resolution has been duly and lawfully adopted and is valid and binding upon, and enforceable against the Commission (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting the rights and remedies of creditors); (iii) the General Resolution creates the valid pledge which it purports to create of the Revenues, and monies and securities on deposit in any of the Funds established thereunder (other than a Purchase Fund, if any), subject to the application thereof to the purposes and on the conditions permitted in the General Resolution; and (iv) upon execution and delivery thereof, the 2012 Bonds will have been duly and validly authorized and issued in accordance with the General Resolution;

D. This written order of the Commission, dated June 26, 2012, as to the authentication, registration and delivery of the 2012 Bonds and the application of the proceeds thereof, signed by the Chancellor of the Commission; and

E. A Certificate of the Commission, dated June 26, 2012, signed by the Chancellor of the Commission, responsive to Section 2.04 of the General Resolution, to the effect that:

(i) all payments into the respective funds and accounts provided for in the General Resolution and any Related Supplemental Resolution respecting Bonds heretofore issued and currently Outstanding have been made in full to the date of issuance and delivery of the 2012 Bonds and no Event of Default under the General Resolution or any Related Supplemental Resolution is now existing;

(ii) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in Section 1.01 of the General Resolution, collected by the Commission for the last Fiscal Year preceding the date of issuance of the 2012 Bonds have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year hereafter on the 2012 Bonds and the Prior Bonds; or

(iii) (a) the Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the Commission for the last Fiscal Year preceding the date of issuance of the 2012 Bonds, plus Projected Revenues (as defined below) have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year hereafter on the 2012 Bonds and the Prior Bonds; and (b) Projected Revenues have not been greater than 20% of the largest amount of Debt Service

due in any Fiscal Year hereafter on the 2012 Bonds and the Prior Bonds. For purposes of this section (c), Projected Revenues may include any Revenues which were not in effect or which were not pledged under the General Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of the 2012 Bonds; and

F. A copy of the Trustee, Registrar and Transfer Agreement between the Commission and the Registrar.

The proceeds of the 2012 Bonds, together with other monies, shall be deposited as follows:

(a) Proceeds of the 2012 A Bonds in the amount of $134,399,083.38, together with $2,027,749.48 remaining in the 2004 A Bonds (Higher Education Facilities) Bond Proceeds Fund and $42,766.03 remaining in the 2004 B Bonds (Higher Education Facilities) Bond Proceeds Fund, shall be deposited with the West Virginia Municipal Bond Commission, as Escrow Trustee, to be held in the Escrow Fund and used to refund a portion of the 2004 B Bonds to be refunded in accordance with the Escrow Agreement.

(b) Proceeds of the 2012 A Bonds in the amount of $228,045.52 shall be deposited in the 2012 Series A Costs of Issuance Fund.

(c) Proceeds of the 2012 B Bonds in the amount of $7,997,173.54 shall be deposited in the 2012 Series B Bond Proceeds Fund.

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

[Signatures Follow]

You are hereby requested and authorized to authenticate and deliver the 2012 Bonds, on behalf of the Commission, to Cede & Co. for the benefit of Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co., as original purchasers of the 2012 Bonds.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Paul Hill, Ph.D., Chancellor

ATTEST:

_____
Kathy G. Eddy, Secretary

You are hereby requested and authorized to authenticate and deliver the 2012 Bonds, on behalf of the Commission, to Cede & Co. for the benefit of Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co., as original purchasers of the 2012 Bonds.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Paul Hill, Ph.D., Chancellor

ATTEST:

Kathy G. Eddy, Secretary

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

RECEIPT FOR BONDS

On the date hereof, the undersigned, a duly authorized officer of Citigroup Global Markets Inc., on behalf of itself, Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Original Purchasers") acknowledges receipt from The Bank of New York Mellon, as Registrar (the "Registrar") on behalf of the Higher Education Policy Commission (the "Commission") of $132,165,000 aggregate principal amount of the Commission's State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds").

The 2012 Bonds are issued by the Commission pursuant to the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees, predecessor to the Commission, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted on May 9, 2012 and the Seventh Consolidated Supplemental Resolution of the Commission adopted on May 30, 2012 (as the same has otherwise been amended, consolidated and supplemented from time to time, collectively, the "Resolution"). The 2012 Bonds (i) are dated June 26, 2012, bear interest from said date, payable semiannually on April 1 and October 1 of each year until maturity or prior redemption, commencing October 1, 2012, (ii) are in the form of one bond for each stated maturity, and, with respect to the 2012 A Bonds are numbered from AR-1 consecutively upward in order of authentication, and with respect to the 2012 B Bonds are numbered from BR-1 consecutively upward in order of authentication, and (iii) are all registered in the name of Cede & Co.

Dated this 26th day of June, 2012.

CITIGROUP GLOBAL MARKETS INC., on behalf of itself, CREWS & ASSOCIATES, INC. and PIPER JAFFRAY & CO.

By: _____
Name: Paul T. Creedon
Title: Managing Director

3653525 (10791.8)

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE OF DELIVERY AND PAYMENT

I, Paul Hill, Ph.D., Chancellor, of the Higher Education Policy Commission (the "Commission"), hereby certify as follows:

On the date hereof, the Commission has caused $132,165,000 in aggregate principal amount of State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"), to be delivered to Citigroup Global Markets Inc., on behalf of itself, Crews & Associates, Inc. and Piper Jaffray & Co., upon receipt of payment of the purchase price of and accrued interest on such 2012 Bonds as follows:

Par	$132,165,000.00
Plus : Net Premium	$ 11,130,550.00
Less: Underwriter's Discount	($ 671,247.56)
Amount this day received	$142,624,302.44

The proceeds received shall be deposited as follows:

(i) The sum of $134,399,083.38 of the proceeds of the 2012 A Bonds shall be deposited into the Escrow Fund held by the Paying Agent to be used to refund a portion of the 2004 B Bonds to be refunded in accordance with the Escrow Agreement;

(ii) The sum of $228,045.52 of the proceeds of the 2012 B Bonds shall be deposited in the 2012 Series A Costs of Issuance Fund; and

(iii) The sum of $7,997,173.54 of the proceeds of the 2012 Series B Bonds shall be deposited in the 2012 Series B Bond Proceeds Fund.

Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of June, 2012.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Paul Hill, Ph.D.
Title: Chancellor

Certificate of Delivery and Payment
3653516 (10791.8)

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE REGARDING ADDITIONAL BONDS

The undersigned, Dr. Paul Hill, Chancellor of the Higher Education Policy Commission (the "Commission"), hereby certifies pursuant to Section 2.04 of the General Resolution (as defined herein), for and on behalf of the Commission, to The Bank of New York Mellon, as Trustee, Registrar and Transfer Agent (the "Registrar") for the $132,165,000 aggregate principal amount of State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"), pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees, predecessor to the Commission, and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System, predecessor to the Commission, as amended, consolidated and supplemented from time to time, (collectively, the "General Resolution"), including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution," and sometimes hereinafter collectively with the General Resolution and the Sixth Supplemental Resolution, the "Resolution"), and the Certificate of Determination dated June 12, 2012, as follows:

(i) all payments into the respective funds and accounts provided for in the General Resolution and any Related Supplemental Resolution respecting Bonds heretofore issued and currently Outstanding have been made in full to the date of issuance and delivery of the 2012 Bonds and no Event of Default under the General Resolution or any Related Supplemental Resolution is now existing; and

(ii) the Revenues of the type set forth in subsection (i) of the definition of "Revenues" in Section 1.02 of the General Resolution, collected by the Commission for the last Fiscal Year preceding the date of issuance of the 2012 Bonds have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year hereafter on the 2012 Bonds and the Prior Bonds; or

(iii) (a) the Revenues (excluding proceeds of any Bonds and earnings thereon) collected by the Commission for the last Fiscal Year preceding the date of issuance of the 2012 Bonds, plus Projected Revenues (as defined below) have been not less than 100% of the largest amount of Debt Service due in any Fiscal Year hereafter on the 2012 Bonds and the Prior Bonds; and (b) Projected Revenues have not been greater than 20% of the largest amount of Debt Service due in any Fiscal Year hereafter on the 2012 Bonds and the Prior Bonds. For purposes of this section (iii), Projected Revenues may include any Revenues which were not in effect or which were not pledged under the General Resolution during the last Fiscal Year, but which have been adopted, charged and pledged prior to or contemporaneously with the issuance of Bonds.

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the General Resolution and all Related Supplemental Resolutions.

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IN WITNESS WHEREOF, I have duly executed this Certificate this 26th day of June, 2012.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

CERTIFICATE OF THE WEST VIRGINIA LOTTERY

The undersigned, John C. Musgrave, Director of the West Virginia Lottery, (the "WV Lottery") hereby certifies as follows:

1. I have no reason to believe that the audited annual and unaudited interim financial statements relating to the West Virginia Lottery included as Appendix F in the Official Statement do not fairly present the respective financial positions and results of operations of the West Virginia Lottery as of the dates and for the periods therein set forth, and such financial statements have been prepared in conformity with generally accepted accounting principles (or, alternatively, generally accepted auditing principles) consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto.

2. Since June 30, 2011, there has not been any material adverse change in the properties, financial position or results of operations of the West Virginia Lottery, whether or not arising from transactions in the ordinary course of business, other than as set forth in the Official Statement, and since such date the West Virginia Lottery has not entered into any transaction or incurred any liability material as to the West Virginia Lottery, except as set forth in the Official Statement.

3. There are not pending or, to my knowledge, threatened, legal or administrative proceedings to which the West Virginia Lottery or the State Lottery Commission (the "State Lottery Commission") is a party or to which property of the West Virginia Lottery or the State Lottery Commission is subject, which are material as to the West Virginia Lottery or the State Lottery Commission and not disclosed in the Official Statement or which will materially and adversely affect the transactions contemplated in the Bond Purchase Agreement dated June 12, 2012 (the "Bond Purchase Agreement"), by and among the West Virginia Higher Education Policy Commission (the "Commission") and Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper

Jaffray & Co. (the "Underwriters") or by the Official Statement or which will materially and adversely affect the validity or enforceability of the above-captioned Bonds or the Bond Purchase Agreement.

4. The information contained in the Official Statement relating to the West Virginia Lottery, the Lottery Act and the State Lottery Commission, including but not limited to the statements and financial information contained in the Official Statement under the caption "Revenues, Debt Service Coverage And Select Financial Information," "Investment Considerations" (excluding only the portion of that caption appearing immediately beneath the subcaption "No Mortgage or Other Interest"), "Independent Auditors", "Appendix E" and "Appendix F" (collectively, the "Lottery Official Statement Information") is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The West Virginia Lottery has complied, or has caused the West Virginia Department of Administration on its behalf to comply with all continuing disclosure obligations applicable to it, except as set forth under the caption "Continuing Disclosure" in the Official Statement.

6. If, at any time prior to the expiration of ninety (90) days following the Closing, any event occurs (including events of which such officer has received notice by any means) as a result of which the Lottery Official Statement Information, as then amended or supplemented might include an 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, in any material respect, such officer shall promptly notify the Underwriters thereof and, upon request of the Underwriters, shall assist in the preparation of an amendment or supplement which will correct such statement or omission at the expense of the Commission.

Except as otherwise indicated, all capitalized words and terms used herein shall have the same meaning as set forth in the Bond Purchase Agreement dated June 12, 2012, between the Commission and the Underwriters.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this 26th day of June, 2012.

WEST VIRGINIA LOTTERY COMMISSION

By: _____
Name: John C. Musgrave
Title: Director of the West Virginia Lottery

3653767 (10791.8)

SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

June 26, 2012

West Virginia Higher Education Policy Commission
Charleston, West Virginia

The Bank of New York Mellon
Woodland Park, New Jersey

West Virginia Municipal Bond Commission
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the State of West Virginia Higher Education Policy Commission (the "Issuer") in connection with the issuance of its $124,190,000 Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), dated June 26, 2012. We have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined an unauthenticated specimen of a 2012 Series A Bonds. Capitalized terms used and not otherwise defined herein shall have the respective meanings given them in the Resolution (as hereinafter defined).

The Issuer, a commission of the State of West Virginia (the "State"), is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees (collectively, the "Boards") and is empowered and authorized to issue bonds pursuant to Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, Chapter 13, Article 2G, and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act") in furtherance of the public purposes as found and determined by the Legislature of West Virginia as set forth in the Act. The 2012 Series A Bonds are issued pursuant to the Act and other applicable laws, and in accordance with a General Resolution adopted by each of the Boards on September 9, 1992 (the "General Resolutions"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Issuer adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated

Supplemental Resolution of the Issuer adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution" and together with the General Resolutions and the Sixth Consolidated Supplemental Resolution, collectively, the "Resolution").

Proceeds of the 2012 Series A Bonds will be used for the purpose of advance refunding a portion of the Issuer's Revenue Refunding Bonds (Higher Education Facilities), 2004 Series B and to pay costs associated with the issuance of the 2012 Series A Bonds.

Under the Resolution, the Issuer has pledged the revenues which are comprised of (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of the 2012 Series A Bonds held in the various funds and accounts created under the Resolution and permitted, in accordance with the Resolution, to be credited to any such fund, (ii) the component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004 and (iii) excess lottery revenues deposited in the Higher Education Improvement Fund as provided for in Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (collectively, the "Revenues") for the payment of principal of, premium (if any) and interest on the 2012 Series A Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of Bruce R. Walker, Esquire, as counsel to the Issuer, dated of even date herewith, with respect to (i) the power and authority of the Issuer to enter into the Bond Purchase Agreement dated June 12, 2012, by and between Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (the "Bond Purchase Agreement"), (ii) the due authorization, execution and delivery by the Issuer of the Bond Purchase Agreement and (iii) the binding effect and enforceability of the Bond Purchase Agreement upon the Issuer. No opinion as to such matters is expressed herein.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Issuer with respect to certain facts relevant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer has covenanted to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the 2012 Series A Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the 2012 Series A Bonds, all as set forth in the proceedings and documents providing for the issuance of the 2012 Series A Bonds (the "Covenants"). The opinions herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties.

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

1. The Issuer is a commission of the State of West Virginia (the "State") with power to adopt the Resolution, to execute and deliver the bond documents, and to perform the agreements on its part contained therein and to issue the 2012 Series A Bonds.

2. The Resolution has been duly adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

3. The Resolution creates the valid pledge which it purports to create on the Revenues (as defined therein), and other funds and accounts pledged under the Resolution, subject to the terms thereof.

4. The Escrow Agreement dated as of the date hereof between the Issuer and the West Virginia Municipal Bond Commission has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with the terms thereof.

5. The 2012 Series A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

6. The 2012 Series A Bonds are limited obligations of the Issuer payable solely out of the Revenues, and other funds and accounts pledged under the Resolution. The State is not obligated to pay the principal or redemption price of or interest on the 2012 Series A Bonds. The 2012 Series A Bonds shall not constitute or give rise to a general obligation or other indebtedness of the Issuer or the State within the meaning of any constitutional limitation.

7. Under the Act, the 2012 Series A Bonds and the interest thereon are exempt from all taxation by the State, or by any county, school district, municipality, or political subdivision thereof.

8. Under current law, interest on the 2012 Series A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The preceding opinion is subject to the condition that all requirements of the Code that must be satisfied subsequent to the issuance of the 2012 Series A Bonds in order that interest on the 2012 Series A Bonds be, or continue to be, excludable from gross income for federal income tax purposes are so satisfied, and therefore failure by the Issuer to comply with the Covenants, among other things, could cause interest on the 2012 Series A Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. Except as set forth in this Paragraph 8, we express no opinion regarding any other tax consequences of the ownership of or receipt or accrual of interest on the 2012 Series A Bonds. Furthermore, we express no opinion as to the effect on the excludability of the interest on the 2012 Series A Bonds from gross income of (a) any event for which the Resolution requires the obtaining of an opinion of Bond Counsel or (b) any amendment of the Resolution or waiver of the terms thereof.

It is to be understood that the rights of the holders of the 2012 Series A Bonds and the enforceability of the 2012 Series A Bonds, the Resolution and the liens and pledges set forth therein are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion. We

express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2012 Series A Bonds (except to the extent, if any, stated in the Official Statement), or regarding the perfection or priority of the lien on Revenues or other funds created by the Resolution except as provided in the Act. Further, we express no opinion regarding tax consequences arising with respect to the 2012 Series A Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2012 Series A Bonds and the tax-exempt status of the interest on the 2012 Series A Bonds.

Very truly yours,

Spilman Thomas & Battle, PLLC

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

June 26, 2012

Citigroup Global Markets Inc.
New York, NY

Crews & Associates, Inc.
Charleston, WV

Piper Jaffray & Co.
Charleston, WV

Ladies and Gentlemen:

We have delivered our bond counsel opinion of even date herewith for the above-referenced bonds, a copy of which is attached hereto and incorporated herein. You may rely upon this opinion as if specifically addressed to you.

Very truly yours,

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC

3727634 (10791.8)

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

June 26, 2012

West Virginia Higher Education Policy Commission
Charleston, West Virginia

The Bank of New York Mellon
Woodland Park Paterson, New Jersey

West Virginia Municipal Bond Commission
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the West Virginia Higher Education Policy Commission (the "Issuer") in connection with the issuance of its $7,975,000 Revenue Bonds (Higher Education Facilities), 2012 Series B (the "2012 Series B Bonds"), dated June 26, 2012. We have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined an unauthenticated specimen of a 2012 Series B Bond. Capitalized terms used and not otherwise defined herein shall have the respective meanings given them in the Resolution (as hereinafter defined).

The Issuer, a commission of the State of West Virginia (the "State"), is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees (collectively, the "Boards") and is empowered and authorized to issue bonds pursuant to Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41 (collectively, the "Act") in furtherance of the public purposes as found and determined by the Legislature of West Virginia as set forth in the Act. The 2012 Series B Bonds are issued pursuant to the Act and other applicable laws, and in accordance with a General Resolution adopted by each of the Boards on September 9, 1992 (the "General Resolutions"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Issuer adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the

Issuer adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution" and together with the General Resolutions and the Sixth Consolidated Supplemental Resolution, collectively, the "Resolution").

Proceeds of the 2012 Series B Bonds will be used to finance a portion of the costs of capital improvements at state institutions of higher education, and to pay costs associated with the issuance of the 2012 Series B Bonds.

Under the Resolution, the Issuer has pledged the revenues which are comprised of (i) registration and tuition fees and any earnings attributable to the investment of monies, including proceeds of the 2012 Series B Bonds held in the various funds and accounts created under the Resolution and permitted, in accordance with the Resolution, to be credited to any such fund, (ii) the component part of the required educational and general capital fees of the Institutions that constituted registration and tuition fees in effect as of March 21, 2004 and (iii) excess lottery revenues deposited in the Higher Education Improvement Fund as provided for in Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended (collectively, the "Revenues") for the payment of principal of, premium (if any) and interest on the 2012 Series B Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of Bruce R. Walker, Esquire, as counsel to the Issuer, dated of even date herewith, with respect to (i) the power and authority of the Issuer to enter into the Bond Purchase Agreement dated June 12, 2012, by and between Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (the "Bond Purchase Agreement"), (ii) the due authorization, execution and delivery by the Issuer of the Bond Purchase Agreement and (iii) the binding effect and enforceability of the Bond Purchase Agreement upon the Issuer. No opinion as to such matters is expressed herein.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Issuer with respect to certain facts relevant to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Issuer has covenanted to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the 2012 Series B Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the 2012 Series B Bonds, all as set forth in the proceedings and documents providing for the issuance of the 2012 Series B Bonds (the "Covenants"). The opinions herein may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters that come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties.

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

1. The Issuer is a commission of the State of West Virginia (the "State") with power to adopt the Resolution, to execute and deliver the bond documents, and to perform the agreements on its part contained therein and to issue the 2012 Series B Bonds.

2. The Resolution has been duly adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

3. The Resolution creates the valid pledge which it purports to create on the Revenues (as defined therein), and other funds and accounts pledged under the Resolution, subject to the terms thereof.

4. The 2012 Series B Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

5. The 2012 Series B Bonds are limited obligations of the Issuer payable solely out of the Revenues, and other funds and accounts pledged under the Resolution.

The State is not obligated to pay the principal or redemption price of or interest on the 2012 Series B Bonds. The 2012 Series B Bonds shall not constitute or give rise to a general obligation or other indebtedness of the Issuer or the State within the meaning of any constitutional limitation.

6. Under the Act, the 2012 Series B Bonds and the interest thereon are exempt from all taxation by the State, or by any county, school district, municipality, or political subdivision thereof.

7. Under current law, interest on the 2012 Series B Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although we observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The preceding opinion is subject to the condition that all requirements of the Code that must be satisfied subsequent to the issuance of the 2012 Series B Bonds in order that interest on the 2012 Series B Bonds be, or continue to be, excludable from gross income for federal income tax purposes are so satisfied, and therefore failure by the Issuer to comply with the Covenants, among other things, could cause interest on the 2012 Series B Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. Except as set forth in this Paragraph 8, we express no opinion regarding any other tax consequences of the ownership of or receipt or accrual of interest on the 2012 Series B Bonds. Furthermore, we express no opinion as to the effect on the excludability of the interest on the 2012 Series B Bonds from gross income of (a) any event for which the Resolution requires the obtaining of an opinion of Bond Counsel or (b) any amendment of the Resolution or waiver of the terms thereof.

It is to be understood that the rights of the holders of the 2012 Series B Bonds and the enforceability of the 2012 Series B Bonds, the Resolution and the liens and pledges set forth therein are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2012 Series B Bonds (except to the extent, if any, stated in the Official Statement), or regarding the perfection

or priority of the lien on Revenues or other funds created by the Resolution except as provided in the Act. Further, we express no opinion regarding tax consequences arising with respect to the 2012 Series B Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2012 Series B Bonds and the tax-exempt status of the interest on the 2012 Series B Bonds.

Very truly yours,

Spilman Thomas & Battle, PLLC

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

June 26, 2012

Citigroup Global Markets Inc.
New York, NY

Crews & Associates, Inc.
Charleston, WV

Piper Jaffray & Co.
Charleston, WV

Ladies and Gentlemen:

We have delivered our bond counsel opinion of even date herewith for the above-referenced bonds, a copy of which is attached hereto and incorporated herein. You may rely upon this opinion as if specifically addressed to you.

Very truly yours,

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC

3725284 (10791.8)

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

June 26, 2012

Higher Education Policy Commission
Charleston, WV

Citigroup Global Markets Inc.
New York, NY

Crews & Associates, Inc.
Charleston, WV

Piper Jaffray & Co.
Charleston, WV

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced Bonds (the "Bonds") of the Higher Education Policy Commission (the "Commission"), issued pursuant to the Constitution and laws of the State, including particularly Chapter 18, Article 12B, Chapter 18B, Articles 1 and 10, Chapter 13, Article 2G and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41, and pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees, predecessor to the Commission, and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State

College System, predecessor to the Commission, as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012, and the Seventh Consolidated Supplemental Resolution of the Commission adopted on May 30, 2012 (collectively, the "Resolution").

We are herewith rendering our final approving opinion of even date in connection with the authorization, issuance and delivery of the Bonds to Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters") named in the Bond Purchase Agreement dated June 12, 2012, between the Commission and the Underwriters (the "Bond Purchase Agreement"), relating to the Bonds. Capitalized terms used herein but not defined herein shall have the meanings set forth in the Bond Purchase Agreement.

In rendering this opinion, we reviewed records of the acts taken by the Commission in connection with the authorization, sale and issuance of the Bonds, including a record of proceedings of the Commission relating to the authorization, execution and delivery of the Bond Purchase Agreement, and we were present at various meetings for the preparation of various parts of the Official Statement relating to the Bonds, dated and executed by the Chancellor of the Commission on June 12, 2012 (the "Official Statement").

Reference is made to the opinion of Bruce R. Walker, Esquire, as counsel to the Commission with respect to the matters identified therein.

Based upon the foregoing, we are of the opinion that:

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriters and that it is a binding agreement of the Underwriters in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Commission.

2. The Official Statement has been duly approved, signed and delivered by the Commission.

3. The Bond Documents have been duly authorized, executed, acknowledged and delivered by the Commission and, assuming due authorization, execution and delivery by the other parties thereto, are the legal, valid and binding agreements of the Commission enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by

bankruptcy, insolvency or other laws and equitable principles affecting the rights of creditors and to the exercise of judicial discretion).

4. The statements contained in the Official Statement under the captions "Summary," "Introduction," "The 2012 Series Bonds," "Security for the 2012 Series Bonds," "Tax Matters," "Appendix G – Summary of Certain Provisions of the Principal Documents," and "Appendix H – Proposed Form of Opinion of Bond Counsel" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

5. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

For purposes of our opinion regarding the binding effect of the Bond Purchase Agreement to which the Underwriters are a party, we have assumed that the Underwriters are qualified to do business in West Virginia to the extent that such qualification is required by the nature of this transaction or the Underwriters' other activities in the State of West Virginia.

This letter is furnished to you solely for your information, and for assistance to you in conducting and documenting your investigation in connection with the issuance of the Bonds and is solely for your benefit.

Very truly yours,

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC

David K. Hendrickson
Chair

Paul L. Hill
Interim Chancellor

West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard East, Suite 700
Charleston, WV 25301
(304) 558-2102
www.hepc.wvnet.edu

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

June 26, 2012

Spilman Thomas & Battle, PLLC
Charleston, WV

Higher Education Policy Commission
Charleston, WV

Citigroup Global Markets Inc.
New York, NY

Crews & Associates, Inc.
Charleston, WV

Piper Jaffray & Co.
Charleston, WV

Ladies and Gentlemen:

I have acted as Counsel to the Higher Education Policy Commission (the "Commission") in connection with the sale by the Commission of the above-captioned bonds (the "2012 Bonds") to Citigroup Global Markets Inc., acting on its behalf and on behalf of the other underwriters, Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriter"),

pursuant to a bond purchase agreement dated June 12, 2012 (the "Bond Purchase Agreement") between the Commission and the Underwriter. The 2012 Bonds are issued pursuant to the General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992, as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted on May 9, 2012 and the Seventh Consolidated Supplemental Resolution of the Commission adopted on May 30, 2012 (collectively, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings assigned in the Bond Purchase Agreement.

I have examined the Preliminary Official Statement, the Official Statement, executed counterparts of the Bond Purchase Agreement and the other documents to which the Commission is a party (the "Bond Documents"), pertinent proceedings of the Commission, certificates executed by officers of the Commission, and such other certificates, proceedings and documents as I have deemed necessary in connection with the opinions hereinafter set forth. As to various questions of fact material to my opinion, I have relied upon the representations made in the Bond Documents and upon certificates of the officers of the Commission.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the opinion that:

1. There is no litigation pending or, to my knowledge, threatened (a) to restrain or enjoin the issuance or delivery of any of the 2012 Bonds or the collection of the Revenues and other funds pledged under the Resolution and other Bond Documents, (b) in any way contesting the power or the authority of the Commission for the issuance of the 2012 Bonds or the validity of the Resolution, the 2012 Bonds, the Bond Purchase Agreement or the Bond Documents, or (c) in any way contesting the existence or powers of the Commission relating to the issuance of the 2012 Bonds.

2. To the best of my knowledge, no event affecting the Commission has occurred since the date of the Preliminary Official Statement or the Official Statement, as applicable, that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Commission not misleading in any material respect.

3. The Commission is validly existing under the provisions of the Act, has complied with all requirements of the Act that must be satisfied upon and subsequent to issuance of the 2012 Bonds, and has full legal right, power and authority to enter into the Bond Documents and each constitutes the legal, valid and binding agreement of the Commission enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Commission is party or otherwise subject or bound.

4. The Commission has entered into a Continuing Disclosure Agreement with The Bank of New York Mellon, as Dissemination Agent, dated the date hereof to comply with all continuing disclosure obligations applicable to it under 17 CFR §240.15c2-12.

5. The Preliminary Official Statement and the Official Statement have been duly approved, executed and delivered by the Commission.

6. The statements contained in the Official Statement under the captions "Summary," "Introduction," "The Commission," "West Virginia Higher Education," "Security For The 2012 Series Bonds," "Plan of Finance," "Revenues, Debt Service Coverage and Select Financial Information," (as such information pertains to the Commission), "Litigation," "Continuing Disclosure," "Appendix A – State Institutions of Higher Education," Appendix B – Project List," and "Appendix D – Information Concerning the Commission and the General Resolution" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

Very truly yours,

Bruce Ray Walker, General Counsel to the
West Virginia Higher Education Policy Commission

GOODWIN

Goodwin & Goodwin, LLP
P.O. Box 2107
Charleston, WV 25328-2107

300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
F (304) 344-9692
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June 26, 2012

Citigroup Global Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Re: $124,190,000 State of West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A and
$7,975,000 State of West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities), 2012 Series B (collectively, the "Bonds")

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to the Bond Purchase Agreement dated June 12, 2012 (the "Agreement"), between Citigroup Global Markets Inc., as the representative acting on behalf of itself, Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters"), and the West Virginia Higher Education Policy Commission (the "Commission") relating to the sale of the Bonds. The terms defined in the Agreement are used in this opinion with the meanings assigned to them in this Agreement.

We have acted as your counsel in connection with the issuance and sale of the Bonds to you, and in that capacity have examined an executed counterpart of the Agreement and the Certificate of Governor Approving Issuance of Bonds, dated May 30, 2012. We have also examined the originals or copies, certified or otherwise identified to our satisfaction, of such other documents, corporate records and other instruments, as we have deemed necessary or advisable for purposes of this opinion.

In connection with the preparation of the Preliminary Official Statement, dated June 1, 2012, and the Final Official Statement dated June 12, 2012 (collectively, the "Official Statement"), we have generally reviewed information furnished to us by, and have participated in conferences with, representatives and officials of the Commission, its counsel, your representatives and Spilman Thomas & Battle, PLLC, Bond Counsel. We have also reviewed other records relating to the authorization, issuance and sale of the Bonds and have relied upon certificates of officials of the Commission and upon written opinions and letters received from the Commission and independent certified public accountants.

GOODWIN

We have considered the information contained in the Official Statement and, based upon our review and discussions and in reliance upon the accuracy of the information contained in the aforementioned certificates, written opinions and letters, nothing has come to our attention that leads us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. We express no opinion as to the financial statements included in the Official Statement, and we express no opinion as to any other financial or statistical data included in the Official Statement or the Appendices thereto.

The Agreement has been validly authorized, executed and delivered by and on behalf of the Underwriters and, assuming due authorization, execution and delivery by the Commission, constitutes a valid and binding agreement, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

In addition, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Sixth Consolidated Supplemental Resolution dated May 9, 2012, and the Seventh Consolidated Supplemental Resolution dated May 30, 2012, approved by the Commission are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

We are further of the opinion that the Continuing Disclosure Agreement satisfies as to form the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), which provides for an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices to various repositories at the times and in the manner required by the Rule.

Respectfully submitted,

Goodwin & Goodwin, LLP

Goodwin & Goodwin, LLP

June 26, 2012

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

Higher Education Policy Commission
Charleston, West Virginia

West Virginia Municipal Bond Commission
Charleston, West Virginia

The Bank of New York Mellon
Woodland Park, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced Bonds (collectively, the "2012 Bonds") of the Higher Education Policy Commission (the "Commission"), issued pursuant to Chapter 18B, Articles 1 and 10, Chapter 18, Article 12B and Chapter 13, Article 2G and Chapter 29, Article 22, Sections 18a and 18c of the Code of West Virginia, 1931, as amended, and Senate Concurrent Resolution No. 41, and in accordance with a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees, predecessor to the Commission, and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System, predecessor to the Commission (collectively, the "General Resolution"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted on May 9, 2012 (the "Sixth Consolidated Supplemental Resolution") and the Seventh Consolidated Supplemental Resolution of the Commission adopted

May 30, 2012 (the "Seventh Consolidated Supplemental Resolution" and collectively with the General Resolution and the Sixth Consolidated Supplemental Resolution, the "Resolution"). Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Resolution.

In rendering this opinion, we reviewed records of the acts taken by the Commission in connection with the authorization, sale and issuance of the 2012 Bonds, including the record of proceedings of the Commission relating to the authorization, execution and delivery of the 2012 Bonds.

The opinion in this paragraph is being rendered pursuant to Section 2.03(b) of the General Resolution and Section 2.07(C) of the Sixth Consolidated Supplemental Resolution. We are of the opinion that: (i) the Sixth Consolidated Supplemental Resolution and the Seventh Consolidated Supplemental Resolution have been duly and lawfully adopted and each is in full force and effect; (ii) the General Resolution has been duly and lawfully adopted and is valid and binding upon, and enforceable against the Commission (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting the rights and remedies of creditors); (iii) the General Resolution creates the valid pledge which it purports to create of the Revenues, and monies and securities on deposit in any of the Funds established thereunder (other than a Purchase Fund, if any), subject to the application thereof to the purposes and on the conditions permitted in the General Resolution; and (iv) upon execution and delivery thereof, the 2012 Bonds will have been duly and validly authorized and issued in accordance with the General Resolution.

Very truly yours,

Spilman Thomas & Battle, PLLC

Spilman Thomas & Battle, PLLC

[RESERVED]

June 26, 2012

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

West Virginia Higher Education Policy Commission
Charleston, West Virginia

Citigroup Global Markets Inc.
New York, NY

Crews & Associates, Inc.
Charleston, WV

Piper Jaffray & Co.
Charleston, WV

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the State of West Virginia Higher Education Policy Commission (the "Issuer") of its $124,190,000 Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 A Bonds") and its $7,975,000 Revenue Bonds (Higher Education Facilities) 2012 Series B (the "2012 B Bonds," and collectively with the 2012 A Bonds, the "2012 Bonds"). With respect to acting as bond counsel, we have been asked to provide an opinion to Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray & Co. (collectively, the "Underwriters") as to the federal tax impact to purchasers of Bonds of the original issue discount and original issue premium on the Bonds.

Certain of the Bonds may be offered and sold to the public at an original issue discount (the "Discount Bonds"). The original issue discount ("OID") is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The Discount Bonds mature on, are in the principal amounts of, and bear interest as follows:

2012 Series A Bonds

$42,100,000 4.00% Term Bonds due April 1, 2034, Priced at 97.858 to Yield 4.150%

2012 Series B Serial Bonds

Maturity (April 1)	Principal Amount ($)	Interest Rate	Yield	Price
2021	330,000	2.625%	2.720%	99.261
2022	340,000	2.750%	2.870%	98.982
2023	350,000	3.000%	3.100%	99.087
2024	360,000	3.200%	3.300%	99.028
2025	375,000	3.375%	3.500%	98.718
2026	385,000	3.500%	3.600%	98.918
2027	400,000	3.600%	3.750%	98.307
2028	410,000	3.700%	3.770%	99.169
2029	430,000	3.750%	3.870%	98.525

$2,400,000 4.00% Term Bonds due April 1, 2034, Priced at 97.858 to Yield 4.150%

A purchaser of a Discount Bond in the initial public offering at a price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity, or in some cases, at their earlier call date (the "Premium Bonds"). That excess constitutes bond premium on the Bonds, whether purchased at original issuance or otherwise. Premium Bonds will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocated to such beneficial owner. The Premium Bonds mature on, are in the principal amounts of, and bear interest as follows:

2012 Series A Serial Bonds

Maturity (April 1)	Principal Amount ($)	Interest Rate	Yield	Price
2013	1,425,000	2.000%	0.490%	101.149
2015	3,740,000	5.000%	1.100%	110.586
2016	3,925,000	5.000%	1.270%	113.664
2017	4,125,000	5.000%	1.530%	115.881
2018	4,325,000	5.000%	1.830%	117.263
2019	4,545,000	5.000%	2.130%	117.986
2020	4,775,000	5.000%	2.450%	117.925
2021	5,010,000	5.000%	2.720%	117.668
2022	5,260,000	5.000%	2.870%	118.021
2023	5,520,000	5.000%	3.020%	116.630
2024	5,800,000	5.000%	3.170%	115.259
2025	6,085,000	5.000%	3.280%	114.266
2026	6,395,000	5.000%	3.370%	113.461
2027	6,710,000	5.000%	3.440%	112.839
2028	7,050,000	5.000%	3.510%	112.222
2029	7,400,000	5.000%	3.580%	111.608

2012 Series B Serial Bonds

Maturity (April 1)	Principal Amount ($)	Interest Rate	Yield	Price
2013	200,000	2.000%	0.550%	101.103
2014	235,000	3.000%	0.920%	103.630
2015	275,000	3.000%	1.100%	105.157
2016	280,000	3.000%	1.270%	106.337
2017	285,000	3.000%	1.530%	106.727
2018	300,000	3.000%	1.830%	106.370
2019	305,000	4.000%	2.130%	111.718
2020	315,000	4.000%	2.450%	110.895

For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Very truly yours,

Spilman Thomas & Battle, PLLC

Spilman Thomas & Battle, PLLC

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

June 26, 2012

Sara L. Boardman, Executive Director
(as Escrow Trustee)
West Virginia Municipal Bond Commission
Suite 401
1207 Quarrier Street
Charleston, WV 25301

Dear Ms. Boardman:

The State of West Virginia Higher Education Policy Commission (the "Commission") intends to issue its $124,190,000 Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 Series A Bonds") on June 26, 2012 (the "Closing Date"), to advance refund the portion of the $167,260,000 State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2004 Series B, as set forth on Exhibit A attached hereto (the "Bonds to be Refunded"), issued pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution").

The West Virginia Municipal Bond Commission (the "MBC") serves as the Paying Agent for the Bonds to be Refunded and it is expected that moneys sufficient to pay the principal of, interest on and any premium due (the "Redemption Price") on the Bonds to be Refunded will be deposited on the Closing Date in an escrow account (the "Escrow Fund") established with MBC pursuant to an Escrow Agreement to be entered into by and between the Commission, MBC and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association, on the Closing Date (the "Escrow Agreement") to be held until the first call date, being April 1, 2014 (the "Redemption Date").

The 2012 Series A Bonds are authorized to be issued pursuant to the General Resolution and the Sixth Consolidated Supplemental Resolution of the Commission adopted on May 9, 2012 and the Seventh Consolidated Supplemental Resolution of the Commission adopted on May 30, 2012, as supplemented and amended (the "Resolution"). The Resolution and the Escrow Agreement are sometimes hereinafter collectively referred to as the "Authorized Documents."

In accordance with Article VIII of the General Resolution, we HEREBY INSTRUCT YOU to mail, by first class mail, postage prepaid, as soon as practicable after the Closing Date, a notice to the Owners of such Bonds to be Refunded pursuant to Article VIII of the General Resolution, and in particular, 8.01(b)(iii), in a form attached as Exhibit B hereto or in a form similar thereto that meets the requirements of Article VIII of the General Resolution.

You may treat this Letter of Instructions as directing and authorizing you to take such additional and further actions as may be necessary under the Authorizing Documents and as you otherwise deem reasonably necessary, to carry out the intent of the foregoing instructions and to accomplish the redemption of the Bonds to be Refunded on the Redemption Date.

This letter will also certify that I am an Authorized Officer of the Commission for the purpose of delivering this Order.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

cc: Thomas Vlahakis, Vice President* (w/ encl.)

*This Letter of Instructions constitutes written notice to the Registrar pursuant to Section 5.02 of the General Resolution.

3683895 (10791.8)

EXHIBIT A

BONDS TO BE REFUNDED ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[1]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	95639RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

[1] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

EXHIBIT B

FORM OF NOTICE

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CLOSING: August 31, 2004

STATED BONDS TO BE DEFEASED PURSUANT TO AN ADVANCED REFUNDING ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[2]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	95639RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

NOTICE IS HEREBY GIVEN by the Higher Education Policy Commission (the "Commission") pursuant to Article VIII of the General Resolution (hereinafter defined) to the Holders of the specific bonds referenced above (the "Stated 2004 B Bonds") maturing on and in the principal amounts as stated above, as follows:

On the date hereof, the Commission has issued its Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), to provide funds, together with other available funds, to advance refund a portion of the principal amount outstanding of the Stated 2004 B Bonds, without premium, plus accrued

[2] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Date") which date is the first call date on which the Commission can optionally redeem any portion of the Stated 2004 B Bonds prior to maturity.

A portion of the moneys from the issuance of the 2012 Series A Bonds has been deposited with the West Virginia Municipal Bond Commission, as paying agent for the 2004 Series B Bonds and the escrow agent (the "Escrow Agent") under the Escrow Agreement for the 2012 Series A Bonds, by and among the Commission, the Escrow Trustee and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association, as Registrar for the Stated 2004 B Bonds, dated the date hereof (the "Escrow Agreement"), together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Stated 2004 B Bonds on the Redemption Date.

The Stated 2004 B Bonds are deemed to have been paid in accordance with Section 8(b)(iii) of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution") as of the date hereof and the Stated 2004 B Bonds will be redeemed on the Redemption Date at the Redemption Price.

The Registrar has been instructed to provide a redemption notice pursuant to Article V of the General Resolution prior to the Redemption Date, as set forth in the Escrow Agreement.

The General Resolution and the Escrow Agreement are on file with the Escrow Trustee at the address below.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
By: West Virginia Municipal Bond Commission
Suite 401
1207 Quarrier Street
Charleston, WV 25301
Phone: (304) 558-3971
Fax: (304) 558-1280

Dated: June ____, 2012

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

June 26, 2012

Thomas Vlahakis
The Bank of New York Mellon, as successor to
J.P. Morgan Trust Company, National Association
(as Registrar)
385 Rifle Camp Road 3rd Floor
Woodland Park, New Jersey 07424

Dear Mr. Vlahakis:

The State of West Virginia Higher Education Policy Commission (the "Commission") intends to issue its $124,190,000 Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 Series A Bonds") on June 26, 2012 (the "Closing Date"), to advance refund the portion of the $167,260,000 State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2004 Series B, as set forth on Exhibit A attached hereto (the "Bonds to be Refunded"), issued pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution").

The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association (the "Registrar") serves as the Registrar for the Bonds to be Refunded and it is expected that moneys sufficient to pay the principal of, interest on and any premium due (the "Redemption Price") on the Bonds to be Refunded will be deposited on the Closing Date in an escrow account (the "Escrow Fund") established with the West Virginia Municipal Bond Commission ("MBC") pursuant to an Escrow Agreement to be entered into by and between the Commission, MBC and the Registrar (the "Escrow Agreement") to be held until the first call date, being April 1, 2014 (the "Redemption Date").

The 2012 Series A Bonds are authorized to be issued pursuant to the General Resolution and the Sixth Consolidated Supplemental Resolution of the Commission adopted on May 9, 2012 and the Seventh Consolidated Supplemental Resolution of the Commission adopted on May 30, 2012, as supplemented and amended (the "Resolution"). The Resolution and the Escrow Agreement are sometimes hereinafter collectively referred to as the "Authorized Documents."

In accordance with Article VIII of the General Resolution, we HEREBY INSTRUCT YOU to mail, by first class mail, postage prepaid, not less than 30 days and not more than 60 days prior to the Redemption Date, a notice to the Owners of such Bonds to be Refunded pursuant to Article VIII of the General Resolution, and in particular, 8.01(b)(i), in a form attached as Exhibit B hereto or in a form similar thereto that meets the requirements of Article VIII of the General Resolution.

You may treat this Letter of Instructions as directing and authorizing you to take such additional and further actions as may be necessary under the Authorizing Documents and as you otherwise deem reasonably necessary, to carry out the intent of the foregoing instructions and to accomplish the redemption of the Bonds to be Refunded on the Redemption Date.

This letter shall constitute written notice to the Registrar pursuant to Section 5.02 of the General Resolution.

This letter will also certify that I am an Authorized Officer of the Commission for the purpose of delivering this Order.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

cc: Sara L. Boardman, West Virginia Municipal Bond Commission

3736324 (10791.8)

EXHIBIT A

BONDS TO BE REFUNDED ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[1]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	95639RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

[1] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

EXHIBIT B

FORM OF NOTICE

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CLOSING: August 31, 2004

REDEMPTION NOTICE

Maturity	Original Principal Amount	CUSIP Nos.[2]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	9563RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

NOTICE IS HEREBY GIVEN by the Higher Education Policy Commission (the "Commission") pursuant to Article V of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution") to the Holders of the specific bonds referenced above (the "Stated 2004 B Bonds") maturing on and in the principal amounts as stated above, as follows:

[2] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

On June 26, 2012, the Commission issued its Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), to provide funds, together with other available funds, to advance refund a portion of the principal amount outstanding of the Stated 2004 B Bonds, without premium, plus accrued interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Date").

A portion of the moneys from the issuance of the 2012 Series A Bonds was deposited with the West Virginia Municipal Bond Commission, as paying agent for the Stated 2004 Series B Bonds and the Escrow Trustee (the "Escrow Trustee") under the Escrow Agreement for the 2012 Series A Bonds, by and between the Commission and the Escrow Trustee, dated June 26, 2012 (the "Escrow Agreement"), together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Stated 2004 Series B Bonds on the Redemption Date.

On the Redemption Date, the Stated 2004 B Bonds will cease to bear interest and the Holders thereof shall cease to be entitled to the benefits or security of the Escrow Fund held by the Escrow Trustee except to receive payment of the Redemption Price on the Redemption Date. From and after the Redemption Date, the Stated 2004 B Bonds shall be required to be surrendered at the address set forth below.

Payment of the Stated 2004 B Bonds called for redemption will be made upon presentation and surrender of the Stated 2004 B Bonds to the Registrar at the address set forth below.

The General Resolution, the Escrow Agreement, and the related bond documents are on file at the address below for inspection by all Holders of the Stated 2004 B Bonds.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
By: The Bank of New York Mellon
385 Rifle Camp Road 3rd Floor
Woodland Park, New Jersey 07424
Corporate Trust Department
Phone: (973) 247-4742

Dated: _____, 2014

NOTICE

Withholding of a certain percentage of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Escrow Agreement

among

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

and

WEST VIRGINIA MUNICIPAL BOND COMMISSION,
as Escrow Trustee

and

THE BANK OF NEW YORK MELLON (as successor to
J.P. Morgan Trust Company, National Association,
as Registrar for the Refunded Bonds)

Advance Refunding of a portion of the
$167,260,000
State of West Virginia
Higher Education Policy Commission
Revenue Refunding Bonds (Higher Educational Facilities)
2004 Series B

Dated June 26, 2012

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Escrow Agreement"), dated June 26, 2012, is entered into among the State of West Virginia Higher Education Policy Commission, a commission of the State of West Virginia (the "Issuer"), the West Virginia Municipal Bond Commission, an agency of the State of West Virginia (the "Escrow Trustee"), and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association (the "Registrar") under the following circumstance (words and terms capitalized are used with meanings given them in Section 1):

RECITALS

A. The Issuer has outstanding its $167,260,000 Higher Education Policy Commission Refunding Revenue Bonds (Higher Education Facilities) 2004 Series B (the "Prior Bonds").

B. The Prior Bonds were issued under the Resolution.

C. The Issuer has issued its State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 Series A Bonds"), one of the purposes of which is to advance refund a portion of the Prior Bonds on the Redemption Date.

D. In connection with the advance refunding, the Issuer now wishes to provide for the payment and redemption of a portion of the Prior Bonds, called the Refunded Bonds.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Escrow Agreement, and in order to secure the payment of the principal, interest and any premium on the Refunded Bonds, the Issuer and the Escrow Trustee agree as follows:

Section 1. Definitions. The following terms are defined terms under this Escrow Agreement:

"Bond Service Charges" means the principal, interest, and any redemption premium on the Refunded Bonds.

"Closing Date" means the date of delivery of the 2012 Series A Bonds to the Underwriters in exchange for payment of the purchase price.

"Defeasance Securities" means the Qualified Defeasance Investments described on Appendix A and any Substitute Securities purchased under Section 4(c).

"Escrow Fund" means the 2012 Series A Bonds Escrow Fund, established in Section 2 of this Escrow Agreement.

"Qualified Defeasance Investments" means Permitted Investments as defined in the Resolution, and includes Government Obligations and Government Agency Obligations, among other investments.

"Redemption Date" means April 1, 2014.

"Refunded Bonds" means those particular bonds of the Prior Bonds scheduled to be refunded by the proceeds in this Escrow Fund, as set forth in Appendix A attached hereto and incorporated herein.

"Resolution" means that certain General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012, and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012.

"Substitute Securities" means securities purchased and deposited in the Escrow Fund in accordance with Section 4(c), in substitution for securities sold by the Escrow Trustee as provided in that Section.

Words and terms not otherwise defined in this Escrow Agreement are used with the meanings given them in the Bond Indenture.

Section 2. Escrow Fund. The Issuer hereby establishes the "Escrow Fund" as a separate deposit account in the custody of the Escrow Trustee.

The Escrow Fund, including the earnings on that fund and the investments in that fund will be held in trust for the benefit of the holders of the Refunded Bonds and will be applied solely to the payment of Bond Service Charges on the Refunded Bonds as provided in Section 5 of this Escrow Agreement until the Refunded Bonds are redeemed on the Redemption Date.

Section 3. Escrow Funding. The Issuer will deposit into or direct the following transfers by the Escrow Trustee, as paying agent on the Refunded Bonds, to be paid into the Escrow Fund: (i) $134,399,083.38 from the proceeds of the sale of the 2012 Series A Bonds and (ii) $2,070,515.51 (being $2,027,749.48 transferred from the Refunded Bonds Bond Proceeds Fund and $42,766.03 transferred from the Higher Education Policy Commission Revenue Bonds (University Facilities) 2004 Series A Bond Proceeds Fund which was simultaneously issued and refunded by the Refunded Bonds), for a total deposit of $136,469,598.89. This amount has been verified by the Verification Report (as defined herein) and attached as Appendix E.

Section 4. Investment of Escrow Fund. The money in the Escrow Fund must be invested and reinvested by the Escrow Trustee in accordance with this Section 4. The Escrow Trustee will not surrender or otherwise attempt to redeem or negotiate the investments in the Escrow Fund except as they come due as shown on Appendix A or when they become due on

reinvestment as provided in paragraph (b) below, or upon the purchase of Substitute Securities as provided in paragraph (c) below.

The Escrow Trustee must use the money initially deposited in the Escrow Fund except for the sum of $.89 of such amount which is to remain as uninvested cash to purchase the Defeasance Securities. The Defeasance Securities to be acquired for the Escrow Fund are set forth on Appendix B attached hereto and incorporated herein.

Section 5. Payment of Refunded Bonds. The Escrow Fund, including the investments in the Escrow Fund and the income derived from those investments, must be held by the Escrow Trustee and used solely to pay the Bond Service Charges on the Refunded Bonds. The Escrow Trustee, as paying agent on the Refunded Bonds, shall pay the Bond Service Charges on the Refunded Bonds on each interest payment date and principal payment date until the Redemption Date, as follows: October 1, 2012, April 1, 2013, October 1, 2013, and April 1, 2014.

The Issuer authorizes and directs the Registrar to give the notice required by the Resolution that the Refunded Bonds are to be redeemed on the Redemption Date and further directs the Registrar to give notice to each owner or partial owner of said Refunded Bonds by mailing a copy of a Notice of Redemption in the form as set forth in Appendix C, attached hereto and incorporated herein, by first-class mail, postage prepaid, to such owners' last addresses appearing on the registration books of the Issuer maintained by the Registrar pursuant to Section 5.05 of the Resolution. At the discretion of the Registrar, notice may also be given by publication in an Authorized Newspaper, as defined in the Resolution and pursuant to the provisions of Section 5.05 of the Resolution, but such publication shall not relieve the duty of the Registrar to mail notices to owners of the Refunded Bonds as set forth herein. The Issuer will pay all costs incurred by the Registrar in giving those notices.

Section 6. Defeasance of Refunded Bonds. The Defeasance Securities held in the Escrow Fund are of such maturities or redemption dates and interest payment dates as will be sufficient, together with any cash in the Escrow Fund, without further investment or reinvestment of the principal or interest earnings, for the payment of the Bond Service Charges on the Refunded Bonds until the Redemption Date on October 1, 2012, April 1, 2013, October 1, 2013, and April 1, 2014, as provided in the Verification Report prepared by Causey Demgen & Moore P.C. dated June 26, 2012 (the "Verification Report"), attached hereto and incorporated herein as Appendix E.

The Issuer authorizes and directs the Escrow Trustee to give the notice required by the Resolution that the Issuer has deposited monies with the Escrow Trustee from the issuance of the 2012 Series A Bonds to purchase the Defeasance Securities which, together with other funds, are sufficient to pay the Redemption Price of the Refunded Bonds on the Redemption Date and that the Refunded Bonds are deemed to have been paid in accordance with the Resolution and that the Refunded Bonds shall be redeemed on the Redemption Date at the Redemption Price, and the Issuer further directs the Escrow Trustee to give notice to each owner or partial owner of said Refunded Bonds by mailing a copy of a Notice of Defeasance in the form as set forth in Appendix D, attached hereto and incorporated herein, by first-class mail, postage prepaid, to such owners' last addresses appearing on the registration books of the Issuer maintained by the

Registrar pursuant to Section 5.05 of the Resolution. The Issuer will pay all costs incurred by the Escrow Trustee in giving those notices.

The purchase of the Defeasance Securities and the Issuer's directions to the Registrar and the Escrow Trustee pursuant to Section 5 hereof to give the redemption notice and the defeasance notice for the Refunded Bonds, meet the requirements of Article VIII of the Resolution for defeasance of the Refunded Bonds.

Section 7. Moneys Remaining. Any moneys remaining in the Escrow Fund after the final payment of all Bond Service Charges on the Refunded Bonds on the Redemption Date and the payment of all fees and expenses of the Escrow Trustee and the Registrar must be paid to the Issuer.

Section 8. Escrow Trustee. The Escrow Trustee may consult with counsel of its choice with respect to any question relating to its duties and responsibilities hereunder or otherwise in connection herewith, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

None of the provisions contained in this Escrow Agreement shall require the Escrow Trustee to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Trustee shall not be responsible or liable for the performance or compliance by any party other than the Escrow Trustee with the terms or conditions of any such instruments.

The duties and responsibilities of the Escrow Trustee shall be limited to those expressly set forth in this Escrow Agreement. No implied duties of the Escrow Trustee shall be read into this Escrow Agreement.

The Escrow Trustee shall be entitled to rely and shall be protected in acting in reliance upon any instructions or directions furnished to it in writing or pursuant to the provisions of this Escrow Agreement and shall be entitled to treat as genuine, and as the document it purports to be, any letter, paper or other document furnished to it and believed by it to be genuine and to have been signed and presented by the proper party or parties. The Escrow Trustee is hereby authorized and empowered to use affiliates or agents to perform any of its duties under this Escrow Agreement.

The Issuer hereby agrees to indemnify and hold the Escrow Trustee and its directors, officers, agents and employees (collectively, the "Indemnified Parties") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket and incidental expenses and legal fees ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnified Parties or any of them for following any instructions or other directions upon which the Escrow Trustee is authorized to rely pursuant to the terms of this Escrow Agreement. In addition to and not in limitation of the immediately preceding sentence, the Issuer also agrees to indemnify and hold the Indemnified Parties and each of them harmless from and against any and all Losses that may be imposed on, incurred by,

or asserted against the Indemnities or any of them in connection with or arising out of the Escrow Trustee's performance under this Escrow Agreement, provided the Indemnified Parties have not acted with gross negligence or engaged in willful misconduct. The foregoing indemnity shall survive the termination of the Escrow Agreement.

Any corporation, association or other entity into which the Escrow Trustee may be converted, merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and business or any corporation, association or other entity resulting from any such conversion, sale, merger, consolidation or other transfer to which it is a party, ipso facto, shall be and become successor Escrow Trustee hereunder, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

Section 9. Fees and Charges of Escrow Trustee and Registrar. The Issuer shall pay the Escrow Trustee and Registrar, from time to time, reasonable compensation for all services rendered hereunder, and under the Resolution, and reimburse the Escrow Trustee and Registrar for all fees and expenses, including reasonable fees and expense of counsel, upon receipt of an invoice from the Escrow Trustee and Registrar. The Escrow Trustee and Registrar each acknowledge that the agreement by Issuer to pay its respective fees and charges is satisfactory to it and satisfies any rights it may have to fees and charges under the Resolution and that the Escrow Trustee or Registrar has no lien or other interest in the Escrow Fund or any money or investments in the Escrow Fund.

Section 10. Dedication of Escrow Fund to Payment of Refunded Bonds. The Issuer dedicates the Escrow Fund to the payment of Bond Service Charges on the Refunded Bonds. The trust and fiduciary relationship created by this Escrow Agreement is irrevocable and is intended for the benefit of the holders of the Refunded Bonds. The dedication and use of the Escrow Funds is valid against all parties having claims of any kind against the Issuer or the Escrow Trustee, regardless of the capacity in which the claim arose. No entity or person other than the Escrow Trustee has any interest in or ownership of the Escrow Fund. The Escrow Fund must be used solely for the payment of Bond Service Charges on the Refunded Bonds until the final payment of those Bond Service Charges on the Redemption Date.

Section 11. Amendments. This Escrow Agreement may be amended or modified to cure any ambiguity, inconsistency or formal defect, or to confer upon the Escrow Trustee or the Registrar for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or security.

No amendment may be made unless the Escrow Trustee and Registrar has received an Opinion of Bond Counsel that the amendment or modification will not cause the interest on the Refunded Bonds or the 2012 Series A Bonds to be included in the gross income of the holders of those bonds.

Section 12. Severability. If any provision of this Escrow Agreement is held to be invalid, illegal or unenforceable, no other provision will be affected by that holding.

Section 13. Successor and Assigns. This Escrow Agreement will inure to the benefit of and be binding on the Issuer, the Escrow Trustee, the Registrar, the holders of the Refunded Bonds and their successors and assigns.

Section 14. Counterparts. This Escrow Agreement may be signed in several counterparts. Each counterpart will be an original and all counterparts will constitute a single document. The parties may sign separate signature pages. A counterpart will be duly executed if it contains the signature of the parties on one or more signature pages.

Section 15. Termination. This Escrow Agreement will terminate upon the completion of the duties of the Escrow Trustee and the Registrar.

Section 16. Governing Law. This Escrow Agreement will be governed by the laws of the State of West Virginia.

[Signature Page to Follow]

The Issuer, the Escrow Trustee and the Registrar have caused this Escrow Agreement to be signed and delivered by their duly authorized officers, all as of the day and year set forth above.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Name: Sara Boardman
Title: Executive Director

THE BANK OF NEW YORK MELLON, as successor to J.P. Morgan Trust Company, National Association

By: _____
Name: Thomas Vlahakis
Title: Vice President

The Issuer, the Escrow Trustee and the Registrar have caused this Escrow Agreement to be signed and delivered by their duly authorized officers, all as of the day and year set forth above.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Name: Sara Boardman
Title: Executive Director

Limited to Section 5 only:

THE BANK OF NEW YORK MELLON, as successor to J.P. Morgan Trust Company, National Association

By: _____
Name: Rosemary Melendez
Title: Vice President

The Issuer, the Escrow Trustee and the Registrar have caused this Escrow Agreement to be signed and delivered by their duly authorized officers, all as of the day and year set forth above.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Name: Dr. Paul Hill
Title: Chancellor

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Name: Sara Boardman
Title: Executive Director

Limited to Section 5 only:

THE BANK OF NEW YORK MELLON, as successor to J.P. Morgan Trust Company, National Association

By: _____
Name: Rosemary Melendez
Title: Vice President

APPENDIX A

STATED BONDS TO BE REFUNDED ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	9563RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding

**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

APPENDIX B

DESCRIPTION OF THE DEFEASANCE SECURITIES

Purchase Date	Type of Security	Type of SLGS	Maturity Date	First Interest Payment Date	Par Amount	Rate	Max Rate
June 26, 2012	SLGS	Certificate	10/01/2012	10/01/2012	3,027,990	0.080%	0.080%
June 26, 2012	SLGS	Certificate	04/01/2103	04/01/2013	2,949,014	0.150%	0.150%
June 26, 2012	SLGS	Note	10/01/2013	10/01/2012	2,952,395	0.190%	0.190%
June 26, 2012	SLGS	Note	04/01/2014	10/01/2012	127,540,199	0.250%	0.250%
					136,469,598		

APPENDIX C

[Registrar to send, within 30 to 60 days prior to the Redemption Date, a notice of redemption to the Owners of such Bonds to be Refunded pursuant to Section 5.05 of the General Resolution.]

FORM OF NOTICE

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CLOSING: August 31, 2004

REDEMPTION NOTICE

Maturity	Original Principal Amount	CUSIP Nos.[1]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
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April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
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April 1, 2034 (Term)	$43,285,000	9563RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

NOTICE IS HEREBY GIVEN by the Higher Education Policy Commission (the "Commission") pursuant to Article V of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution") to the Holders of the specific bonds

[1] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

referenced above (the "Stated 2004 B Bonds") maturing on and in the principal amounts as stated above, as follows:

On June 26, 2012, the Commission issued its Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), to provide funds, together with other available funds, to advance refund a portion of the principal amount outstanding of the Stated 2004 B Bonds, without premium, plus accrued interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Date").

A portion of the moneys from the issuance of the 2012 Series A Bonds was deposited with the West Virginia Municipal Bond Commission, as paying agent for the Stated 2004 Series B Bonds and the Escrow Trustee (the "Escrow Trustee") under the Escrow Agreement for the 2012 Series A Bonds, by and between the Commission and the Escrow Trustee, dated June 26, 2012 (the "Escrow Agreement"), together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Stated 2004 Series B Bonds on the Redemption Date.

On the Redemption Date, the Stated 2004 B Bonds will cease to bear interest and the Holders thereof shall cease to be entitled to the benefits or security of the Escrow Fund held by the Escrow Trustee except to receive payment of the Redemption Price on the Redemption Date. From and after the Redemption Date, the Stated 2004 B Bonds shall be required to be surrendered at the address set forth below.

Payment of the Stated 2004 B Bonds called for redemption will be made upon presentation and surrender of the Stated 2004 B Bonds to the Registrar at the address set forth below.

The General Resolution, the Escrow Agreement, and the related bond documents are on file at the address below for inspection by all Holders of the Stated 2004 B Bonds.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
By: The Bank of New York Mellon
385 Rifle Camp Road 3rd Floor
Woodland Park, New Jersey 07424
Corporate Trust Department
Phone: (973) 247-4742

Dated: _____, 2014

NOTICE

Withholding of a certain percentage of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

APPENDIX D

[Escrow Trustee to send as soon as practicable from the date of the Escrow Agreement, a notice of defeasance to the Owners of such Bonds to be Refunded pursuant to Section 8.01 of the General Resolution.]

FORM OF NOTICE

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CLOSING: August 31, 2004

STATED BONDS TO BE DEFEASED PURSUANT TO AN ADVANCED REFUNDING ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[2]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	95639RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

NOTICE IS HEREBY GIVEN by the Higher Education Policy Commission (the "Commission") pursuant to Article VIII of the General Resolution (hereinafter defined) to the Holders of the specific bonds referenced above (the "Stated 2004 B Bonds") maturing on and in the principal amounts as stated above, as follows:

[2] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

On the date hereof, the Commission has issued its Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), to provide funds, together with other available funds, to advance refund a portion of the principal amount outstanding of the Stated 2004 B Bonds, without premium, plus accrued interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Date") which date is the first call date on which the Commission can optionally redeem any portion of the Stated 2004 B Bonds prior to maturity.

A portion of the moneys from the issuance of the 2012 Series A Bonds has been deposited with the West Virginia Municipal Bond Commission, as paying agent for the 2004 Series B Bonds and the escrow agent (the "Escrow Agent") under the Escrow Agreement for the 2012 Series A Bonds, by and among the Commission, the Escrow Trustee and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association, as Registrar for the Stated 2004 B Bonds, dated the date hereof (the "Escrow Agreement"), together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Stated 2004 B Bonds on the Redemption Date.

The Stated 2004 B Bonds are deemed to have been paid in accordance with Section 8(b)(iii) of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution") as of the date hereof and the Stated 2004 B Bonds will be redeemed on the Redemption Date at the Redemption Price.

The Registrar has been instructed to provide a redemption notice pursuant to Article V of the General Resolution prior to the Redemption Date, as set forth in the Escrow Agreement.

The General Resolution and the Escrow Agreement are on file with the Escrow Trustee at the address below.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
By: West Virginia Municipal Bond Commission
Suite 401
1207 Quarrier Street
Charleston, WV 25301
Phone: (304) 558-3971
Fax: (304) 558-1280

Dated: June ____, 2012

APPENDIX E

VERIFICATION REPORT

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES)
2012 SERIES A AND REVENUE BONDS
(HIGHER EDUCATION FACILITIES) 2012 SERIES B

CAUSEY DEMGEN & MOORE INC.
Certified Public Accountants and Consultants

CAUSEY DEMGEN & MOORE INC.
Certified Public Accountants and Consultants

Suite 1450
1125 Seventeenth Street
Denver, Colorado 80202-2025
Telephone: (303) 296-2229
Facsimile: (303) 296-3731
www.causeycpas.com

June 26, 2012

West Virginia Higher Education
Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, West Virginia 25301

Spilman Thomas & Battle, PLLC
300 Kanawha Boulevard East
Post Office Box 273
Charleston, West Virginia 25301

Citigroup Global Markets Inc.
Public Finance Department
390 Greenwich Street, 2nd Floor
New York, New York 10013

We have completed our engagement to verify the mathematical accuracy of (a) the computations relating to the adequacy of cash plus U.S. Treasury Securities to be held in escrow to pay the debt service requirements of the Revenue Bonds (Higher Education Facilities) 2004 Series B (only those bonds maturing on April 1, 2015 and thereafter as described in Exhibit B-1) (herein referred to as the "Refunded Bonds") issued by the State of West Virginia Higher Education Policy Commission (herein referred to as the "Issuer") and (b) the computations supporting the conclusion of Bond Counsel that the following bonds (herein collectively referred to as the "2012 Bonds") to be issued by the Issuer are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended:

- Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (herein referred to as the "2012A Bonds"),

- Revenue Bonds (Higher Education Facilities) 2012 Series B (herein referred to as the "2012B Bonds").

and (c) the present value savings associated with the transaction described herein. We express no opinion as to the attainability of the assumptions underlying the computations or the tax-exempt status of the 2012 Bonds. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by Citigroup Global Markets Inc., as Lead Underwriter on behalf of Crews & Associates, Inc. and Piper Jaffray & Co. (herein collectively referred to as the "Underwriter"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through E attached hereto and made a part hereof.

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

OUR UNDERSTANDING OF THE TRANSACTION

The Issuer issued its Revenue Bonds (Higher Education Facilities) 2004 Series B (herein referred to as the "2004B Bonds") on August 31, 2004 to (1) advance refund prior obligations of the Issuer (herein referred to as the "Prior Bonds") and (2) to finance certain capital improvements. As proposed by the Underwriter and approved by Bond Counsel, the 2004B Bonds are to be treated as having two separate governmental purposes: (1) the advance refunding of portions of the Prior Bonds and (2) the financing of capital improvements. As provided by the Underwriter and approved by Bond Counsel, the Refunded Bonds consist solely of a portion of those outstanding 2004B Bonds that are allocable to the financing of capital improvements. We did not verify any calculations relating to the multipurpose allocation of the 2004B Bonds and therefore, express no opinion as to the accuracy or appropriateness of any such calculations.

The Issuer intends to (1) issue the 2012A Bonds on June 26, 2012 to advance refund the Refunded Bonds and (2) issue the 2012B Bonds on June 26, 2012 to finance certain capital improvements. A portion of the proceeds of the 2012A Bonds, together with a contribution from the 2004A and 2004B Bond Proceeds Funds associated with the Refunded Bonds (herein referred to as the "Contribution") will be used to purchase U.S. Treasury Securities and to provide cash that will be placed into an escrow account to advance refund and defease the Refunded Bonds.

The Escrow Trustee will pay the debt service requirements of the Refunded Bonds on each scheduled payment date through and including April 1, 2014 and will redeem the Refunded Bonds, at a redemption price equal to 100% of par, on April 1, 2014, which is the first optional redemption date.

ESCROW ACCOUNT TRANSACTIONS

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to advance refund the Refunded Bonds.

The presently outstanding debt service requirements of the Refunded Bonds will be satisfied by the purchase of U.S. Treasury Securities (as described in Exhibit A-3) plus $0.89 in cash. The securities and cash will be placed in an irrevocable escrow account and held therein until the Refunded Bonds are redeemed as previously described.

We read a copy of the Official Statement for the Refunded Bonds insofar as these obligations are described with respect to principal outstanding, interest rates, maturity dates, and redemption provisions. We assumed this document to be accurate and all debt service payments on the Refunded Bonds to be current as of June 26, 2012. We compared the above information set forth in

this Official Statement with the related information contained in the schedules provided to us and found the information to be consistent.

We compared the subscribed interest rates of the U.S. Treasury Securities (State and Local Government Series) to be purchased and placed in escrow with the maximum allowable interest rates as published in the SLGS Daily Rate Table by the Bureau of the Public Debt for June 12, 2012 and found the subscribed rates to be less than or equal to the maximum allowable rates that were in effect on the subscription date for each applicable maturity date.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A through B, which indicate that the cash and securities proposed to be placed in escrow by the Issuer will produce the amounts necessary to provide for the timely payment of the proposed debt payment schedule on the Refunded Bonds, are mathematically correct.

YIELD ON THE 2012 BONDS

We verified the mathematical accuracy of the accompanying computations of the yield on the 2012 Bonds as of June 26, 2012. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the payments to be made on the 2012 Bonds to an amount equal to the target purchase price of the 2012 Bonds. The computations were made using a 360-day year with interest compounded semi-annually and treated $11,130,550.00 as the net original issue premium (which results in a target purchase price of $143,295,550.00).

In conducting our verification, we assumed that the re-offering prices of the 2012 Bonds are as described in Exhibits C-1 and C-2, that the 2012 Bonds stated to mature on or before April 1, 2022 are not optionally callable, and that the 2012 Bonds stated to mature on April 1, 2023 and thereafter are optionally callable at par on and after April 1, 2022. We tested to determine whether any combination of optional redemptions of those 2012A Bonds stated to mature on April 1, 2023 through and including April 1, 2029 (which represent the only callable maturities with reoffering prices in excess of the safe harbor limit of 102.250%) (herein referred to as the "Callable Premium Bonds") would result in a lower yield on the 2012 Bonds than that realized by assuming that such bonds are retired on their stated maturity dates. We assumed that all other maturities of the 2012 Bonds would be retired on the dates and in the amounts set forth in Exhibits C-1 and C-2.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibits C through C-2, which indicate that the yield on the 2012 Bonds, assuming the Callable Premium Bonds are redeemed at par on April 1, 2022, is 3.54299%, are mathematically correct. It is our opinion that computing the aforementioned yield on the 2012 Bonds by treating the Callable Premium Bonds as being redeemed at par on April 1, 2012 results in the lowest yield on the 2012 Bonds of all possible payment permutations thereon.

YIELD ON THE INVESTMENT IN THE ESCROWED OBLIGATIONS PURCHASED WITH 2012A BOND PROCEEDS

We verified the mathematical accuracy of the accompanying computation of the yield on the investment in the escrowed U.S. Treasury Securities purchased with 2012A Bond proceeds based on an assumed settlement date of June 26, 2012 and a purchase price of $134,399,083.38. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the cash receipts from the escrowed securities to an amount equal to the purchase price of the escrowed securities. The computations were made using a 360-day year with interest compounded semi-annually and were based on the dates the funds are to be received in the escrow account, and assume that all cash balances are not reinvested.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibit D, which indicate that the yield on the escrowed securities purchased with 2012A Bond proceeds is 0.24804% (which is less than the yield on the 2012 Bonds), are mathematically correct.

PRESENT VALUE SAVINGS

We verified the mathematical accuracy of the accompanying computation of the present value savings resulting from the refunding of the Refunded Bonds based on an assumed settlement date of June 26, 2012. The computation was made using a 360-day year with interest compounded semi-annually. The computation was based on the assumptions that (1) the debt service requirements of the Refunded Bonds would have been paid on their regularly scheduled payment dates, without optional redemption prior to maturity, (2) the debt service requirements of the 2012 Bonds will be paid on their regularly scheduled payment dates, without optional redemption prior to maturity, (3) the Issuer will contribute cash on the settlement date in the amount of $2,070,515.51 from the 2004A Bond and 2004B Bond Proceeds Fund associated with the Refunded Bonds, (4) $7,997,173.54 in proceeds of the 2012B Bonds will be deposited into the Project Fund at closing, (5) $4,295.52 in unspent proceeds of the 2012 Bonds will be deposited into the 2012A Cost of Issuance Fund at closing, and (6) the annual discount rate for purposes of this calculation is 3.54299%.

Based on the procedures and information set forth above, the computations in Exhibit E, which indicate that the present value savings associated with this refunding transaction is $6,026,760.84, are mathematically correct.

USE OF THIS REPORT

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the 2012 Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in the Official Statement for the 2012 Bonds in the section captioned "Verification of Mathematical Computations," (ii) reference may be made to the

report in the purchase contract or in any closing documents pertaining to the issuance of the 2012 Bonds, (iii) the report may be used in its entirety as an exhibit to the escrow agreement for the Refunded Bonds, (iv) the report may be included in the transcripts pertaining to the issuance of the 2012 Bonds, (v) the report may be relied upon by Bond Counsel in connection with its opinions concerning the Refunded Bonds and the 2012 Bonds, (vi) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the 2012 Bonds, and (vii) the report may be relied upon by the Escrow Trustee for the Refunded Bonds.

* * * * * * * * *

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

Causey Demgen & Moore Inc.

EXHIBIT A

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

ESCROW ACCOUNT CASH FLOW
AS OF JUNE 26, 2012

Date	Cash Receipts from U.S. Treasury Securities Purchased with the: Contribution (Exhibit A-1)	2012A Bond Proceeds (Exhibit A-2)	Total Cash Receipts From U.S. Treasury Securities	Cash Disbursements From Escrow (Exhibit B)	Cash Balance
Beginning Balance:					$0.89
01-Oct-12	$2,070,954.82	$1,043,669.71	$3,114,624.53	$3,114,625.00	0.42
01-Apr-13		3,114,625.30	3,114,625.30	3,114,625.00	0.72
01-Oct-13		3,114,625.03	3,114,625.03	3,114,625.00	0.75
01-Apr-14		127,699,624.25	127,699,624.25	127,699,625.00	0.00
	$2,070,954.82	$134,972,544.29	$137,043,499.11	$137,043,500.00	

EXHIBIT A-1

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

CASH RECEIPT FROM THE ESCROWED SECURITY PURCHASED WITH THE CONTRIBUTION AS OF JUNE 26, 2012

	$2,070,514.62	
	0.080000%	Total
Payment	SLGS (1)	Cash
Date	01-Oct-12	Receipt
01-Oct-12	$2,070,954.82	$2,070,954.82
	$2,070,954.82	$2,070,954.82

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series).

EXHIBIT A-2

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

CASH RECEIPTS FROM THE ESCROWED SECURITIES PURCHASED WITH 2012A BOND PROCEEDS AS OF JUNE 26, 2012

Payment Date	$957,475.38 0.080000% SLGS (1) 01-Oct-12	$2,949,014.00 0.150000% SLGS (1) 01-Apr-13	$2,952,395.00 0.190000% SLGS (2) 01-Oct-13	$127,540,199.00 0.250000% SLGS (2) 01-Apr-14	Total Cash Receipts
01-Oct-12	$957,678.94		$1,486.68	$84,504.09	$1,043,669.71
01-Apr-13		$2,952,395.27	2,804.78	159,425.25	3,114,625.30
01-Oct-13			2,955,199.78	159,425.25	3,114,625.03
01-Apr-14				127,699,624.25	127,699,624.25
	$957,678.94	$2,952,395.27	$2,959,491.24	$128,102,978.84	$134,972,544.29

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series).
(2) U.S. Treasury Note or Bond (State and Local Government Series).

EXHIBIT A-3

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

DESCRIPTION OF THE ESCROWED SECURITIES AS OF JUNE 26, 2012

Type	Settlement Date	Maturity Date	Par Amount	Coupon Rate	Price	Total Cost
Security Purchased with the Contribution:						
SLGS	26-Jun-12	01-Oct-12	$2,070,514.62	0.080%	100.000000%	$2,070,514.62
Securities Purchased with the 2012A Bond Proceeds:						
SLGS	26-Jun-12	01-Oct-12	957,475.38	0.080%	100.000000%	957,475.38
SLGS	26-Jun-12	01-Apr-13	2,949,014.00	0.150%	100.000000%	2,949,014.00
SLGS	26-Jun-12	01-Oct-13	2,952,395.00	0.190%	100.000000%	2,952,395.00
SLGS	26-Jun-12	01-Apr-14	127,540,199.00	0.250%	100.000000%	127,540,199.00
			134,399,083.38			134,399,083.38
			$136,469,598.00			$136,469,598.00

EXHIBIT B

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

ESCROW ACCOUNT DISBURSEMENT REQUIREMENTS FOR THE REFUNDED BONDS AS OF JUNE 26, 2012

		Payment For		
Payment Date	Rate	Principal Redeemed	Interest	Total
01-Oct-12			$3,114,625.00	$3,114,625.00
01-Apr-13			3,114,625.00	3,114,625.00
01-Oct-13			3,114,625.00	3,114,625.00
01-Apr-14	5.000%	$124,585,000.00	3,114,625.00	127,699,625.00
		$124,585,000.00	$12,458,500.00	$137,043,500.00

EXHIBIT B-1

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

DEBT SERVICE REQUIREMENTS FOR THE REFUNDED BONDS ASSUMING NO OPTIONAL REDEMPTIONS PRIOR TO MATURITY AS OF JUNE 26, 2012

(FOR INFORMATIONAL PURPOSES ONLY)

Payment Date	Rate	Payment For Principal*	Payment For Interest	Total Debt Payment
01-Oct-12			$3,114,625.00	$3,114,625.00
01-Apr-13			3,114,625.00	3,114,625.00
01-Oct-13			3,114,625.00	3,114,625.00
01-Apr-14			3,114,625.00	3,114,625.00
01-Oct-14			3,114,625.00	3,114,625.00
01-Apr-15	5.000%	$3,770,000.00	3,114,625.00	6,884,625.00
01-Oct-15			3,020,375.00	3,020,375.00
01-Apr-16	5.000%	3,955,000.00	3,020,375.00	6,975,375.00
01-Oct-16			2,921,500.00	2,921,500.00
01-Apr-17	5.000%	4,155,000.00	2,921,500.00	7,076,500.00
01-Oct-17			2,817,625.00	2,817,625.00
01-Apr-18	5.000%	4,360,000.00	2,817,625.00	7,177,625.00
01-Oct-18			2,708,625.00	2,708,625.00
01-Apr-19	5.000%	4,580,000.00	2,708,625.00	7,288,625.00
01-Oct-19			2,594,125.00	2,594,125.00
01-Apr-20	5.000%	4,810,000.00	2,594,125.00	7,404,125.00
01-Oct-20			2,473,875.00	2,473,875.00
01-Apr-21	5.000%	5,050,000.00	2,473,875.00	7,523,875.00
01-Oct-21			2,347,625.00	2,347,625.00
01-Apr-22	5.000%	5,300,000.00	2,347,625.00	7,647,625.00
01-Oct-22			2,215,125.00	2,215,125.00
01-Apr-23	5.000%	5,565,000.00	2,215,125.00	7,780,125.00
01-Oct-23			2,076,000.00	2,076,000.00
01-Apr-24	5.000%	5,845,000.00	2,076,000.00	7,921,000.00
01-Oct-24			1,929,875.00	1,929,875.00
01-Apr-25	5.000%	6,135,000.00	1,929,875.00	8,064,875.00
01-Oct-25			1,776,500.00	1,776,500.00
01-Apr-26	5.000%	6,445,000.00	1,776,500.00	8,221,500.00
01-Oct-26			1,615,375.00	1,615,375.00
01-Apr-27	5.000%	6,765,000.00	1,615,375.00	8,380,375.00
01-Oct-27			1,446,250.00	1,446,250.00
01-Apr-28	5.000%	7,105,000.00	1,446,250.00	8,551,250.00
01-Oct-28			1,268,625.00	1,268,625.00
01-Apr-29	5.000%	7,460,000.00	1,268,625.00	8,728,625.00
01-Oct-29			1,082,125.00	1,082,125.00
01-Apr-30	5.000%	7,835,000.00	1,082,125.00	8,917,125.00
01-Oct-30			886,250.00	886,250.00
01-Apr-31	5.000%	8,225,000.00	886,250.00	9,111,250.00
01-Oct-31			680,625.00	680,625.00
01-Apr-32	5.000%	8,635,000.00	680,625.00	9,315,625.00
01-Oct-32			464,750.00	464,750.00
01-Apr-33	5.000%	9,070,000.00	464,750.00	9,534,750.00
01-Oct-33			238,000.00	238,000.00
01-Apr-34	5.000%	9,520,000.00	238,000.00	9,758,000.00
		$124,585,000.00	$87,814,250.00	$212,399,250.00

* Partial Refunding of the 2015 and 2016 Maturities

EXHIBIT C

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

YIELD ON THE 2012 BONDS AS OF JUNE 26, 2012

Payment Date	Debt Payment for the: 2012A Bonds (Exhibit C-1)	2012B Bonds (Exhibit C-2)	Adjustments for Callable Premium Bonds	Net Debt Payment	Present Value at June 26, 2012 Using a Semi-Annually Compounded Yield of 3.54299%
01-Oct-12	$1,516,239.58	$73,337.03		$1,589,576.61	$1,574,912.91
01-Apr-13	4,297,875.00	338,954.38		4,636,829.38	4,514,088.10
01-Oct-13	2,858,625.00	136,954.38		2,995,579.38	2,865,520.92
01-Apr-14	2,858,625.00	371,954.38		3,230,579.38	3,036,525.99
01-Oct-14	2,858,625.00	133,429.38		2,992,054.38	2,763,375.50
01-Apr-15	6,598,625.00	408,429.38		7,007,054.38	6,358,867.04
01-Oct-15	2,765,125.00	129,304.38		2,894,429.38	2,580,958.67
01-Apr-16	6,690,125.00	409,304.38		7,099,429.38	6,220,357.86
01-Oct-16	2,667,000.00	125,104.38		2,792,104.38	2,403,794.92
01-Apr-17	6,792,000.00	410,104.38		7,202,104.38	6,092,548.70
01-Oct-17	2,563,875.00	120,829.38		2,684,704.38	2,231,566.87
01-Apr-18	6,888,875.00	420,829.38		7,309,704.38	5,970,175.28
01-Oct-18	2,455,750.00	116,329.38		2,572,079.38	2,064,170.05
01-Apr-19	7,000,750.00	421,329.38		7,422,079.38	5,852,757.55
01-Oct-19	2,342,125.00	110,229.38		2,452,354.38	1,900,168.01
01-Apr-20	7,117,125.00	425,229.38		7,542,354.38	5,742,348.47
01-Oct-20	2,222,750.00	103,929.38		2,326,679.38	1,740,575.98
01-Apr-21	7,232,750.00	433,929.38		7,666,679.38	5,635,566.54
01-Oct-21	2,097,500.00	99,598.13		2,197,098.13	1,586,914.65
01-Apr-22	7,357,500.00	439,598.13	$44,960,000.00	52,757,098.13	37,441,983.75
01-Oct-22	1,966,000.00	94,923.13	(1,124,000.00)	936,923.13	653,364.82
01-Apr-23	7,486,000.00	444,923.13	(6,644,000.00)	1,286,923.13	881,816.51
01-Oct-23	1,828,000.00	89,673.13	(986,000.00)	931,673.13	627,282.29
01-Apr-24	7,628,000.00	449,673.13	(6,786,000.00)	1,291,673.13	854,527.25
01-Oct-24	1,683,000.00	83,913.13	(841,000.00)	925,913.13	601,890.34
01-Apr-25	7,768,000.00	458,913.13	(6,926,000.00)	1,300,913.13	830,939.22
01-Oct-25	1,530,875.00	77,585.00	(688,875.00)	919,585.00	577,147.31
01-Apr-26	7,925,875.00	462,585.00	(7,083,875.00)	1,304,585.00	804,527.72
01-Oct-26	1,371,000.00	70,847.50	(529,000.00)	912,847.50	553,147.18
01-Apr-27	8,081,000.00	470,847.50	(7,239,000.00)	1,312,847.50	781,682.85
01-Oct-27	1,203,250.00	63,647.50	(361,250.00)	905,647.50	529,845.60
01-Apr-28	8,253,250.00	473,647.50	(7,411,250.00)	1,315,647.50	756,316.40
01-Oct-28	1,027,000.00	56,062.50	(185,000.00)	898,062.50	507,276.07
01-Apr-29	8,427,000.00	486,062.50	(7,585,000.00)	1,328,062.50	737,106.36
01-Oct-29	842,000.00	48,000.00		890,000.00	485,372.86
01-Apr-30	8,617,000.00	488,000.00		9,105,000.00	4,879,094.91
01-Oct-30	686,500.00	39,200.00		725,700.00	382,111.65
01-Apr-31	8,771,500.00	499,200.00		9,270,700.00	4,796,445.50
01-Oct-31	524,800.00	30,000.00		554,800.00	282,044.27
01-Apr-32	8,929,800.00	510,000.00		9,439,800.00	4,715,388.18
01-Oct-32	356,700.00	20,400.00		377,100.00	185,090.88
01-Apr-33	9,101,700.00	520,400.00		9,622,100.00	4,640,579.25
01-Oct-33	181,800.00	10,400.00		192,200.00	91,081.37
01-Apr-34	9,271,800.00	530,400.00		9,802,200.00	4,564,293.45
	$200,643,714.58	$11,708,011.53	($9,430,250.00)	$202,921,476.11	$143,295,550.00

Dated Date: 26-Jun-12
Delivery Date: 26-Jun-12

The above aggregate present value of the future payments equals the following:

	2012A Bonds	2012B Bonds	Total
Par Value of the Issue	$124,190,000.00	$7,975,000.00	$132,165,000.00
Net Original Issue Premium	11,069,044.45	61,505.55	11,130,550.00
Proceeds on Delivery Date	$135,259,044.45	$8,036,505.55	$143,295,550.00

EXHIBIT C-1

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

2012A BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF JUNE 26, 2012

Payment Date	Rate	Payment For		Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest				
01-Oct-12			$1,516,239.58	$1,516,239.58			
01-Apr-13	2.000%	$1,425,000.00	2,872,875.00	4,297,875.00	101.149%	$16,373.25	$1,441,373.25
01-Oct-13			2,858,625.00	2,858,625.00			
01-Apr-14			2,858,625.00	2,858,625.00			
01-Oct-14			2,858,625.00	2,858,625.00			
01-Apr-15	5.000%	3,740,000.00	2,858,625.00	6,598,625.00	110.586%	395,916.40	4,135,916.40
01-Oct-15			2,765,125.00	2,765,125.00			
01-Apr-16	5.000%	3,925,000.00	2,765,125.00	6,690,125.00	113.664%	536,312.00	4,461,312.00
01-Oct-16			2,667,000.00	2,667,000.00			
01-Apr-17	5.000%	4,125,000.00	2,667,000.00	6,792,000.00	115.881%	655,091.25	4,780,091.25
01-Oct-17			2,563,875.00	2,563,875.00			
01-Apr-18	5.000%	4,325,000.00	2,563,875.00	6,888,875.00	117.263%	746,624.75	5,071,624.75
01-Oct-18			2,455,750.00	2,455,750.00			
01-Apr-19	5.000%	4,545,000.00	2,455,750.00	7,000,750.00	117.986%	817,463.70	5,362,463.70
01-Oct-19			2,342,125.00	2,342,125.00			
01-Apr-20	5.000%	4,775,000.00	2,342,125.00	7,117,125.00	117.925%	855,918.75	5,630,918.75
01-Oct-20			2,222,750.00	2,222,750.00			
01-Apr-21	5.000%	5,010,000.00	2,222,750.00	7,232,750.00	117.668%	885,166.80	5,895,166.80
01-Oct-21			2,097,500.00	2,097,500.00			
01-Apr-22	5.000%	5,260,000.00	2,097,500.00	7,357,500.00	118.021%	947,904.60	6,207,904.60
01-Oct-22			1,966,000.00	1,966,000.00			
01-Apr-23	5.000%	5,520,000.00	1,966,000.00	7,486,000.00	116.630%	917,976.00	6,437,976.00
01-Oct-23			1,828,000.00	1,828,000.00			
01-Apr-24	5.000%	5,800,000.00	1,828,000.00	7,628,000.00	115.259%	885,022.00	6,685,022.00
01-Oct-24			1,683,000.00	1,683,000.00			
01-Apr-25	5.000%	6,085,000.00	1,683,000.00	7,768,000.00	114.266%	868,086.10	6,953,086.10
01-Oct-25			1,530,875.00	1,530,875.00			
01-Apr-26	5.000%	6,395,000.00	1,530,875.00	7,925,875.00	113.461%	860,830.95	7,255,830.95
01-Oct-26			1,371,000.00	1,371,000.00			
01-Apr-27	5.000%	6,710,000.00	1,371,000.00	8,081,000.00	112.839%	861,496.90	7,571,496.90
01-Oct-27			1,203,250.00	1,203,250.00			
01-Apr-28	5.000%	7,050,000.00	1,203,250.00	8,253,250.00	112.222%	861,651.00	7,911,651.00
01-Oct-28			1,027,000.00	1,027,000.00			
01-Apr-29	5.000%	7,400,000.00	1,027,000.00	8,427,000.00	111.608%	858,992.00	8,258,992.00
01-Oct-29			842,000.00	842,000.00			
01-Apr-30	4.000%	7,775,000.00	842,000.00	8,617,000.00	97.858%	(166,540.50)	7,608,459.50
01-Oct-30			686,500.00	686,500.00			
01-Apr-31	4.000%	8,085,000.00	686,500.00	8,771,500.00	97.858%	(173,180.70)	7,911,819.30
01-Oct-31			524,800.00	524,800.00			
01-Apr-32	4.000%	8,405,000.00	524,800.00	8,929,800.00	97.858%	(180,035.10)	8,224,964.90
01-Oct-32			356,700.00	356,700.00			
01-Apr-33	4.000%	8,745,000.00	356,700.00	9,101,700.00	97.858%	(187,317.90)	8,557,682.10
01-Oct-33			181,800.00	181,800.00			
01-Apr-34	4.000%	9,090,000.00	181,800.00	9,271,800.00	97.858%	(194,707.80)	8,895,292.20
		$124,190,000.00	$76,453,714.58	$200,643,714.58		$11,069,044.45	$135,259,044.45

EXHIBIT C-2

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

2012B BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION AS OF JUNE 26, 2012

Payment Date	Rate	Payment For		Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest				
01-Oct-12			$73,337.03	$73,337.03			
01-Apr-13	2.000%	$200,000.00	138,954.38	338,954.38	101.103%	$2,206.00	$202,206.00
01-Oct-13			136,954.38	136,954.38			
01-Apr-14	3.000%	235,000.00	136,954.38	371,954.38	103.630%	8,530.50	243,530.50
01-Oct-14			133,429.38	133,429.38			
01-Apr-15	3.000%	275,000.00	133,429.38	408,429.38	105.157%	14,181.75	289,181.75
01-Oct-15			129,304.38	129,304.38			
01-Apr-16	3.000%	280,000.00	129,304.38	409,304.38	106.337%	17,743.60	297,743.60
01-Oct-16			125,104.38	125,104.38			
01-Apr-17	3.000%	285,000.00	125,104.38	410,104.38	106.727%	19,171.95	304,171.95
01-Oct-17			120,829.38	120,829.38			
01-Apr-18	3.000%	300,000.00	120,829.38	420,829.38	106.370%	19,110.00	319,110.00
01-Oct-18			116,329.38	116,329.38			
01-Apr-19	4.000%	305,000.00	116,329.38	421,329.38	111.718%	35,739.90	340,739.90
01-Oct-19			110,229.38	110,229.38			
01-Apr-20	4.000%	315,000.00	110,229.38	425,229.38	110.895%	34,319.25	349,319.25
01-Oct-20			103,929.38	103,929.38			
01-Apr-21	2.625%	330,000.00	103,929.38	433,929.38	99.261%	(2,438.70)	327,561.30
01-Oct-21			99,598.13	99,598.13			
01-Apr-22	2.750%	340,000.00	99,598.13	439,598.13	98.982%	(3,461.20)	336,538.80
01-Oct-22			94,923.13	94,923.13			
01-Apr-23	3.000%	350,000.00	94,923.13	444,923.13	99.087%	(3,195.50)	346,804.50
01-Oct-23			89,673.13	89,673.13			
01-Apr-24	3.200%	360,000.00	89,673.13	449,673.13	99.028%	(3,499.20)	356,500.80
01-Oct-24			83,913.13	83,913.13			
01-Apr-25	3.375%	375,000.00	83,913.13	458,913.13	98.718%	(4,807.50)	370,192.50
01-Oct-25			77,585.00	77,585.00			
01-Apr-26	3.500%	385,000.00	77,585.00	462,585.00	98.918%	(4,165.70)	380,834.30
01-Oct-26			70,847.50	70,847.50			
01-Apr-27	3.600%	400,000.00	70,847.50	470,847.50	98.307%	(6,772.00)	393,228.00
01-Oct-27			63,647.50	63,647.50			
01-Apr-28	3.700%	410,000.00	63,647.50	473,647.50	99.169%	(3,407.10)	406,592.90
01-Oct-28			56,062.50	56,062.50			
01-Apr-29	3.750%	430,000.00	56,062.50	486,062.50	98.525%	(6,342.50)	423,657.50
01-Oct-29			48,000.00	48,000.00			
01-Apr-30	4.000%	440,000.00	48,000.00	488,000.00	97.858%	(9,424.80)	430,575.20
01-Oct-30			39,200.00	39,200.00			
01-Apr-31	4.000%	460,000.00	39,200.00	499,200.00	97.858%	(9,853.20)	450,146.80
01-Oct-31			30,000.00	30,000.00			
01-Apr-32	4.000%	480,000.00	30,000.00	510,000.00	97.858%	(10,281.60)	469,718.40
01-Oct-32			20,400.00	20,400.00			
01-Apr-33	4.000%	500,000.00	20,400.00	520,400.00	97.858%	(10,710.00)	489,290.00
01-Oct-33			10,400.00	10,400.00			
01-Apr-34	4.000%	520,000.00	10,400.00	530,400.00	97.858%	(11,138.40)	508,861.60
		$7,975,000.00	$3,733,011.53	$11,708,011.53		$61,505.55	$8,036,505.55

EXHIBIT D

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

YIELD ON THE ESCROWED SECURITIES PURCHASED WITH 2012A BOND PROCEEDS AS OF JUNE 26, 2012

Date	Total Cash Receipts From U.S. Treasury Securities Purchased with 2012A Bond Proceeds (Exhibit A)	Present Value at June 26, 2012 Using a Semi-Annually Compounded Yield of 0.24804%
01-Oct-12	$1,043,669.71	$1,042,987.22
01-Apr-13	3,114,625.30	3,108,733.07
01-Oct-13	3,114,625.03	3,104,882.10
01-Apr-14	127,699,624.25	127,142,480.99
	$134,972,544.29	$134,399,083.38

Total Cost of Securities	$134,399,083.38

EXHIBIT E

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

PRESENT VALUE SAVINGS (COST)
AS OF JUNE 26, 2012

Date	2012A Bond Debt Service (Exhibit C-1)	2012B Bond Debt Service (Exhibit C-2)	Total 2012 Bond Debt Service	Refunded Bond Debt Service (Exhibit B-1)	Savings (Cost)	Annual Savings (Cost)	Present Value of Savings (Cost) at June 26, 2012 3.54299%
01-Oct-12	$1,516,239.58	$73,337.03	$1,589,576.61	$3,114,625.00	$1,525,048.39		$1,510,979.96
01-Apr-13	4,297,875.00	338,954.38	4,636,829.38	3,114,625.00	(1,522,204.38)	$2,844.01	(1,481,910.18)
01-Oct-13	2,858,625.00	136,954.38	2,995,579.38	3,114,625.00	119,045.62		113,877.04
01-Apr-14	2,858,625.00	371,954.38	3,230,579.38	3,114,625.00	(115,954.38)	3,091.24	(108,989.27)
01-Oct-14	2,858,625.00	133,429.38	2,992,054.38	3,114,625.00	122,570.62		113,202.70
01-Apr-15	6,598,625.00	408,429.38	7,007,054.38	6,884,625.00	(122,429.38)	141.24	(111,104.05)
01-Oct-15	2,765,125.00	129,304.38	2,894,429.38	3,020,375.00	125,945.62		112,305.53
01-Apr-16	6,690,125.00	409,304.38	7,099,429.38	6,975,375.00	(124,054.38)	1,891.24	(108,693.61)
01-Oct-16	2,667,000.00	125,104.38	2,792,104.38	2,921,500.00	129,395.62		111,400.04
01-Apr-17	6,792,000.00	410,104.38	7,202,104.38	7,076,500.00	(125,604.38)	3,791.24	(106,253.78)
01-Oct-17	2,563,875.00	120,829.38	2,684,704.38	2,817,625.00	132,920.62		110,485.63
01-Apr-18	6,888,875.00	420,829.38	7,309,704.38	7,177,625.00	(132,079.38)	841.24	(107,875.37)
01-Oct-18	2,455,750.00	116,329.38	2,572,079.38	2,708,625.00	136,545.62		109,581.91
01-Apr-19	7,000,750.00	421,329.38	7,422,079.38	7,288,625.00	(133,454.38)	3,091.24	(105,236.83)
01-Oct-19	2,342,125.00	110,229.38	2,452,354.38	2,594,125.00	141,770.62		109,848.72
01-Apr-20	7,117,125.00	425,229.38	7,542,354.38	7,404,125.00	(138,229.38)	3,541.24	(105,240.52)
01-Oct-20	2,222,750.00	103,929.38	2,326,679.38	2,473,875.00	147,195.62		110,116.23
01-Apr-21	7,232,750.00	433,929.38	7,666,679.38	7,523,875.00	(142,804.38)	4,391.24	(104,971.60)
01-Oct-21	2,097,500.00	99,598.13	2,197,098.13	2,347,625.00	150,526.87		108,722.18
01-Apr-22	7,357,500.00	439,598.13	7,797,098.13	7,647,625.00	(149,473.13)	1,053.74	(106,081.85)
01-Oct-22	1,966,000.00	94,923.13	2,060,923.13	2,215,125.00	154,201.87		107,532.92
01-Apr-23	7,486,000.00	444,923.13	7,930,923.13	7,780,125.00	(150,798.13)	3,403.74	(103,328.85)
01-Oct-23	1,828,000.00	89,673.13	1,917,673.13	2,076,000.00	158,326.87		106,599.23
01-Apr-24	7,628,000.00	449,673.13	8,077,673.13	7,921,000.00	(156,673.13)	1,653.74	(103,649.64)
01-Oct-24	1,683,000.00	83,913.13	1,766,913.13	1,929,875.00	162,961.87		105,933.45
01-Apr-25	7,768,000.00	458,913.13	8,226,913.13	8,064,875.00	(162,038.13)	923.74	(103,499.48)
01-Oct-25	1,530,875.00	77,585.00	1,608,460.00	1,776,500.00	168,040.00		105,464.78
01-Apr-26	7,925,875.00	462,585.00	8,388,460.00	8,221,500.00	(166,960.00)	1,080.00	(102,962.97)
01-Oct-26	1,371,000.00	70,847.50	1,441,847.50	1,615,375.00	173,527.50		105,150.36
01-Apr-27	8,081,000.00	470,847.50	8,551,847.50	8,380,375.00	(171,472.50)	2,055.00	(102,096.48)
01-Oct-27	1,203,250.00	63,647.50	1,266,897.50	1,446,250.00	179,352.50		104,929.49
01-Apr-28	8,253,250.00	473,647.50	8,726,897.50	8,551,250.00	(175,647.50)	3,705.00	(100,973.16)
01-Oct-28	1,027,000.00	56,062.50	1,083,062.50	1,268,625.00	185,562.50		104,816.11
01-Apr-29	8,427,000.00	486,062.50	8,913,062.50	8,728,625.00	(184,437.50)	1,125.00	(102,367.21)
01-Oct-29	842,000.00	48,000.00	890,000.00	1,082,125.00	192,125.00		104,777.82
01-Apr-30	8,617,000.00	488,000.00	9,105,000.00	8,917,125.00	(187,875.00)	4,250.00	(100,676.55)
01-Oct-30	686,500.00	39,200.00	725,700.00	886,250.00	160,550.00		84,536.34
01-Apr-31	8,771,500.00	499,200.00	9,270,700.00	9,111,250.00	(159,450.00)	1,100.00	(82,495.74)
01-Oct-31	524,800.00	30,000.00	554,800.00	680,625.00	125,825.00		63,965.79
01-Apr-32	8,929,800.00	510,000.00	9,439,800.00	9,315,625.00	(124,175.00)	1,650.00	(62,028.15)
01-Oct-32	356,700.00	20,400.00	377,100.00	464,750.00	87,650.00		43,020.99
01-Apr-33	9,101,700.00	520,400.00	9,622,100.00	9,534,750.00	(87,350.00)	300.00	(42,127.46)
01-Oct-33	181,800.00	10,400.00	192,200.00	238,000.00	45,800.00		21,704.09
01-Apr-34	9,271,800.00	530,400.00	9,802,200.00	9,758,000.00	(44,200.00)	1,600.00	(20,581.27)
	$200,643,714.58	$11,708,011.53	$212,351,726.11	$212,399,250.00	47,523.89	47,523.89	95,807.29
			Contribution		(2,070,515.51)	(2,070,515.51)	(2,070,515.51)
			Project Fund Deposit		7,997,173.54	7,997,173.54	7,997,173.54
			Contingency		4,295.52	4,295.52	4,295.52
			Net Total		$5,978,477.44	$5,978,477.44	$6,026,760.84

EXHIBIT F

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

ESTIMATED SOURCES AND USES OF FUNDS AS OF JUNE 26, 2012

	2012A Bonds	2012B Bonds	Total
Sources of Funds:			
Par Value of Bonds	$124,190,000.00	$7,975,000.00	$132,165,000.00
Net Original Issue Premium	11,069,044.45	61,505.55	11,130,550.00
DSF Contribution	2,070,515.51		2,070,515.51
Total Sources of Funds	$137,329,559.96	$8,036,505.55	$145,366,065.51
Uses of Funds:			
Beginning Escrow Account Cash Balance	$0.89		$0.89
Cost of the Escrowed Securities Purchased with:			
Contribution	2,070,514.62		2,070,514.62
2012A Bond Proceeds	134,399,083.38		134,399,083.38
Project Fund Deposit		$7,997,173.54	7,997,173.54
Underwriter's Discount	631,915.55	39,332.01	671,247.56
Issuance Costs	223,750.00		223,750.00
Excess Deposit to Cost of Issuance Fund	4,295.52		4,295.52
Total Uses of Funds	$137,329,559.96	$8,036,505.55	$145,366,065.51

[Escrow Trustee to send as soon as practicable from the date of the Escrow Agreement, a notice of defeasance to the Owners of such Bonds to be Refunded pursuant to Section 8.01 of the General Resolution.]

FORM OF NOTICE

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CLOSING: August 31, 2004

STATED BONDS TO BE DEFEASED PURSUANT TO AN ADVANCED REFUNDING ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[2]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	95639RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

NOTICE IS HEREBY GIVEN by the Higher Education Policy Commission (the "Commission") pursuant to Article VIII of the General Resolution (hereinafter defined) to the Holders of the specific bonds referenced above (the "Stated 2004 B Bonds") maturing on and in the principal amounts as stated above, as follows:

[2] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

On the date hereof, the Commission has issued its Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), to provide funds, together with other available funds, to advance refund a portion of the principal amount outstanding of the Stated 2004 B Bonds, without premium, plus accrued interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Date") which date is the first call date on which the Commission can optionally redeem any portion of the Stated 2004 B Bonds prior to maturity.

A portion of the moneys from the issuance of the 2012 Series A Bonds has been deposited with the West Virginia Municipal Bond Commission, as paying agent for the 2004 Series B Bonds and the escrow agent (the "Escrow Agent") under the Escrow Agreement for the 2012 Series A Bonds, by and among the Commission, the Escrow Trustee and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association, as Registrar for the Stated 2004 B Bonds, dated the date hereof (the "Escrow Agreement"), together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Stated 2004 B Bonds on the Redemption Date.

The Stated 2004 B Bonds are deemed to have been paid in accordance with Section 8(b)(iii) of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution") as of the date hereof and the Stated 2004 B Bonds will be redeemed on the Redemption Date at the Redemption Price.

The Registrar has been instructed to provide a redemption notice pursuant to Article V of the General Resolution prior to the Redemption Date, as set forth in the Escrow Agreement.

The General Resolution and the Escrow Agreement are on file with the Escrow Trustee at the address below.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
By: West Virginia Municipal Bond Commission
Suite 401
1207 Quarrier Street
Charleston, WV 25301
Phone: (304) 558-3971
Fax: (304) 558-1280

Dated: June ____, 2012

[Registrar to send, within 30 to 60 days prior to the Redemption Date, a notice of redemption to the Owners of such Bonds to be Refunded pursuant to Section 5.05 of the General Resolution.]

FORM OF NOTICE

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CLOSING: August 31, 2004

REDEMPTION NOTICE

Maturity	Original Principal Amount	CUSIP Nos.[1]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	9563RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

NOTICE IS HEREBY GIVEN by the Higher Education Policy Commission (the "Commission") pursuant to Article V of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors"), predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time (the "General Resolution") to the Holders of the specific bonds

[1] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

referenced above (the "Stated 2004 B Bonds") maturing on and in the principal amounts as stated above, as follows:

On June 26, 2012, the Commission issued its Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A (the "2012 Series A Bonds"), to provide funds, together with other available funds, to advance refund a portion of the principal amount outstanding of the Stated 2004 B Bonds, without premium, plus accrued interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Date").

A portion of the moneys from the issuance of the 2012 Series A Bonds was deposited with the West Virginia Municipal Bond Commission, as paying agent for the Stated 2004 Series B Bonds and the Escrow Trustee (the "Escrow Trustee") under the Escrow Agreement for the 2012 Series A Bonds, by and between the Commission and the Escrow Trustee, dated June 26, 2012 (the "Escrow Agreement"), together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Stated 2004 Series B Bonds on the Redemption Date.

On the Redemption Date, the Stated 2004 B Bonds will cease to bear interest and the Holders thereof shall cease to be entitled to the benefits or security of the Escrow Fund held by the Escrow Trustee except to receive payment of the Redemption Price on the Redemption Date. From and after the Redemption Date, the Stated 2004 B Bonds shall be required to be surrendered at the address set forth below.

Payment of the Stated 2004 B Bonds called for redemption will be made upon presentation and surrender of the Stated 2004 B Bonds to the Registrar at the address set forth below.

The General Resolution, the Escrow Agreement, and the related bond documents are on file at the address below for inspection by all Holders of the Stated 2004 B Bonds.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
By: The Bank of New York Mellon
385 Rifle Camp Road 3rd Floor
Woodland Park, New Jersey 07424
Corporate Trust Department
Phone: (973) 247-4742

Dated: _____, 2014

NOTICE

Withholding of a certain percentage of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

June 22, 2012

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

National Public Finance Guarantee Corporation
113 King Street
Armonk, New York 10504

Re: State of West Virginia Higher Education Policy Commission
Financial Guaranty Insurance Corporation Policy No. 04010546

Ladies and Gentlemen:

Notice is hereby given under that certain Bond Insurance Policy No. 04010546, dated August 31, 2004, originally issued by Financial Guaranty Insurance Company ("FGIC"), and later reinsured by MBIA Insurance Corporation ("MBIA") under that certain Reinsurance Agreement dated as of September 30, 2008, between MBIA and FGIC in connection with the above-referenced bonds issued by the State of West Virginia Higher Education Policy Commission (the "Commission"). The Commission intends to issue its $124,190,000 Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (the "2012 Series A Bonds") on June 26, 2012 (the "Closing Date"), to advance refund the portion of the principal amount outstanding of the above-referenced bonds, as described more particularly on Exhibit A attached hereto (the "Bonds to be Refunded"), without premium, plus accrued interest to the date of redemption (the "Redemption Price") on **April 1, 2014** (the "Redemption Price"), which date is the first call date on which the Commission can optionally redeem any portion of the Bonds to be Refunded prior to maturity.

The 2012 Series A Bonds shall be issued pursuant to a General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees, and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System, each being predecessors to the Commission, as the same has been amended, consolidated and supplemented from time to time, including by a Sixth Consolidated Supplemental Resolution adopted by the Commission on May 9, 2012, and a Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012 (collectively, the "General Resolution").

A portion of the moneys from the issuance of the 2012 Series A Bonds shall be deposited with the West Virginia Municipal Bond Commission, as Escrow Trustee, into an Escrow Fund under an Escrow Agreement to be dated as of June 26, 2012, by and among the Commission, the West Virginia Municipal Bond Commission and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company, National Association, as Registrar for the Bonds to be Refunded, together with other funds deposited therein, in an amount sufficient to pay the Redemption Price of the Bonds to be Refunded on the Redemption Date. The moneys in the Escrow Fund shall be used by the Escrow Trustee to purchase the Defeasance Securities as described in Exhibit B hereto.

The Commission has caused there to be prepared a verification report by Causey Demgen & Moore P.C., Certified Public Accountants.

HIGHER EDUCATION POLICY COMMISSION

By: _____
Paul Hill, Ph. D.

Its: Chancellor

EXHIBIT A

BONDS TO BE REFUNDED ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[1]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	95639RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

[1] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

EXHIBIT B

DESCRIPTION OF THE DEFEASANCE SECURITIES

Purchase Date	Type of Security	Type of SLGS	Maturity Date	First Interest Payment Date	Par Amount	Rate	Max Rate
June 26, 2012	SLGS	Certificate	10/01/2012	10/01/2012	3,027,990	0.080%	0.080%
June 26, 2012	SLGS	Certificate	04/01/2103	04/01/2013	2,949,014	0.150%	0.150%
June 26, 2012	SLGS	Note	10/01/2013	10/01/2012	2,952,395	0.190%	0.190%
June 26, 2012	SLGS	Note	04/01/2014	10/01/2012	127,540,199	0.250%	0.250%
					136,469,598		

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION

REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES B

CAUSEY DEMGEN & MOORE INC.
Certified Public Accountants and Consultants

CAUSEY DEMGEN & MOORE INC.
Certified Public Accountants and Consultants

Suite 1450
1125 Seventeenth Street
Denver, Colorado 80202-2025
Telephone: (303) 296-2229
Facsimile: (303) 296-3731
www.causeycpas.com

June 26, 2012

West Virginia Higher Education
Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, West Virginia 25301

Spilman Thomas & Battle, PLLC
300 Kanawha Boulevard East
Post Office Box 273
Charleston, West Virginia 25301

Citigroup Global Markets Inc.
Public Finance Department
390 Greenwich Street, 2nd Floor
New York, New York 10013

We have completed our engagement to verify the mathematical accuracy of (a) the computations relating to the adequacy of cash plus U.S. Treasury Securities to be held in escrow to pay the debt service requirements of the Revenue Bonds (Higher Education Facilities) 2004 Series B (only those bonds maturing on April 1, 2015 and thereafter as described in Exhibit B-1) (herein referred to as the "Refunded Bonds") issued by the State of West Virginia Higher Education Policy Commission (herein referred to as the "Issuer") and (b) the computations supporting the conclusion of Bond Counsel that the following bonds (herein collectively referred to as the "2012 Bonds") to be issued by the Issuer are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended:

- Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A (herein referred to as the "2012A Bonds"),

- Revenue Bonds (Higher Education Facilities) 2012 Series B (herein referred to as the "2012B Bonds").

and (c) the present value savings associated with the transaction described herein. We express no opinion as to the attainability of the assumptions underlying the computations or the tax-exempt status of the 2012 Bonds. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by Citigroup Global Markets Inc., as Lead Underwriter on behalf of Crews & Associates, Inc. and Piper Jaffray & Co. (herein collectively referred to as the "Underwriter"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through E attached hereto and made a part hereof.

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

OUR UNDERSTANDING OF THE TRANSACTION

The Issuer issued its Revenue Bonds (Higher Education Facilities) 2004 Series B (herein referred to as the "2004B Bonds") on August 31, 2004 to (1) advance refund prior obligations of the Issuer (herein referred to as the "Prior Bonds") and (2) to finance certain capital improvements. As proposed by the Underwriter and approved by Bond Counsel, the 2004B Bonds are to be treated as having two separate governmental purposes: (1) the advance refunding of portions of the Prior Bonds and (2) the financing of capital improvements. As provided by the Underwriter and approved by Bond Counsel, the Refunded Bonds consist solely of a portion of those outstanding 2004B Bonds that are allocable to the financing of capital improvements. We did not verify any calculations relating to the multipurpose allocation of the 2004B Bonds and therefore, express no opinion as to the accuracy or appropriateness of any such calculations.

The Issuer intends to (1) issue the 2012A Bonds on June 26, 2012 to advance refund the Refunded Bonds and (2) issue the 2012B Bonds on June 26, 2012 to finance certain capital improvements. A portion of the proceeds of the 2012A Bonds, together with a contribution from the 2004A and 2004B Bond Proceeds Funds associated with the Refunded Bonds (herein referred to as the "Contribution") will be used to purchase U.S. Treasury Securities and to provide cash that will be placed into an escrow account to advance refund and defease the Refunded Bonds.

The Escrow Trustee will pay the debt service requirements of the Refunded Bonds on each scheduled payment date through and including April 1, 2014 and will redeem the Refunded Bonds, at a redemption price equal to 100% of par, on April 1, 2014, which is the first optional redemption date.

ESCROW ACCOUNT TRANSACTIONS

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to advance refund the Refunded Bonds.

The presently outstanding debt service requirements of the Refunded Bonds will be satisfied by the purchase of U.S. Treasury Securities (as described in Exhibit A-3) plus $0.89 in cash. The securities and cash will be placed in an irrevocable escrow account and held therein until the Refunded Bonds are redeemed as previously described.

We read a copy of the Official Statement for the Refunded Bonds insofar as these obligations are described with respect to principal outstanding, interest rates, maturity dates, and redemption provisions. We assumed this document to be accurate and all debt service payments on the Refunded Bonds to be current as of June 26, 2012. We compared the above information set forth in

this Official Statement with the related information contained in the schedules provided to us and found the information to be consistent.

We compared the subscribed interest rates of the U.S. Treasury Securities (State and Local Government Series) to be purchased and placed in escrow with the maximum allowable interest rates as published in the SLGS Daily Rate Table by the Bureau of the Public Debt for June 12, 2012 and found the subscribed rates to be less than or equal to the maximum allowable rates that were in effect on the subscription date for each applicable maturity date.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A through B, which indicate that the cash and securities proposed to be placed in escrow by the Issuer will produce the amounts necessary to provide for the timely payment of the proposed debt payment schedule on the Refunded Bonds, are mathematically correct.

YIELD ON THE 2012 BONDS

We verified the mathematical accuracy of the accompanying computations of the yield on the 2012 Bonds as of June 26, 2012. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the payments to be made on the 2012 Bonds to an amount equal to the target purchase price of the 2012 Bonds. The computations were made using a 360-day year with interest compounded semi-annually and treated $11,130,550.00 as the net original issue premium (which results in a target purchase price of $143,295,550.00).

In conducting our verification, we assumed that the re-offering prices of the 2012 Bonds are as described in Exhibits C-1 and C-2, that the 2012 Bonds stated to mature on or before April 1, 2022 are not optionally callable, and that the 2012 Bonds stated to mature on April 1, 2023 and thereafter are optionally callable at par on and after April 1, 2022. We tested to determine whether any combination of optional redemptions of those 2012A Bonds stated to mature on April 1, 2023 through and including April 1, 2029 (which represent the only callable maturities with reoffering prices in excess of the safe harbor limit of 102.250%) (herein referred to as the "Callable Premium Bonds") would result in a lower yield on the 2012 Bonds than that realized by assuming that such bonds are retired on their stated maturity dates. We assumed that all other maturities of the 2012 Bonds would be retired on the dates and in the amounts set forth in Exhibits C-1 and C-2.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibits C through C-2, which indicate that the yield on the 2012 Bonds, assuming the Callable Premium Bonds are redeemed at par on April 1, 2022, is 3.54299%, are mathematically correct. It is our opinion that computing the aforementioned yield on the 2012 Bonds by treating the Callable Premium Bonds as being redeemed at par on April 1, 2012 results in the lowest yield on the 2012 Bonds of all possible payment permutations thereon.

YIELD ON THE INVESTMENT IN THE ESCROWED OBLIGATIONS PURCHASED WITH 2012A BOND PROCEEDS

We verified the mathematical accuracy of the accompanying computation of the yield on the investment in the escrowed U.S. Treasury Securities purchased with 2012A Bond proceeds based on an assumed settlement date of June 26, 2012 and a purchase price of $134,399,083.38. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the cash receipts from the escrowed securities to an amount equal to the purchase price of the escrowed securities. The computations were made using a 360-day year with interest compounded semi-annually and were based on the dates the funds are to be received in the escrow account, and assume that all cash balances are not reinvested.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibit D, which indicate that the yield on the escrowed securities purchased with 2012A Bond proceeds is 0.24804% (which is less than the yield on the 2012 Bonds), are mathematically correct.

PRESENT VALUE SAVINGS

We verified the mathematical accuracy of the accompanying computation of the present value savings resulting from the refunding of the Refunded Bonds based on an assumed settlement date of June 26, 2012. The computation was made using a 360-day year with interest compounded semi-annually. The computation was based on the assumptions that (1) the debt service requirements of the Refunded Bonds would have been paid on their regularly scheduled payment dates, without optional redemption prior to maturity, (2) the debt service requirements of the 2012 Bonds will be paid on their regularly scheduled payment dates, without optional redemption prior to maturity, (3) the Issuer will contribute cash on the settlement date in the amount of $2,070,515.51 from the 2004A Bond and 2004B Bond Proceeds Fund associated with the Refunded Bonds, (4) $7,997,173.54 in proceeds of the 2012B Bonds will be deposited into the Project Fund at closing, (5) $4,295.52 in unspent proceeds of the 2012 Bonds will be deposited into the 2012A Cost of Issuance Fund at closing, and (6) the annual discount rate for purposes of this calculation is 3.54299%.

Based on the procedures and information set forth above, the computations in Exhibit E, which indicate that the present value savings associated with this refunding transaction is $6,026,760.84, are mathematically correct.

USE OF THIS REPORT

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the 2012 Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in the Official Statement for the 2012 Bonds in the section captioned "Verification of Mathematical Computations," (ii) reference may be made to the

report in the purchase contract or in any closing documents pertaining to the issuance of the 2012 Bonds, (iii) the report may be used in its entirety as an exhibit to the escrow agreement for the Refunded Bonds, (iv) the report may be included in the transcripts pertaining to the issuance of the 2012 Bonds, (v) the report may be relied upon by Bond Counsel in connection with its opinions concerning the Refunded Bonds and the 2012 Bonds, (vi) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the 2012 Bonds, and (vii) the report may be relied upon by the Escrow Trustee for the Refunded Bonds.

* * * * * * * * *

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

Causey Demgen & Moore Inc.

EXHIBIT A

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

ESCROW ACCOUNT CASH FLOW
AS OF JUNE 26, 2012

Date	Cash Receipts from U.S. Treasury Securities Purchased with the: Contribution (Exhibit A-1)	2012A Bond Proceeds (Exhibit A-2)	Total Cash Receipts From U.S. Treasury Securities	Cash Disbursements From Escrow (Exhibit B)	Cash Balance
Beginning Balance:					$0.89
01-Oct-12	$2,070,954.82	$1,043,669.71	$3,114,624.53	$3,114,625.00	0.42
01-Apr-13		3,114,625.30	3,114,625.30	3,114,625.00	0.72
01-Oct-13		3,114,625.03	3,114,625.03	3,114,625.00	0.75
01-Apr-14		127,699,624.25	127,699,624.25	127,699,625.00	0.00
	$2,070,954.82	$134,972,544.29	$137,043,499.11	$137,043,500.00	

EXHIBIT A-1

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

CASH RECEIPT FROM THE ESCROWED SECURITY PURCHASED WITH THE CONTRIBUTION AS OF JUNE 26, 2012

	$2,070,514.62	
	0.080000%	Total
Payment	SLGS (1)	Cash
Date	01-Oct-12	Receipt
01-Oct-12	$2,070,954.82	$2,070,954.82
	$2,070,954.82	$2,070,954.82

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series).

EXHIBIT A-2

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

CASH RECEIPTS FROM THE ESCROWED SECURITIES PURCHASED WITH 2012A BOND PROCEEDS AS OF JUNE 26, 2012

Payment Date	$957,475.38 0.080000% SLGS (1) 01-Oct-12	$2,949,014.00 0.150000% SLGS (1) 01-Apr-13	$2,952,395.00 0.190000% SLGS (2) 01-Oct-13	$127,540,199.00 0.250000% SLGS (2) 01-Apr-14	Total Cash Receipts
01-Oct-12	$957,678.94		$1,486.68	$84,504.09	$1,043,669.71
01-Apr-13		$2,952,395.27	2,804.78	159,425.25	3,114,625.30
01-Oct-13			2,955,199.78	159,425.25	3,114,625.03
01-Apr-14				127,699,624.25	127,699,624.25
	$957,678.94	$2,952,395.27	$2,959,491.24	$128,102,978.84	$134,972,544.29

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series).

(2) U.S. Treasury Note or Bond (State and Local Government Series).

EXHIBIT A-3

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

DESCRIPTION OF THE ESCROWED SECURITIES AS OF JUNE 26, 2012

Type	Settlement Date	Maturity Date	Par Amount	Coupon Rate	Price	Total Cost
Security Purchased with the Contribution:						
SLGS	26-Jun-12	01-Oct-12	$2,070,514.62	0.080%	100.000000%	$2,070,514.62
Securities Purchased with the 2012A Bond Proceeds:						
SLGS	26-Jun-12	01-Oct-12	957,475.38	0.080%	100.000000%	957,475.38
SLGS	26-Jun-12	01-Apr-13	2,949,014.00	0.150%	100.000000%	2,949,014.00
SLGS	26-Jun-12	01-Oct-13	2,952,395.00	0.190%	100.000000%	2,952,395.00
SLGS	26-Jun-12	01-Apr-14	127,540,199.00	0.250%	100.000000%	127,540,199.00
			134,399,083.38			134,399,083.38
			$136,469,598.00			$136,469,598.00

EXHIBIT B

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

ESCROW ACCOUNT DISBURSEMENT REQUIREMENTS FOR THE REFUNDED BONDS AS OF JUNE 26, 2012

		Payment For		
Payment Date	Rate	Principal Redeemed	Interest	Total
01-Oct-12			$3,114,625.00	$3,114,625.00
01-Apr-13			3,114,625.00	3,114,625.00
01-Oct-13			3,114,625.00	3,114,625.00
01-Apr-14	5.000%	$124,585,000.00	3,114,625.00	127,699,625.00
		$124,585,000.00	$12,458,500.00	$137,043,500.00

EXHIBIT B-1

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

DEBT SERVICE REQUIREMENTS FOR THE REFUNDED BONDS ASSUMING NO OPTIONAL REDEMPTIONS PRIOR TO MATURITY AS OF JUNE 26, 2012

(FOR INFORMATIONAL PURPOSES ONLY)

Payment Date	Rate	Payment For Principal*	Payment For Interest	Total Debt Payment
01-Oct-12			$3,114,625.00	$3,114,625.00
01-Apr-13			3,114,625.00	3,114,625.00
01-Oct-13			3,114,625.00	3,114,625.00
01-Apr-14			3,114,625.00	3,114,625.00
01-Oct-14			3,114,625.00	3,114,625.00
01-Apr-15	5.000%	$3,770,000.00	3,114,625.00	6,884,625.00
01-Oct-15			3,020,375.00	3,020,375.00
01-Apr-16	5.000%	3,955,000.00	3,020,375.00	6,975,375.00
01-Oct-16			2,921,500.00	2,921,500.00
01-Apr-17	5.000%	4,155,000.00	2,921,500.00	7,076,500.00
01-Oct-17			2,817,625.00	2,817,625.00
01-Apr-18	5.000%	4,360,000.00	2,817,625.00	7,177,625.00
01-Oct-18			2,708,625.00	2,708,625.00
01-Apr-19	5.000%	4,580,000.00	2,708,625.00	7,288,625.00
01-Oct-19			2,594,125.00	2,594,125.00
01-Apr-20	5.000%	4,810,000.00	2,594,125.00	7,404,125.00
01-Oct-20			2,473,875.00	2,473,875.00
01-Apr-21	5.000%	5,050,000.00	2,473,875.00	7,523,875.00
01-Oct-21			2,347,625.00	2,347,625.00
01-Apr-22	5.000%	5,300,000.00	2,347,625.00	7,647,625.00
01-Oct-22			2,215,125.00	2,215,125.00
01-Apr-23	5.000%	5,565,000.00	2,215,125.00	7,780,125.00
01-Oct-23			2,076,000.00	2,076,000.00
01-Apr-24	5.000%	5,845,000.00	2,076,000.00	7,921,000.00
01-Oct-24			1,929,875.00	1,929,875.00
01-Apr-25	5.000%	6,135,000.00	1,929,875.00	8,064,875.00
01-Oct-25			1,776,500.00	1,776,500.00
01-Apr-26	5.000%	6,445,000.00	1,776,500.00	8,221,500.00
01-Oct-26			1,615,375.00	1,615,375.00
01-Apr-27	5.000%	6,765,000.00	1,615,375.00	8,380,375.00
01-Oct-27			1,446,250.00	1,446,250.00
01-Apr-28	5.000%	7,105,000.00	1,446,250.00	8,551,250.00
01-Oct-28			1,268,625.00	1,268,625.00
01-Apr-29	5.000%	7,460,000.00	1,268,625.00	8,728,625.00
01-Oct-29			1,082,125.00	1,082,125.00
01-Apr-30	5.000%	7,835,000.00	1,082,125.00	8,917,125.00
01-Oct-30			886,250.00	886,250.00
01-Apr-31	5.000%	8,225,000.00	886,250.00	9,111,250.00
01-Oct-31			680,625.00	680,625.00
01-Apr-32	5.000%	8,635,000.00	680,625.00	9,315,625.00
01-Oct-32			464,750.00	464,750.00
01-Apr-33	5.000%	9,070,000.00	464,750.00	9,534,750.00
01-Oct-33			238,000.00	238,000.00
01-Apr-34	5.000%	9,520,000.00	238,000.00	9,758,000.00
		$124,585,000.00	$87,814,250.00	$212,399,250.00

* Partial Refunding of the 2015 and 2016 Maturities

EXHIBIT C

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

YIELD ON THE 2012 BONDS
AS OF JUNE 26, 2012

Payment Date	Debt Payment for the: 2012A Bonds (Exhibit C-1)	2012B Bonds (Exhibit C-2)	Adjustments for Callable Premium Bonds	Net Debt Payment	Present Value at June 26, 2012 Using a Semi-Annually Compounded Yield of 3.54299%
01-Oct-12	$1,516,239.58	$73,337.03		$1,589,576.61	$1,574,912.91
01-Apr-13	4,297,875.00	338,954.38		4,636,829.38	4,514,088.10
01-Oct-13	2,858,625.00	136,954.38		2,995,579.38	2,865,520.92
01-Apr-14	2,858,625.00	371,954.38		3,230,579.38	3,036,525.99
01-Oct-14	2,858,625.00	133,429.38		2,992,054.38	2,763,375.50
01-Apr-15	6,598,625.00	408,429.38		7,007,054.38	6,358,867.04
01-Oct-15	2,765,125.00	129,304.38		2,894,429.38	2,580,958.67
01-Apr-16	6,690,125.00	409,304.38		7,099,429.38	6,220,357.86
01-Oct-16	2,667,000.00	125,104.38		2,792,104.38	2,403,794.92
01-Apr-17	6,792,000.00	410,104.38		7,202,104.38	6,092,548.70
01-Oct-17	2,563,875.00	120,829.38		2,684,704.38	2,231,566.87
01-Apr-18	6,888,875.00	420,829.38		7,309,704.38	5,970,175.28
01-Oct-18	2,455,750.00	116,329.38		2,572,079.38	2,064,170.05
01-Apr-19	7,000,750.00	421,329.38		7,422,079.38	5,852,757.55
01-Oct-19	2,342,125.00	110,229.38		2,452,354.38	1,900,168.01
01-Apr-20	7,117,125.00	425,229.38		7,542,354.38	5,742,348.47
01-Oct-20	2,222,750.00	103,929.38		2,326,679.38	1,740,575.98
01-Apr-21	7,232,750.00	433,929.38		7,666,679.38	5,635,566.54
01-Oct-21	2,097,500.00	99,598.13		2,197,098.13	1,586,914.65
01-Apr-22	7,357,500.00	439,598.13	$44,960,000.00	52,757,098.13	37,441,983.75
01-Oct-22	1,966,000.00	94,923.13	(1,124,000.00)	936,923.13	653,364.82
01-Apr-23	7,486,000.00	444,923.13	(6,644,000.00)	1,286,923.13	881,816.51
01-Oct-23	1,828,000.00	89,673.13	(986,000.00)	931,673.13	627,282.29
01-Apr-24	7,628,000.00	449,673.13	(6,786,000.00)	1,291,673.13	854,527.25
01-Oct-24	1,683,000.00	83,913.13	(841,000.00)	925,913.13	601,890.34
01-Apr-25	7,768,000.00	458,913.13	(6,926,000.00)	1,300,913.13	830,939.22
01-Oct-25	1,530,875.00	77,585.00	(688,875.00)	919,585.00	577,147.31
01-Apr-26	7,925,875.00	462,585.00	(7,083,875.00)	1,304,585.00	804,527.72
01-Oct-26	1,371,000.00	70,847.50	(529,000.00)	912,847.50	553,147.18
01-Apr-27	8,081,000.00	470,847.50	(7,239,000.00)	1,312,847.50	781,682.85
01-Oct-27	1,203,250.00	63,647.50	(361,250.00)	905,647.50	529,845.60
01-Apr-28	8,253,250.00	473,647.50	(7,411,250.00)	1,315,647.50	756,316.40
01-Oct-28	1,027,000.00	56,062.50	(185,000.00)	898,062.50	507,276.07
01-Apr-29	8,427,000.00	486,062.50	(7,585,000.00)	1,328,062.50	737,106.36
01-Oct-29	842,000.00	48,000.00		890,000.00	485,372.86
01-Apr-30	8,617,000.00	488,000.00		9,105,000.00	4,879,094.91
01-Oct-30	686,500.00	39,200.00		725,700.00	382,111.65
01-Apr-31	8,771,500.00	499,200.00		9,270,700.00	4,796,445.50
01-Oct-31	524,800.00	30,000.00		554,800.00	282,044.27
01-Apr-32	8,929,800.00	510,000.00		9,439,800.00	4,715,388.18
01-Oct-32	356,700.00	20,400.00		377,100.00	185,090.88
01-Apr-33	9,101,700.00	520,400.00		9,622,100.00	4,640,579.25
01-Oct-33	181,800.00	10,400.00		192,200.00	91,081.37
01-Apr-34	9,271,800.00	530,400.00		9,802,200.00	4,564,293.45
	$200,643,714.58	$11,708,011.53	($9,430,250.00)	$202,921,476.11	$143,295,550.00

Dated Date: 26-Jun-12
Delivery Date: 26-Jun-12

The above aggregate present value of the future payments equals the following:

	2012A Bonds	2012B Bonds	Total
Par Value of the Issue	$124,190,000.00	$7,975,000.00	$132,165,000.00
Net Original Issue Premium	11,069,044.45	61,505.55	11,130,550.00
Proceeds on Delivery Date	$135,259,044.45	$8,036,505.55	$143,295,550.00

EXHIBIT C-1

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

2012A BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION AS OF JUNE 26, 2012

Payment Date	Rate	Payment For Principal	Payment For Interest	Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
01-Oct-12			$1,516,239.58	$1,516,239.58			
01-Apr-13	2.000%	$1,425,000.00	2,872,875.00	4,297,875.00	101.149%	$16,373.25	$1,441,373.25
01-Oct-13			2,858,625.00	2,858,625.00			
01-Apr-14			2,858,625.00	2,858,625.00			
01-Oct-14			2,858,625.00	2,858,625.00			
01-Apr-15	5.000%	3,740,000.00	2,858,625.00	6,598,625.00	110.586%	395,916.40	4,135,916.40
01-Oct-15			2,765,125.00	2,765,125.00			
01-Apr-16	5.000%	3,925,000.00	2,765,125.00	6,690,125.00	113.664%	536,312.00	4,461,312.00
01-Oct-16			2,667,000.00	2,667,000.00			
01-Apr-17	5.000%	4,125,000.00	2,667,000.00	6,792,000.00	115.881%	655,091.25	4,780,091.25
01-Oct-17			2,563,875.00	2,563,875.00			
01-Apr-18	5.000%	4,325,000.00	2,563,875.00	6,888,875.00	117.263%	746,624.75	5,071,624.75
01-Oct-18			2,455,750.00	2,455,750.00			
01-Apr-19	5.000%	4,545,000.00	2,455,750.00	7,000,750.00	117.986%	817,463.70	5,362,463.70
01-Oct-19			2,342,125.00	2,342,125.00			
01-Apr-20	5.000%	4,775,000.00	2,342,125.00	7,117,125.00	117.925%	855,918.75	5,630,918.75
01-Oct-20			2,222,750.00	2,222,750.00			
01-Apr-21	5.000%	5,010,000.00	2,222,750.00	7,232,750.00	117.668%	885,166.80	5,895,166.80
01-Oct-21			2,097,500.00	2,097,500.00			
01-Apr-22	5.000%	5,260,000.00	2,097,500.00	7,357,500.00	118.021%	947,904.60	6,207,904.60
01-Oct-22			1,966,000.00	1,966,000.00			
01-Apr-23	5.000%	5,520,000.00	1,966,000.00	7,486,000.00	116.630%	917,976.00	6,437,976.00
01-Oct-23			1,828,000.00	1,828,000.00			
01-Apr-24	5.000%	5,800,000.00	1,828,000.00	7,628,000.00	115.259%	885,022.00	6,685,022.00
01-Oct-24			1,683,000.00	1,683,000.00			
01-Apr-25	5.000%	6,085,000.00	1,683,000.00	7,768,000.00	114.266%	868,086.10	6,953,086.10
01-Oct-25			1,530,875.00	1,530,875.00			
01-Apr-26	5.000%	6,395,000.00	1,530,875.00	7,925,875.00	113.461%	860,830.95	7,255,830.95
01-Oct-26			1,371,000.00	1,371,000.00			
01-Apr-27	5.000%	6,710,000.00	1,371,000.00	8,081,000.00	112.839%	861,496.90	7,571,496.90
01-Oct-27			1,203,250.00	1,203,250.00			
01-Apr-28	5.000%	7,050,000.00	1,203,250.00	8,253,250.00	112.222%	861,651.00	7,911,651.00
01-Oct-28			1,027,000.00	1,027,000.00			
01-Apr-29	5.000%	7,400,000.00	1,027,000.00	8,427,000.00	111.608%	858,992.00	8,258,992.00
01-Oct-29			842,000.00	842,000.00			
01-Apr-30	4.000%	7,775,000.00	842,000.00	8,617,000.00	97.858%	(166,540.50)	7,608,459.50
01-Oct-30			686,500.00	686,500.00			
01-Apr-31	4.000%	8,085,000.00	686,500.00	8,771,500.00	97.858%	(173,180.70)	7,911,819.30
01-Oct-31			524,800.00	524,800.00			
01-Apr-32	4.000%	8,405,000.00	524,800.00	8,929,800.00	97.858%	(180,035.10)	8,224,964.90
01-Oct-32			356,700.00	356,700.00			
01-Apr-33	4.000%	8,745,000.00	356,700.00	9,101,700.00	97.858%	(187,317.90)	8,557,682.10
01-Oct-33			181,800.00	181,800.00			
01-Apr-34	4.000%	9,090,000.00	181,800.00	9,271,800.00	97.858%	(194,707.80)	8,895,292.20
		$124,190,000.00	$76,453,714.58	$200,643,714.58		$11,069,044.45	$135,259,044.45

EXHIBIT C-2

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

2012B BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION AS OF JUNE 26, 2012

Payment Date	Rate	Payment For Principal	Payment For Interest	Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
01-Oct-12			$73,337.03	$73,337.03			
01-Apr-13	2.000%	$200,000.00	138,954.38	338,954.38	101.103%	$2,206.00	$202,206.00
01-Oct-13			136,954.38	136,954.38			
01-Apr-14	3.000%	235,000.00	136,954.38	371,954.38	103.630%	8,530.50	243,530.50
01-Oct-14			133,429.38	133,429.38			
01-Apr-15	3.000%	275,000.00	133,429.38	408,429.38	105.157%	14,181.75	289,181.75
01-Oct-15			129,304.38	129,304.38			
01-Apr-16	3.000%	280,000.00	129,304.38	409,304.38	106.337%	17,743.60	297,743.60
01-Oct-16			125,104.38	125,104.38			
01-Apr-17	3.000%	285,000.00	125,104.38	410,104.38	106.727%	19,171.95	304,171.95
01-Oct-17			120,829.38	120,829.38			
01-Apr-18	3.000%	300,000.00	120,829.38	420,829.38	106.370%	19,110.00	319,110.00
01-Oct-18			116,329.38	116,329.38			
01-Apr-19	4.000%	305,000.00	116,329.38	421,329.38	111.718%	35,739.90	340,739.90
01-Oct-19			110,229.38	110,229.38			
01-Apr-20	4.000%	315,000.00	110,229.38	425,229.38	110.895%	34,319.25	349,319.25
01-Oct-20			103,929.38	103,929.38			
01-Apr-21	2.625%	330,000.00	103,929.38	433,929.38	99.261%	(2,438.70)	327,561.30
01-Oct-21			99,598.13	99,598.13			
01-Apr-22	2.750%	340,000.00	99,598.13	439,598.13	98.982%	(3,461.20)	336,538.80
01-Oct-22			94,923.13	94,923.13			
01-Apr-23	3.000%	350,000.00	94,923.13	444,923.13	99.087%	(3,195.50)	346,804.50
01-Oct-23			89,673.13	89,673.13			
01-Apr-24	3.200%	360,000.00	89,673.13	449,673.13	99.028%	(3,499.20)	356,500.80
01-Oct-24			83,913.13	83,913.13			
01-Apr-25	3.375%	375,000.00	83,913.13	458,913.13	98.718%	(4,807.50)	370,192.50
01-Oct-25			77,585.00	77,585.00			
01-Apr-26	3.500%	385,000.00	77,585.00	462,585.00	98.918%	(4,165.70)	380,834.30
01-Oct-26			70,847.50	70,847.50			
01-Apr-27	3.600%	400,000.00	70,847.50	470,847.50	98.307%	(6,772.00)	393,228.00
01-Oct-27			63,647.50	63,647.50			
01-Apr-28	3.700%	410,000.00	63,647.50	473,647.50	99.169%	(3,407.10)	406,592.90
01-Oct-28			56,062.50	56,062.50			
01-Apr-29	3.750%	430,000.00	56,062.50	486,062.50	98.525%	(6,342.50)	423,657.50
01-Oct-29			48,000.00	48,000.00			
01-Apr-30	4.000%	440,000.00	48,000.00	488,000.00	97.858%	(9,424.80)	430,575.20
01-Oct-30			39,200.00	39,200.00			
01-Apr-31	4.000%	460,000.00	39,200.00	499,200.00	97.858%	(9,853.20)	450,146.80
01-Oct-31			30,000.00	30,000.00			
01-Apr-32	4.000%	480,000.00	30,000.00	510,000.00	97.858%	(10,281.60)	469,718.40
01-Oct-32			20,400.00	20,400.00			
01-Apr-33	4.000%	500,000.00	20,400.00	520,400.00	97.858%	(10,710.00)	489,290.00
01-Oct-33			10,400.00	10,400.00			
01-Apr-34	4.000%	520,000.00	10,400.00	530,400.00	97.858%	(11,138.40)	508,861.60
		$7,975,000.00	$3,733,011.53	$11,708,011.53		$61,505.55	$8,036,505.55

EXHIBIT D

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

YIELD ON THE ESCROWED SECURITIES PURCHASED WITH 2012A BOND PROCEEDS AS OF JUNE 26, 2012

Date	Total Cash Receipts From U.S. Treasury Securities Purchased with 2012A Bond Proceeds (Exhibit A)	Present Value at June 26, 2012 Using a Semi-Annually Compounded Yield of 0.24804%
01-Oct-12	$1,043,669.71	$1,042,987.22
01-Apr-13	3,114,625.30	3,108,733.07
01-Oct-13	3,114,625.03	3,104,882.10
01-Apr-14	127,699,624.25	127,142,480.99
	$134,972,544.29	$134,399,083.38

Total Cost of Securities	$134,399,083.38

EXHIBIT E

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

PRESENT VALUE SAVINGS (COST)
AS OF JUNE 26, 2012

Date	2012A Bond Debt Service (Exhibit C-1)	2012B Bond Debt Service (Exhibit C-2)	Total 2012 Bond Debt Service	Refunded Bond Debt Service (Exhibit B-1)	Savings (Cost)	Annual Savings (Cost)	Present Value of Savings (Cost) at June 26, 2012 3.54299%
01-Oct-12	$1,516,239.58	$73,337.03	$1,589,576.61	$3,114,625.00	$1,525,048.39		$1,510,979.96
01-Apr-13	4,297,875.00	338,954.38	4,636,829.38	3,114,625.00	(1,522,204.38)	$2,844.01	(1,481,910.18)
01-Oct-13	2,858,625.00	136,954.38	2,995,579.38	3,114,625.00	119,045.62		113,877.04
01-Apr-14	2,858,625.00	371,954.38	3,230,579.38	3,114,625.00	(115,954.38)	3,091.24	(108,989.27)
01-Oct-14	2,858,625.00	133,429.38	2,992,054.38	3,114,625.00	122,570.62		113,202.70
01-Apr-15	6,598,625.00	408,429.38	7,007,054.38	6,884,625.00	(122,429.38)	141.24	(111,104.05)
01-Oct-15	2,765,125.00	129,304.38	2,894,429.38	3,020,375.00	125,945.62		112,305.53
01-Apr-16	6,690,125.00	409,304.38	7,099,429.38	6,975,375.00	(124,054.38)	1,891.24	(108,693.61)
01-Oct-16	2,667,000.00	125,104.38	2,792,104.38	2,921,500.00	129,395.62		111,400.04
01-Apr-17	6,792,000.00	410,104.38	7,202,104.38	7,076,500.00	(125,604.38)	3,791.24	(106,253.78)
01-Oct-17	2,563,875.00	120,829.38	2,684,704.38	2,817,625.00	132,920.62		110,485.63
01-Apr-18	6,888,875.00	420,829.38	7,309,704.38	7,177,625.00	(132,079.38)	841.24	(107,875.37)
01-Oct-18	2,455,750.00	116,329.38	2,572,079.38	2,708,625.00	136,545.62		109,581.91
01-Apr-19	7,000,750.00	421,329.38	7,422,079.38	7,288,625.00	(133,454.38)	3,091.24	(105,236.83)
01-Oct-19	2,342,125.00	110,229.38	2,452,354.38	2,594,125.00	141,770.62		109,848.72
01-Apr-20	7,117,125.00	425,229.38	7,542,354.38	7,404,125.00	(138,229.38)	3,541.24	(105,240.52)
01-Oct-20	2,222,750.00	103,929.38	2,326,679.38	2,473,875.00	147,195.62		110,116.23
01-Apr-21	7,232,750.00	433,929.38	7,666,679.38	7,523,875.00	(142,804.38)	4,391.24	(104,971.60)
01-Oct-21	2,097,500.00	99,598.13	2,197,098.13	2,347,625.00	150,526.87		108,722.18
01-Apr-22	7,357,500.00	439,598.13	7,797,098.13	7,647,625.00	(149,473.13)	1,053.74	(106,081.85)
01-Oct-22	1,966,000.00	94,923.13	2,060,923.13	2,215,125.00	154,201.87		107,532.92
01-Apr-23	7,486,000.00	444,923.13	7,930,923.13	7,780,125.00	(150,798.13)	3,403.74	(103,328.85)
01-Oct-23	1,828,000.00	89,673.13	1,917,673.13	2,076,000.00	158,326.87		106,599.23
01-Apr-24	7,628,000.00	449,673.13	8,077,673.13	7,921,000.00	(156,673.13)	1,653.74	(103,649.64)
01-Oct-24	1,683,000.00	83,913.13	1,766,913.13	1,929,875.00	162,961.87		105,933.45
01-Apr-25	7,768,000.00	458,913.13	8,226,913.13	8,064,875.00	(162,038.13)	923.74	(103,499.48)
01-Oct-25	1,530,875.00	77,585.00	1,608,460.00	1,776,500.00	168,040.00		105,464.78
01-Apr-26	7,925,875.00	462,585.00	8,388,460.00	8,221,500.00	(166,960.00)	1,080.00	(102,962.97)
01-Oct-26	1,371,000.00	70,847.50	1,441,847.50	1,615,375.00	173,527.50		105,150.36
01-Apr-27	8,081,000.00	470,847.50	8,551,847.50	8,380,375.00	(171,472.50)	2,055.00	(102,096.48)
01-Oct-27	1,203,250.00	63,647.50	1,266,897.50	1,446,250.00	179,352.50		104,929.49
01-Apr-28	8,253,250.00	473,647.50	8,726,897.50	8,551,250.00	(175,647.50)	3,705.00	(100,973.16)
01-Oct-28	1,027,000.00	56,062.50	1,083,062.50	1,268,625.00	185,562.50		104,816.11
01-Apr-29	8,427,000.00	486,062.50	8,913,062.50	8,728,625.00	(184,437.50)	1,125.00	(102,367.21)
01-Oct-29	842,000.00	48,000.00	890,000.00	1,082,125.00	192,125.00		104,777.82
01-Apr-30	8,617,000.00	488,000.00	9,105,000.00	8,917,125.00	(187,875.00)	4,250.00	(100,676.55)
01-Oct-30	686,500.00	39,200.00	725,700.00	886,250.00	160,550.00		84,536.34
01-Apr-31	8,771,500.00	499,200.00	9,270,700.00	9,111,250.00	(159,450.00)	1,100.00	(82,495.74)
01-Oct-31	524,800.00	30,000.00	554,800.00	680,625.00	125,825.00		63,965.79
01-Apr-32	8,929,800.00	510,000.00	9,439,800.00	9,315,625.00	(124,175.00)	1,650.00	(62,028.15)
01-Oct-32	356,700.00	20,400.00	377,100.00	464,750.00	87,650.00		43,020.99
01-Apr-33	9,101,700.00	520,400.00	9,622,100.00	9,534,750.00	(87,350.00)	300.00	(42,127.46)
01-Oct-33	181,800.00	10,400.00	192,200.00	238,000.00	45,800.00		21,704.09
01-Apr-34	9,271,800.00	530,400.00	9,802,200.00	9,758,000.00	(44,200.00)	1,600.00	(20,581.27)
	$200,643,714.58	$11,708,011.53	$212,351,726.11	$212,399,250.00	47,523.89	47,523.89	95,807.29
			Contribution		(2,070,515.51)	(2,070,515.51)	(2,070,515.51)
			Project Fund Deposit		7,997,173.54	7,997,173.54	7,997,173.54
			Contingency		4,295.52	4,295.52	4,295.52
			Net Total		$5,978,477.44	$5,978,477.44	$6,026,760.84

EXHIBIT F

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION, REVENUE REFUNDING BONDS (HIGHER EDUCATION FACILITIES) 2012 SERIES A AND REVENUE BONDS, (HIGHER EDUCATION FACILITIES) 2012 SERIES B

ESTIMATED SOURCES AND USES OF FUNDS
AS OF JUNE 26, 2012

	2012A Bonds	2012B Bonds	Total
Sources of Funds:			
Par Value of Bonds	$124,190,000.00	$7,975,000.00	$132,165,000.00
Net Original Issue Premium	11,069,044.45	61,505.55	11,130,550.00
DSF Contribution	2,070,515.51		2,070,515.51
Total Sources of Funds	$137,329,559.96	$8,036,505.55	$145,366,065.51
Uses of Funds:			
Beginning Escrow Account Cash Balance	$0.89		$0.89
Cost of the Escrowed Securities Purchased with:			
Contribution	2,070,514.62		2,070,514.62
2012A Bond Proceeds	134,399,083.38		134,399,083.38
Project Fund Deposit		$7,997,173.54	7,997,173.54
Underwriter's Discount	631,915.55	39,332.01	671,247.56
Issuance Costs	223,750.00		223,750.00
Excess Deposit to Cost of Issuance Fund	4,295.52		4,295.52
Total Uses of Funds	$137,329,559.96	$8,036,505.55	$145,366,065.51

$167,260,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2004 SERIES B

CERTIFICATE OF PAYING AGENT AS TO DEFEASANCE OF CERTAIN 2004 B BONDS

This Certificate is given in accordance with Article VIII of the General Resolution adopted on September 9, 1992, by the University of West Virginia Board of Trustees (the "Board of Trustees") and a General Resolution adopted on September 9, 1992, by the Board of Directors of the State College System (the "Board of Directors") (collectively, the "General Resolution"), predecessors to the Higher Education Policy Commission (the "Commission"), as amended, consolidated and supplemented from time to time, including the Sixth Consolidated Supplemental Resolution of the Commission adopted May 9, 2012 (the "Sixth Consolidated Supplemental Resolution"), and the Seventh Consolidated Supplemental Resolution of the Commission adopted May 30, 2012 (the "Seventh Consolidated Supplemental Resolution, and collectively with the General Resolution and the Sixth Supplemental Resolution, the "Resolution").

The undersigned authorized officer of the West Virginia Municipal Bond Commission, as Paying Agent for the above-referenced bonds (the "2004 B Bonds") hereby acknowledges receipt of (a) an amount equal to all principal of and interest on the 2004 B Bonds being advanced refunded and defeased on June 26, 2012, as specified on Exhibit A hereto (the "Stated 2004 B Bonds") to be redeemed on the first call date, being April 1, 2014, (b) to the best of its knowledge, all other sums payable by the Commission specific to the Stated 2004 B Bonds under the Resolution, (c) the request of the Commission to pay and defease the Stated 2004 B Bonds, and (d) an opinion of counsel stating that the Stated 2004 B Bonds are deemed to have been paid within the meaning of Article VIII of the General Resolution.

Dated this 26th day of June, 2012.

WEST VIRGINIA MUNICIPAL BOND COMMISSION, as Paying Agent

By: _____
Name: Sara Boardman
Title: Executive Director

EXHIBIT A

STATED BONDS TO BE REFUNDED ARE AS FOLLOWS:

Maturity	Original Principal Amount	CUSIP Nos.[1]	Interest Rate
April 1, 2015 (Serial)	$4,850,000*	95639RBK4	5.00%
April 1, 2016 (Serial)	$5,090,000**	95639RBL2	5.00%
April 1, 2017 (Serial)	$4,155,000	95639RBM0	5.00%
April 1, 2018 (Serial)	$4,360,000	95639RBN8	5.00%
April 1, 2019 (Serial)	$4,580,000	95639RBP3	5.00%
April 1, 2020 (Serial)	$4,810,000	95639RBQ1	5.00%
April 1, 2021 (Serial)	$5,050,000	95639RBR9	5.00%
April 1, 2022 (Serial)	$5,300,000	95639RBS7	5.00%
April 1, 2023 (Serial)	$5,565,000	95639RBT5	5.00%
April 1, 2024 (Serial)	$5,845,000	95639RBU2	5.00%
April 1, 2029 (Term)	$33,910,000	95639RBV0	5.00%
April 1, 2034 (Term)	$43,285,000	9563RBW8	5.00%

*Partial defeasance of the par amount of the principal amount – $1,080,000 of the total principal amount will remain outstanding
**Partial defeasance of the par amount of the principal amount – $1,135,000 of the total principal amount will remain outstanding

[1] No representation is made as to the accuracy or correctness of the CUSIP numbers printed herein or on the 2004 B Bonds.

June 26, 2012

West Virginia Municipal Bond Commission
Charleston, West Virginia

The Bank of New York Mellon, as successor
to J.P. Morgan Trust Company
Woodland Park, New Jersey

Higher Education Policy Commission
Charleston, West Virginia

Ladies and Gentlemen:

This opinion is rendered to you in connection with the advance refunding and defeasance by the Higher Education Policy Commission (the "Commission") of a portion of its outstanding State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2004 Series B, as set forth in Exhibit A attached hereto and incorporated herein (the "Stated 2004 Bonds").

In connection with this opinion, we have examined: (i) General Resolution adopted by the University of West Virginia Board of Trustees, predecessor to the Commission, on September 9, 1992, and the General Resolution adopted by the Board of Directors of the State College System, predecessor to the Commission, on September 9, 1992 (collectively, the "General Resolution"), as amended, consolidated and supplemented from time to time, including the Eleventh Supplemental Resolution adopted by the Commission on April 2, 2004, the Twelfth Supplemental Resolution adopted by the Commission on June 4, 2004, the First Consolidated Supplemental Resolution adopted by the Commission on June 4, 2004, the Second Consolidated Supplemental Resolution adopted by the Commission on July 29, 2004, the Third Consolidated Supplemental Resolution adopted by the Commission on August 20, 2004, the Sixth Consolidated Supplemental Resolution adopted by the Commission on May 9, 2012, and the Seventh Consolidated Supplemental Resolution adopted by the Commission on May 30, 2012 (the General Resolution and all supplements thereto are sometimes collectively referred to herein as the "Resolution"), (ii) the verification report of Causey Demgen & Moore P.C., Certified Public Accountants, dated June 26, 2012, (iii) the Escrow Agreement dated June 26, 2012, among the Commission, the West Virginia Municipal Bond Commission (the "Municipal Bond Commission") and The Bank of New York Mellon, as successor to J.P. Morgan Trust Company,

National Association and (iv) such other instruments as we have believed necessary to render this opinion.

Based on the foregoing, we are of the opinion that the Stated 2004 B Bonds are deemed to have been paid within the meaning of Section 8.01 of the General Resolution and pursuant to the Resolution and that such advance refunding and defeasance will not adversely affect the exclusion of the interest on the Stated 2004 B Bonds for federal income taxation purposes.

In rendering this opinion, we have assumed the due authorization, execution and delivery by and the binding effect upon and enforceability against the Municipal Bond Commission of the Escrow Agreement.

Respectfully submitted,

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

and

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Revenue Bonds
(Higher Education Facilities)
2012 Series B

CERTIFICATE OF GOVERNOR APPROVING ISSUANCE OF BONDS

Upon the basis of the documentation submitted to or by the Higher Education Policy Commission ("HEPC"), an agency of the State of West Virginia, pursuant to Chapter 5, Article 1, Section 28 of the Code of West Virginia of 1931, as amended (the "Act"), I, Earl Ray Tomblin, Governor of the State of West Virginia, at the request of the HEPC, pursuant to the Act, approve the issuance of the above-described bonds to be issued in an aggregate principal amount not to exceed $147,500,000 (the "Bonds"), the proceeds of which are to be used for the purposes of, among other things, advance refunding a portion of the outstanding principal amount of the HEPC's Revenue Bonds (Higher Education Facilities) 2004 Series B, financing the costs of new capital improvements, facilities, buildings and structures for state colleges and universities, with such projects to be identified, prioritized, approved and certified by the Chancellor or Interim Chancellor of the Commission, and paying costs of issuance and other costs associated with the Bonds.

WITNESS my hand this 30th day of May, 2012.

Earl Ray Tomblin

Earl Ray Tomblin, Governor
State of West Virginia

3651948.1
10791.8

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 30, 2012

Institution	Project	Total Requested	Institution Match	HEPC Match
Capital Projects				
HEPC	Beckley Center Equipment	93,850	-	93,850
WVU	Infrastructure Downtown Campus, Jackson's Mill Fire Training Academy, Brooks Hall Renovation, Allen Percival Hall Abatement	151,340	-	151,340
HEPC	Allied Health Building Equipment	150,000	-	150,000
WVU	Fire Marshall Repairs - Old Main (WVUIT)	57,000	-	57,000
WVU	Parking Lot Paving - Main Campus (WVUIT)	225,000	-	225,000
Total - Capital Projects		**$ 677,190**	$ -	**$ 677,190**
E&G PROJECTS				
Code Compliance (Life Safety & ADA)				
SU	Fire Alarm System Upgrade (West Woods, McMurran Hall and Ikenberry Hall)	110,000	55,000	55,000
GSC	Campus-wide Communication and Emergency Notification System	175,000	87,500	87,500
WVU	ADA Sidewalk & Curbing (WVUIT)	350,000	175,000	175,000
WVU	Science Hall Elevator Replacement (PSC)	300,000	150,000	150,000
WLU	Library Elevator (ADA & Renovation)	125,000	62,500	62,500
WVU	Upgrade Sprinkler /Fire Alarm Ag Science Annex	400,000	200,000	200,000
CU	Sidewalks, steps, curbing and paving upgrades for ADA	1,000,000	500,000	500,000
WVU	Engineering Lab - Replace Elevator - ADA Upgrades (WVUIT)	300,000	150,000	150,000
WVU	Health Sciences North Freight & Library Elevator (HSC)	750,000	375,000	375,000
WVU	Campus Lighting (PSC)	300,000	150,000	150,000
MU	Jenkins Hall ADA Renovations	400,000	200,000	200,000
WVU	Campus Lighting (WVUIT)	175,000	87,500	87,500
MU	Welcome/Recruitment Center Elevator	700,000	350,000	350,000
MU	Fire Alarm Upgrades for Science Bldg., Henderson Ctr., Shewey Maintenance Bldg. & Stadium	225,000	112,500	112,500
WVU	Admission & Records Fire Alarm & Sprinkler system	450,000	225,000	225,000
Subtotal - Code Compliance Projects		$ 5,760,000	$ 2,880,000	$ 2,880,000
Deferred Maintenance Projects				
HEPC	HVAC for Building 704	300,000	-	300,000

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 30, 2012

Institution	Project	Total Requested	Institution Match	HEPC Match
FSU	Jaynes Hall Roof Replacement	350,000	175,000	175,000
WVSU	Roof Replacement E&G Buildings	200,000	100,000	100,000
FSU	Hunt Haught Hall Greenhouse Renovations	400,000	200,000	200,000
WVU	Fire Alarm Integration Upgrade (HSC)	100,000	50,000	50,000
FSU	Hunt Haught Hall - Window Replacement Project	400,000	200,000	200,000
FSU	Caperton Center Roof Replacement & Exterior Waterproofing	600,000	300,000	300,000
GSC	Roof Projects (Clark Hall, President's Home & Louis Bennett Hall)	600,000	300,000	300,000
WLU	Main Hall HVAC Chiller Replacement	500,000	250,000	250,000
WVSOM	Main Building B - exterior restoration	656,000	328,000	328,000
BSC	Dickason Hall Roof Replacement	500,000	250,000	250,000
WVSU	Cole Complex HVAC Upgrade	400,000	200,000	200,000
WLU	HVAC Building Controls	150,000	75,000	75,000
CU	Carter Center - E&G HVAC/Electrical/Plumbing	1,000,000	500,000	500,000
GSC	Window Replacement PE Building	250,000	125,000	125,000
WVSU	Hamblin Hall Lab Hood Ventilation	500,000	250,000	250,000
BSC	Campus Window Replacement Phase I & Phase II	800,000	400,000	400,000
WLU	Arnett Hall Roof	300,000	150,000	150,000
MU	Jenkins Hall - Roof System	500,000	250,000	250,000
WVU	Engineering Research Roof Replacement	525,000	262,500	262,500
SU	HVAC Replacement Stutzman-Slonaker Hall	500,000	250,000	250,000
WVU	Phase Two Downtown Chiller Loop Connections	700,000	350,000	350,000
WVU	Life Sciences Steam Line Vaults	800,000	208,000	192,000
Subtotal - Deferred Maintenance Projects		$ 11,031,000	$ 5,173,500	$ 5,457,500
Total Code Compliance & Deferred Maint. Projects		**$ 16,791,000**	**$ 8,053,500**	**$ 8,337,500**

Table 2

West Virginia Council for Community and Technical College Education (CCTCE)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 30, 2012

Institution	Project	Total Requested	Institution Match	HEPC (CCTCE) Match
Capital Projects				
EWVCTC	Classroom/Laboratory/General Support Facility	1,000,000	-	1,000,000
NRCTC	Summersville Center	96,000	-	96,000
SWVCTC	Technology Center - Logan Campus	73,000	-	73,000
WVUP	Main Building improvements	180,000	-	180,000
Total - Capital Projects		**$ 1,349,000**	**$ -**	**$ 1,349,000**
E&G PROJECTS				
Code Compliance (Life Safety & ADA) & Deferred Maintenance				
SWVCTC	Parking Lot & Landscape Improvements - Logan Campus	450,000	180,000	270,000
SWVCTC	Sidewalk & Landscape Improvements - All Campuses	175,000	70,000	105,000
WVNCC	Installation of Security Cameras	500,000	200,000	300,000
WVNCC	ADA Accessible Sidewalks for Straub Properties	250,000	100,000	150,000
WVUP	Elevators & Other Improvements (Main Building)	400,000	160,000	240,000
BCTC	Life Safety Upgrades/Davis Hall Transformer Replacement	150,000	60,000	90,000
MCTC	Headquarter Building - Deferred Maintenance, Painting, Waterproofing, Repairing	428,000	171,200	256,800
NRCTC	Greenbrier Hall Flooring & Improvements	365,000	146,000	219,000
BCTC	Westmoreland - Improvements	310,450	124,180	186,270
WVUP	Code Compliance & Life Safety Infrastructure (Main Campus)	348,000	139,200	208,800
Total - Code Compliance & Deferred Maint. Projects		**$ 3,376,450**	**$ 1,350,580**	**$ 2,025,870**

HIGHER EDUCATION INSTITUTIONS
Summary of Projects Funded by 2004 Lottery Revenue Bond Proceeds
5/22/2012

Institution	Project Name	Bond Funding	Principal & Interest Balance
BSC	Phase II - ADA Access & Parking Improvement	750,000	
Bluefield State College Total		**750,000**	**$0.00**
CU	White Hall Renovations	4,600,000	
Concord University Total		**4,600,000**	**$0.00**
EWVCTC	Classroom/Laboratory/General Support Facility	8,000,000	
Eastern WV Community & Technical College Total		**8,000,000**	**$965,484.09**
FSU	Engineering Technology Building	9,500,000	$19,268.47
FSU	Hunt Haught Hall - Elevator/Entrance	1,000,000	$0.00
FSU	Musick Library Reno. & Inner Campus Improvement	2,000,000	$0.00
FSU	CTC/High School Joint SBA Project	0	$0.00
Fairmont State University Total		**12,500,000**	**$19,268.47**
GSC	Science Hall - Renovation	5,000,000	
Glenville State College Total		**5,000,000**	**$0.00**
MU	Biotechnology Science Center/Development Center	6,900,000	$0.00
MU	Smith Hall Repairs/Upgrades	6,000,000	$0.00
MU	Morrow Library Renovation (2nd Floor)	750,000	$0.00
MU	Harris Hall HVAC Upgrade	2,100,000	$0.00
MU	Campus Wiring Infrastructure	1,900,000	$0.00
MU	Visual Arts Center	1,100,000	$0.00
MU	Student Health & Wellness Center	4,000,000	$0.00
MU	Facilities Building Addition & Renovation	3,500,000	$25,155.80
Marshall University Total		**26,250,000**	**$25,155.80**
Mountwest	Community College Facilities/SBA Project	4,253,559	
Mountwest Community & Technical College Total		**4,253,559**	**$431,825.36**
New River	Summersville Center - Purchase vs. Lease	1,335,000	$95,989.49
New River	Greenbrier Campus Project	1,000,000	$0.00
New River Community & Technical College Total		**2,335,000**	**$95,989.49**
SU	Classroom Building	12,500,000	
Shepherd University Total		**12,500,000**	**$0.00**
SWVCTC	Downtown Mercantile Building	318,000	$0.00
SWVCTC	Technology Center	6,500,000	$73,686.65
SWVCTC	Logan Building Renovation	417,000	$0.00
SWVCTC	Lincoln County Building	1,500,000	$0.00
SWVCTC	Williamson Campus Renovations	865,000	$0.00

HIGHER EDUCATION INSTITUTIONS
Summary of Projects Funded by 2004 Lottery Revenue Bond Proceeds
5/22/2012

Institution	Project Name	Bond Funding	Principal & Interest Balance
Southern WV Community & Technical College Total		**9,600,000**	**$73,686.65**
WLSC	Fine Arts Building Structural Repair	2,000,000	
West Liberty State College Total		**2,000,000**	**$15,351.34**
WVNCC	Replace HVAC & Misc. Improvements - B & O Building	410,000	$0.00
WVNCC	Replace Windows/Doors in B & O Building	600,000	$0.00
WVNCC	Replace Hazel Atlas Building	7,900,000	$17,519.01
WV Northern Community College Total		**8,910,000**	**$17,519.01**
WVSOM	Center for Technology and Rural Medicine	4,000,000	
WV School of Osteopathic Medicine Total		**4,000,000**	**$0.00**
WVSU	Building Upgrades for Energy Conservation	1,350,000	
WV State University Total		**1,350,000**	**$89,306.11**
WVU	Infrastructure Downtown	12,500,000	$0.00
WVU	Jackson's Mill Fire Training Academy	3,772,500	$302,881.24
WVU	Engineering Sciences Brick Façade	5,500,000	$0.00
WVUIT	Fire Marshal Repairs - Old Main, Engineering	1,400,000	$56,854.22
WVU	Brooks Hall Renovation	25,000,000	$129,762.14
WVU	Allen Percival Hall Abatement	4,000,000	$195,585.52
WVUHSC	Strategic Research Learning Center	2,518,559	$0.00
West Virginia University & Regional Campuses Total		**54,691,059**	**$685,083.12**
WVUP	Main Building Subsidence Issues	2,735,000	
West Virginia University - Parkersburg Total		**2,735,000**	**$180,927.56**
HEPC	Beckley Center Equipment	2,000,000	
Higher Education Policy Commission Total		**2,000,000**	**$76,102.96**
Unallocated Interest			**$260,545.72**
GRAND TOTAL		**161,474,618**	**$2,936,245.69**

Brian C. Helmick

From: Rich Donovan <donovan@HEPC.WVNET.EDU>
Sent: Tuesday, May 22, 2012 11:51 PM
To: Brian C. Helmick; Donnelly, Jessica R
Subject: 2004B Bonds - Principal & Interest Balance
Attachments: 2004B_Bonds_Project_Principal-Interest_Balance_22May12.pdf

Brian & Jessica:

Attached is my accounting of the unspent principal and interest balance for the 2004B bonds. WVU and Mountwest CTC will draw down all or a large percentage of their balances by June 30.

Rich

Richard Donovan
WV Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, WV 25301
Ph: 304-558-0277
Fax: 304-558-0259
donovan@hepc.wvnet.edu

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Table 2

West Virginia Council for Community and Technical College Education (CCTCE)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 22, 2012

INST	CCTCE Priority	Project	Total Estimated Project Cost	Funds Available	Total Requested	Institution Match	CCTCE Match	Total	Running Total CCTCE Funding
SWVCTC	1	Williamson Campus Roof Replacement	450,000	-	450,000	180,000	270,000	450,000	270,000
SWVCTC	2	Williamson ADA Compliance Upgrades	175,000	-	175,000	70,000	105,000	175,000	375,000
WVNCC	3	Installation of Security Cameras	500,000	-	500,000	200,000	300,000	500,000	675,000
WVNCC	4	ADA Accessible Sidewalks for Straub Properties	250,000	-	250,000	100,000	150,000	250,000	825,000
WVUP	5	Elevator Replacement (Main Building)	400,000	-	400,000	160,000	240,000	400,000	1,065,000
BCTC	6	Davis Hall Transformer Replacement	150,000	-	150,000	60,000	90,000	150,000	1,155,000
MCTC	7	Headquarter Building - Deferred Maintenance, Painting, Waterproofing, Repairing	428,000	-	428,000	171,200	256,800	428,000	1,411,800
NRCTC	8	Greenbrier Hall Flooring	500,000	135,000	365,000	146,000	219,000	365,000	1,630,800
BCTC	9	Westmoreland - Improvements	450,000	139,550	310,450	124,180	186,270	310,450	1,817,070
WVUP	10	Safety Infrastructure (Main Building)	870,000	522,000	348,000	139,200	208,800	348,000	2,025,870
Total			**$ 4,173,000**	**$ 796,550**	**$ 3,376,450**	**$ 1,350,580**	**$ 2,025,870**	**$ 3,376,450**	

Institution	Total Estimated Project Cost	Institution Match	CCTCE Match
Blue Ridge Community and Technical College	-	-	-
Bridgemont Community and Technical College	460,450	184,180	276,270
Eastern WV Community and Technical College	-	-	-
Kanawha Valley Community and Technical College	-	-	-
Mountwest Community and Technical College	428,000	171,200	256,800
New River Community and Technical College	365,000	146,000	219,000
Pierpont Community and Technical College	-	-	-
Southern WV Community and Technical College	625,000	250,000	375,000
WV Northern Community College	750,000	300,000	450,000
West Virginia University - Parkersburg	748,000	299,200	448,800
Total	**$ 3,376,450**	**$ 1,350,580**	**$ 2,025,870**

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 22, 2012

Institution	Inst Priority	HEPC Priority	Project	Total Estimated Project Cost	Funds Available	Total Requested	Institution Match	HEPC Match	Running Total for HEPC Match
E&G PROJECTS									
Code Compliance (Life Safety & ADA)									
SU	2	1	Fire Alarm System Upgrade (West Woods, McMurran Hall and Ikenberry Hall)	110,000	-	110,000	55,000	55,000	55,000
GSC	4	2	Campus-wide Communication and Emergency Notification System	175,000	-	175,000	87,500	87,500	142,500
WVU	5	3	Engineering Classroom - ADA Upgrades (WVUIT)	105,000	-	105,000	52,500	52,500	195,000
WVU	6	4	Science Hall Elevator Replacement (PSC)	300,000	-	300,000	150,000	150,000	345,000
WLU	7	5	Library Elevator (ADA & Renovation)	125,000	-	125,000	62,500	62,500	407,500
WVU	7	6	Upgrade Sprinkler /Fire Alarm Ag Science Annex	400,000	-	400,000	200,000	200,000	607,500
CU	9	7	Sidewalks, steps, curbing and paving upgrades for ADA	1,000,000	-	1,000,000	500,000	500,000	1,107,500
WVU	13	8	Engineering Lab - Replace Elevator - ADA Upgrades (WVUIT)	200,000	-	200,000	100,000	100,000	1,207,500
WVU	15	9	Admissions & Records Fire Alarm & Sprinkler System	450,000	-	450,000	225,000	225,000	1,432,500
WVU	20	10	Law Center Fire Alarm System Upgrade	500,000	-	500,000	250,000	250,000	1,682,500
MU	22	11	Jenkins Hall ADA Renovations	400,000	-	400,000	200,000	200,000	1,882,500
WVU	24	12	Orndorff Hall - ADA Upgrades (WVUIT)	20,000	-	20,000	10,000	10,000	1,892,500
MU	25	13	Marshall Community College Building - ADA Elevator	250,000	-	250,000	125,000	125,000	2,017,500
MU	37	14	Morrow ADA Elevator	900,000	-	900,000	450,000	450,000	2,467,500
Subtotal - Code Compliance Projects				$ 4,935,000	-	$ 4,935,000	$ 2,467,500	$ 2,467,500	
Deferred Maintenance Projects									
HEPC	1	15	Boiler for Building 704	300,000	-	300,000	-	300,000	2,767,500
FSU	1	16	Wallman Hall - Roof Replacement	900,000	-	900,000	450,000	450,000	3,217,500
WVSU	1	17	Roof Replacement E&G Buildings	200,000	-	200,000	100,000	100,000	3,317,500
FSU	3	18	Hunt Haught Hall Greenhouse Renovations	400,000	-	400,000	200,000	200,000	3,517,500
WVU	4	19	Fire Alarm Integration Upgrade (HSC)	100,000	-	100,000	50,000	50,000	3,567,500
FSU	4	20	Hunt Haught Hall - Window Replacement Project	250,000	-	250,000	125,000	125,000	3,692,500
FSU	5	21	Caperton Center - Exterior Waterproofing	200,000	-	200,000	100,000	100,000	3,792,500

Table 1

West Virginia Higher Education Policy Commission (HEPC)
Revenue Bonds (Higher Education Facilities) 2012 Series B
High Priority Capital Projects
May 22, 2012

Institution	Inst Priority	HEPC Priority	Project	Total Estimated Project Cost	Funds Available	Total Requested	Institution Match	HEPC Match	Running Total for HEPC Match
GSC	5	22	Roof Projects (Clark Hall, President's Home & Library)	600,000	-	600,000	300,000	300,000	4,092,500
WLU	5	23	Main Hall HVAC Chiller Replacement	500,000	-	500,000	250,000	250,000	4,342,500
WVSOM	5	24	Main Building B - exterior restoration	756,000	100,000	656,000	328,000	328,000	4,670,500
BSC	6	25	Dickason Hall Roof Replacement	500,000	-	500,000	250,000	250,000	4,920,500
WVSU	7	26	Cole Complex HVAC Upgrade	400,000	-	400,000	200,000	200,000	5,120,500
WVU	8	27	Health Sciences North Freight & Library Elevator (HSC)	750,000	-	750,000	375,000	375,000	5,495,500
WLU	8	28	HVAC Building Controls	150,000	-	150,000	75,000	75,000	5,570,500
CU	8	29	Carter Center - E&G HVAC/Electrical/Plumbing	1,000,000	-	1,000,000	500,000	500,000	6,070,500
GSC	8	30	Replace Stage Lights in Fine Arts Building	250,000	-	250,000	125,000	125,000	6,195,500
WVSU	8	31	Hamblin Hall Lab Hood Ventilation	500,000	-	500,000	250,000	250,000	6,445,500
BSC	9	32	Campus Window Replacement Phase I	800,000	-	800,000	400,000	400,000	6,845,500
WLU	9	33	Arnett Hall Roof	300,000	-	300,000	150,000	150,000	6,995,500
MU	23	34	Jenkins Hall - Roof System	500,000	-	500,000	250,000	250,000	7,245,500
WVU	19	35	Engineering Research Roof Replacement	525,000	-	525,000	262,500	262,500	7,508,000
SU	4	36	Snyder Annex Renovation	500,000	-	500,000	250,000	250,000	7,758,000
WVU	28	37	Phase Two Downtown Chiller Loop Connections	700,000	-	700,000	350,000	350,000	8,108,000
WVU	32	38	Life Sciences Steam Line Vaults	400,000	-	400,000	208,000	192,000	8,300,000
Subtotal - Deferred Maintenance Projects				$ 11,481,000	$ 100,000	$ 11,381,000	$ 5,548,500	$ 5,832,500	
Grand Total				**$ 16,416,000**	**$ 100,000**	**$ 16,316,000**	**$ 8,016,000**	**$ 8,300,000**	

Institution	Total Estimated Project Cost	Institution Match	HEPC Match
Bluefield State College	1,300,000	650,000	650,000
Concord University	2,000,000	1,000,000	1,000,000
Fairmont State University	1,750,000	875,000	875,000
Glenville State College	1,025,000	512,500	512,500
Marshall University	2,050,000	1,025,000	1,025,000
Shepherd University	610,000	305,000	305,000
West Liberty University	1,075,000	537,500	537,500
West Virginia School of Osteopathic Medicine	656,000	328,000	328,000
West Virginia State University	1,100,000	550,000	550,000
West Virginia University	4,450,000	2,233,000	2,217,000
Higher Education Policy Commission	300,000	-	300,000
Total	**$16,316,000**	**$8,016,000**	**$8,300,000**

Brian C. Helmick

From: Rich Donovan <donovan@HEPC.WVNET.EDU>
Sent: Tuesday, May 22, 2012 6:21 PM
To: Brian C. Helmick
Subject: Proposed 2012 HEPC Bond Project Lists
Attachments: 2012 HEPC (CTC) Refunding BondProjects.pdf; 2012 HEPC Refunding Bond Projects.pdf

Brian,

Attached are lists of the proposed HEPC and CCTCE bond projects. These lists are the same as the High Priority Capital Project Lists approved by the Commission and Council in December for submission to LOCEA, except for one project that has been added to the HEPC list – Boiler Replacement in Building 704. The attached lists assume a matching contribution to the projects from the institutions. The split is 50-50 for the four-year institutions and 60-40 for the two-year institutions. The funding identified from the 2012 HEPC bond issue is a little over $10,325,000. The latest numbers run by Citigroup show that the anticipated savings will be about $7.4 million. I have overestimated in case the savings moves higher by the time we sell the bonds. In all likelihood it will not, so at some point we will need to pare down the projects to match actual funding.

The Chancellor has not approved these lists yet, but these are the projects that have been specific previously for bond funding.

Thanks, Rich

Richard Donovan
WV Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, WV 25301
Ph: 304-558-0277
Fax: 304-558-0259
donovan@hepc.wvnet.edu

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The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

West Virginia Higher Education Policy Commission
[Name of Issuer]

July 29, 2003
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

West Virginia Higher Education Policy Commission
(Issuer)

By: _____
(Authorized Officer's Signature)

James A. Winter, Director of Finance & Facilities
(Print Name)

1018 Kanawha Boulevard, East, Suite 700
(Street Address)

Charleston, WV 25301
(City) (State) (Country) (Zip Code)

(304) 558-0281
(Phone Number)

winter@hepc.wvnet.edu
(E-mail Address)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC
The Depository Trust & Clearing Corporation

[2/02]

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the"Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

REPORT OF PROPOSED DEBT ISSUANCE

West Virginia State Treasurer's Office
State Capitol Complex, Suite E-145
Charleston, WV 25305
(304) 558-5000

Completion and timely submittal of this form to the West Virginia State Treasurer's Office at the above address will assure your compliance with existing West Virginia State law and will assist in the maintenance of a complete data base. Additionally, please enclose a copy of the preliminary official statement* (or offering circular) with this form or when it becomes available. Thank you for your cooperation.[1]

NAME OF ISSUER: West Virginia Higher Education Policy Commission on behalf of the Council for the Community and Technical College Education

ADDRESS OF ISSUER: 1018 Kanawha Blvd East, Suite 700, Charleston, WV 25301

PROPOSED SALE DATE: April 15, 2009

TYPE OF SALE: ☐ Competitive ☒ Negotiated

PROPOSED PRINCIPAL TO BE SOLD: Not to exceed $90,000,000

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State law: ☐ NO (taxable) ☒ YES (tax-exempt)
Under Federal law: ☐ NO (taxable) ☒ YES (tax-exempt) If the issue is Federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?
☐ Yes, preference item ☒ No, not a preference item

IS ANY PORTION OF THE DEBT FOR REFUNDING?

☒ No ☐ Yes

TYPE OF DEBT INSTRUMENT:

NOTE
☐ Tax anticipation
☐ Tax and revenue anticipation
☐ Revenue anticipation
☐ Bond anticipation
☐ Grant anticipation
☐ Tax allocation
☐ Other note (Please specify below.)
☐ FINANCING LEASE
☐ CERTIFICATES OF PARTICIPATION

BOND
☐ General obligation
☐ Limited tax obligation
☐ Revenue (Public enterprise)
☐ Conduit revenue (Private obligor)
☐ Special assessment
☐ Tax allocation
☒ Other bond (Please specify below.)
☐ COMMERCIAL PAPER
☐ OTHER (Please specify below.)

Please specify if "Other note/Other bond/OTHER" was checked: LotteryPledge

SOURCE(S) OF REPAYMENT:
☐ Public enterprise revenues
☐ Private obligor payments
☐ Bond proceeds
☐ Grants
☐ Intergovernmental transfers other than grants
☒ Other (Please specify.): Lottery Pledge
☐ Tax-increment
☐ Special assessments
☐ Special tax revenues
☐ Property tax revenues

2009 MAR -3 P 2:31
WEST VIRGINIA TREASURY

* Preliminary official statement to be provided upon printing.

[1] *§12-6A-6(2) of the West Virginia Code requires the issuer of any proposed new State debt issue to give written notice of the proposed sale to the Treasurer no later than 30 days prior to the sale.*

SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

May 21, 2012

Karrie Mattox
304.340.3879
kmattox@spilmanlaw.com

VIA HAND DELIVERY
Bryan Archer, Director of Debt Management
West Virginia State Treasurer's Office
1900 Kanawha Blvd.
State Capitol Complex Building #1, Room E-145
Charleston, WV 25305

Re: Report of Proposed Debt Issuance – Higher Education Policy Commission Refunding and Revenue Bonds, Series 2012

Dear Mr. Archer:

Please find enclosed the Report of Proposed Debt Issuance relating to the above-referenced bond financings by the Higher Education Policy Commission in an amount not to exceed $140,000,000. The draft Preliminary Official Statement is attached hereto. We will provide you with the final upon printing. We note that the subject issue may close prior to the expiration of thirty days from the date hereof. If this poses a problem for your office, please contact me at your earliest convenience.

If you have any questions or comments regarding the foregoing, or if I can be of any further assistance to you, please contact me at your convenience. Thank you for your continued assistance.

Very truly yours,

Karrie Mattox
Paralegal

Enclosure
3671649 (10791.8)

COPY

REPORT OF PROPOSED DEBT ISSUANCE

West Virginia State Treasurer's Office
State Capitol Complex, Suite E-145
Charleston, WV 25305
(304) 558-5000

Completion and timely submittal of this form to the West Virginia State Treasurer's Office at the above address will assure your compliance with existing West Virginia State law and will assist in the maintenance of a complete data base. Additionally, please enclose a copy of the preliminary official statement* (or offering circular) with this form or when it becomes available. Thank you for your cooperation.[1]

NAME OF ISSUER: West Virginia Higher Education Policy Commission

ADDRESS OF ISSUER: 1018 Kanawha Blvd East, Suite 700, Charleston, WV 25301

PROPOSED SALE DATE: June 19, 2012

TYPE OF SALE: ☐ Competitive ☒ Negotiated

PROPOSED PRINCIPAL TO BE SOLD: Not to exceed $140,000,000

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State law: ☐ NO (taxable) ☒ YES (tax-exempt)
Under Federal law: ☐ NO (taxable) ☒ YES (tax-exempt) If the issue is Federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?
☐ Yes, preference item ☒ No, not a preference item

2012 MAY 21 P 2:51
WEST VIRGINIA TREASURY

IS ANY PORTION OF THE DEBT FOR REFUNDING?

☐ No ☒ Yes

TYPE OF DEBT INSTRUMENT:

NOTE
☐ Tax anticipation
☐ Tax and revenue anticipation
☐ Revenue anticipation
☐ Bond anticipation
☐ Grant anticipation
☐ Tax allocation
☐ Other note (Please specify below.)
☐ FINANCING LEASE
☐ CERTIFICATES OF PARTICIPATION

BOND
☐ General obligation
☐ Limited tax obligation
☐ Revenue (Public enterprise)
☐ Conduit revenue (Private obligor)
☐ Special assessment
☐ Tax allocation
☒ Other bond (Please specify below.)
☐ COMMERCIAL PAPER
☐ OTHER (Please specify below.)

Please specify if "Other note/Other bond/OTHER" was checked: Pledged Revenues and Lottery Pledge

SOURCE(S) OF REPAYMENT:
☐ Public enterprise revenues
☐ Private obligor payments
☐ Bond proceeds
☐ Grants
☐ Intergovernmental transfers other than grants
☐ Tax-increment
☐ Special assessments
☐ Special tax revenues
☐ Property tax revenues
☒ Other (Please specify.): Pledged Revenues and Excess Lottery Pledge

* Preliminary official statement to be provided upon printing.

[1] *§12-6A-6(2) of the West Virginia Code requires the issuer of any proposed new State debt issue to give written notice of the proposed sale to the Treasurer no later than 30 days prior to the sale.*

PURPOSE(S) OF FINANCING:

☐ Cash flow, interim financing

☐ Single-family housing
☐ Multifamily housing
☐ College/university housing

☐ Hospital
☐ Health care facilities
☐ Other/multiple health care purposes (equipment, etc.)

☐ K-12 school facility
☒ College/university facility
☐ Student loans
☐ Other/multiple educational uses (equipment, etc.)

☐ Redevelopment, multiple uses

☐ Pollution control

☐ Commercial development

☐ Industrial development

☐ Airport
☐ Ports and marinas
☐ Recreation and sports facilities
☐ Parks/open space
☐ Power generation/transmission
☐ Parking
☐ Convention center
☐ Solid waste recovery facilities
☐ Equipment
☐ Flood control/storm drainage
☐ Water supply/storage/distribution
☐ Wastewater collection and treatment
☐ Public transit
☐ Bridges and highways
☐ Public building
☐ Street construction and improvements
☐ Prisons/jails/correctional facilities
☐ Multiple capital improvements and public works
☐ Other capital improvements and public works

☐ Other than listed above

Please specify type/name of project: State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A and State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B.

PARTIES INVOLVED

Bond Counsel: Spilman Thomas & Battle, PLLC Tax Counsel: _____

Trustee: WV Municipal Bond Commission (Paying Agent) and The Bank of New York Mellon (Registrar)

Financial Advisor: _____ Auditor: _____

Lead Underwriter: Citigroup, Inc.

(or PURCHASER: _____ or PLACEMENT AGENT: _____)

Name of individual (representing ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Brian C. Helmick Esquire
Firm/Agency: Spilman Thomas & Battle, PLLC
Address: PO Box 273, Charleston, WV 25321-0273
Phone: (304) 340-3826 Date of Completion: May 21, 2012

Contact person at issuing agency, if different from above:
Name: Paul Hill, Ph.D.
Title: Chancellor, West Virginia Higher Education Policy Commission
Address: 1018 Kanawha Blvd East, Suite 700, Charleston, WV 25301
Phone: (304) 558-2101

WVSTO #:

REPORT OF FINAL SALE
West Virginia State Treasurer's Office
State Capitol Complex, Suite E-145
Charleston, WV 25305
(304) 558-5000

Completion of this form is requested to provide information which was not available when the "Report of Proposed Debt Issuance" was filed with the Treasurer's Office or to verify information which was reported as "proposed." **Additionally, please send a copy of the official statement (or offering circular) with this form to the Treasurer's Office.**

GENERAL INFORMATION

NAME AND ADDRESS
OF ISSUER: West Virginia Higher Education Policy Commission
1080 Kanawha Blvd, East, Suite 700
Charleston, WV 25301

ISSUE NAME:

$124,190,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES A

and

$7,975,000
STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
REVENUE BONDS
(HIGHER EDUCATION FACILITIES)
2012 SERIES B

2012 JUL 11 A 9:15

DATED : June 26, 2012 PRINCIPAL AMOUNT SOLD $132,165,000

INTEREST COST: 3.713246% (Please provide True Interest Cost)

☐ Variable (Please specify)

OFFICIAL STATEMENT: ☒ Enclosed ☐ To be sent ☐ None available

COMPLETE TRANSCRIPT: ☐ Enclosed ☒ To be sent ☐ None available

UNDERWRITER OR PURCHASER: Citigroup Global Markets Inc., Crews & Associates, Inc. and Piper Jaffray

---

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?
Under State law: ☐ NO (taxable) ☒ YES (tax-exempt)
Under Federal law: ☐ NO (taxable) ☒ YES (tax-exempt)

If the issue is Federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

☐ Yes, preference item ☒ No, not a preference item

IS ANY PORTION OF THE DEBT FOR REFUNDING?

☐ No ☒ Yes

ISSUANCE COSTS

Please indicate the parties involved and the applicable fees. An attachment may be provided in lieu of this form.

Please see Schedule I attached.

CREDIT RATING

INDICATE CREDIT RATING: (For example, "AAA" or "Aaa")

☒ RATED
Standard & Poor's: A+
Moody's: Aa3

☐ NOT RATED

CREDIT ENHANCEMENT

WAS THE ISSUE INSURED OR GUARANTEED? ☒ No ☐ Bond insurance ☐ Letter(s) of credit

☐ Other

GUARANTOR'S NAME:

DISCOUNT/PREMIUM

The Bond was sold at: ☒ Par ☒A Discount ☒ A Premium

If Bond was sold at a Premium, please indicate amount: $12,121,829.40

If Bond was sold at a Discount, please indicate: Original Issue Discount $991,279.40

Underwriter's Discount $671,247.56

MATURITY SCHEDULE

Please attach a maturity schedule for the bond issue if an official statement is not submitted with this form.

Provide the following information:

1) Maturity Date 2) Principal Amount 3) Interest Rate

Please see Schedule II (Official Statement) Attached

OTHER INFORMATION

SOURCE OF FUNDS UTILIZED FOR REPAYMENT OF THE ISSUE:

Name of individual (representing ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Lee O. Hill

Firm/Agency: Spilman Thomas & Battle, PLLC

Address: P.O. Box 273, Charleston, WV 25321

Phone: (304) 340-3802 Date of Completion: June 26, 2012

Contact person at issuing agency, if different from above:

Name: Paul Hill, Ph.D.

Title: Chancellor, West Virginia Higher Education Policy Commission

Address: 1080 Kanawha Blvd, East, Suite 700, Charleston, WV 25301

Phone: (304) 558-2021

SCHEDULE I

COSTS OF ISSUANCE

COST OF ISSUANCE

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Cost of Issuance	$/1000	Amount
Cost of Issuance	0.03250	4,295.52
Bond Counsel	0.37831	50,000.00
Financial Advisor (PRAG)	0.22699	30,000.00
Moody's Rating Fee	0.52964	70,000.00
S&P Ratings Fee	0.43506	57,500.00
Verification Agent	0.02270	3,000.00
Trustee (MBC)	0.04161	5,500.00
Registrar (BONY)	0.00567	750.00
Printer	0.01513	2,000.00
Miscellaneous	0.03783	5,000.00
	1.72546	228,045.52

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

$22,160,000
STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION
REVENUE REFUNDING BONDS (COLLEGE FACILITIES) 2003 A

MEMORANDUM OF UNDERSTANDING

The Treasurer hereby agrees, in order to provide security to the holders of revenue bonds (the "Bonds") issued by the Higher Education Policy Commission and the predecessors thereto under the General Resolution adopted September 9, 1992 by the Board of Trustees of the University of West Virginia and the General Resolution adopted September 9, 1992 by the Board of Directors of the State College System (as amended and supplemented from time to time, the "General Resolutions"), and payable from the tuition and registration fees paid by students at West Virginia State Institutions of Higher Education (each an "Institution") pursuant to West Virginia Code § 18-12B and West Virginia Code § 18B-1, 2, 3 and 10, to prohibit any withdrawals from the capital improvement funds held by the Treasurer on behalf of each Institution after each September 1 and February 1, beginning on September 1, 2003, until the amounts on deposit in such funds on and after each such September 1 and February 1 equal one-half of the debt service on the Bonds for the 12-month period beginning on such September 1 of each year (a "Bond Year") allocable to such Institution and will only release funds for such Institution's use in excess of the Institution's allocable amount of such debt service. The Treasurer agrees to continue to disburse the amounts retained as debt service on the Bonds to the Municipal Bond Commission and the Trustee for the Bonds, as the case may be, at the times heretofore or hereafter provided by the General Resolutions for making such debt service transfers. The Higher Education Policy Commission agrees to furnish the Treasurer with the

allocable amount payable by each Institution as debt service on the Bonds for each ensuing Bond Year prior to September 1 of such Bond Year.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
J. Thomas Jones, Chairman

STATE OF WEST VIRGINIA

By: _____
John Perdue, State Treasurer

MUNICIPAL BOND COMMISSION

By: _____
R. Witter Hallan, Executive Director

259010

allocable amount payable by each Institution as debt service on the Bonds for each ensuing Bond Year prior to September 1 of such Bond Year.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By:_____
J. Thomas Jones, Chairman

STATE OF WEST VIRGINIA

By:_____
John Perdue, State Treasurer

MUNICIPAL BOND COMMISSION

By: _____
Witter Hallan, Executive Director

259010

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street, Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 26, 2012

ISSUE: $124,190,000 State of West Virginia Higher Education Policy Commission Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A

ADDRESS: 1080 Kanawha Blvd, East, Suite 700, Charleston, WV 25301 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money: ____
Refunding: X

REFUND ISSUE(S) DATED: August 31, 2004

ISSUE DATE: June 26, 2012

CLOSING DATE: June 26, 2012

ISSUE AMOUNT: $124,190,000

YIELD: See attached

1ST DEBT SERVICE DUE: October 1, 2012

1ST PRINCIPAL DUE: April 1, 2013

1ST DEBT SERVICE AMOUNT: $1,516,239.58

PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Spilman Thomas & Battle, PLLC
Contact Person: Brian C. Helmick, Esq.
Phone: 304.340.3826

UNDERWRITERS
COUNSEL: Goodwin & Goodwin, LLP
Contact Person : William K. Bragg Jr., Esq.
Phone: 304.346.7000

CLOSING BANK: ____
Contact Person: ____
Phone: ____

ESCROW TRUSTEE: WVMBC
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Dr. Paul Hill
Position: Chancellor
Phone: 304.558.0699

OTHER: The Bank of New York Mellon
Contact Person: Rosemary Melendez, VP
Function: Registrar, Trustee and Transfer Agent
Phone: 973.247.4740

DEPOSITS TO MBC AT CLOSE:
By: X Wire
____ Check

X Escrow Fund (Bond Proceeds): $ 134,399,083.38
2004 A/B Project Fund (BNYM): $ 2,070,515.51
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: $____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By: ____ Wire
____ Check
____ IGT

____ To Accrued Interest: $____
____ To Issuer: $____
____ To Cons. Invest. Fund $____
____ To Other $____

NOTES: Total Deposit to Escrow Fund: $136,469,598.89 as set forth in the Closing Memorandum, Final Numbers Run, and Verification Report attached hereto and incorporated herein.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street, Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 26, 2012

ISSUE: $7,975,000 State of West Virginia Higher Education Policy Commission Revenue Bonds (Higher Education Facilities) 2012 Series B

ADDRESS: 1080 Kanawha Blvd, East, Suite 700, Charleston, WV 25301 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUND ISSUE(S) DATED: _____

ISSUE DATE: June 26, 2012 CLOSING DATE: June 26, 2012

ISSUE AMOUNT: $7,975,000 YIELD: See attached

1ST DEBT SERVICE DUE: October 1, 2012 1ST PRINCIPAL DUE: April 1, 2013

1ST DEBT SERVICE AMOUNT: $73,337.03 PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Spilman Thomas & Battle, PLLC
Contact Person: Brian C. Helmick, Esq.
Phone: 304.340.3826

UNDERWRITERS
COUNSEL: Goodwin & Goodwin, LLP
Contact Person : William K. Bragg Jr., Esq.
Phone: 304.346.7000

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Dr. Paul Hill
Position: Chancellor
Phone: 304.558.0699

OTHER: The Bank of New York Mellon
Contact Person: Rosemary Melendez, VP
Function: Registrar, Trustee and Transfer Agent
Phone: 973.247.4740

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
_____ Check

_____ Escrow Fund: $_____
_____ Capitalized Interest: $_____
_____ Reserve Account*: $_____
_____ Other: $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By: _____ Wire
_____ Check
_____ IGT

_____ To Accrued Interest: $_____
_____ To Issuer: $_____
_____ To Cons. Invest. Fund $_____
_____ To Other $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

IV. RECONCILIATION OF FUNDS

Sources of Funds:	
Citi's Wire #1 to the West Virginia Municipal Bond Commission	$134,399,083.38
Citi's Wire #2 to The Bank of New York Mellon	8,225,219.06
BONY's Wire #1 to the West Virginia Municipal Bond Commission	2,070,515.51
Total Sources of Funds:	**$144,694,817.95**
Uses of Funds:	
Deposit to 2012 Series A Escrow Fund	$136,469,598.89
Deposit to 2012 Series A Bonds Cost of Issuance Fund	228,045.52
Deposit to 2012 Series B Bond Proceeds Fund	7,997,173.54
Total Uses of Funds:	**$144,694,817.95**

V. CUSIP NUMBERS

Maturity	Coupon	CUSIP Number
2012 Series A		
April 1, 2013	2.000%	95639REF2
April 1, 2015	5.000%	95639REG0
April 1, 2016	5.000%	95639REH8
April 1, 2017	5.000%	95639REJ4
April 1, 2018	5.000%	95639REK1
April 1, 2019	5.000%	95639REL9
April 1, 2020	5.000%	95639REM7
April 1, 2021	5.000%	95639REN5
April 1, 2022	5.000%	95639REP0
April 1, 2023	5.000%	95639REQ8
April 1, 2024	5.000%	95639RER6
April 1, 2025	5.000%	95639RES4
April 1, 2026	5.000%	95639RET2
April 1, 2027	5.000%	95639REU9
April 1, 2028	5.000%	95639REV7
April 1, 2029	5.000%	95639REW5
April 1, 2034	4.000%	95639REX3
2012 Series B		
April 1, 2013	2.000%	95639REY1
April 1, 2014	3.000%	95639RFR5
April 1, 2015	3.000%	95639REZ8
April 1, 2016	3.000%	95639RFA2
April 1, 2017	3.000%	95639RFB0
April 1, 2018	3.000%	95639RFC8
April 1, 2019	4.000%	95639RFD6
April 1, 2020	4.000%	95639RFE4
April 1, 2021	2.625%	95639RFF1
April 1, 2022	2.750%	95639RFG9
April 1, 2023	3.000%	95639RFH7
April 1, 2024	3.200%	95639RFJ3
April 1, 2025	3.375%	95639RFK0
April 1, 2026	3.500%	95639RFL8
April 1, 2027	3.600%	95639RFM6
April 1, 2028	3.700%	95639RFN4
April 1, 2029	3.750%	95639RFP9
April 1, 2034	4.000%	95639RFQ7

VI. CONTACTS

Mary Jo Murphy	Citi Operations	(212) 723-7095
Sarah Boardman	West Virginia Municipal Bond Commission	(304) 558-3971
Tom Vlahakis	The Bank of New York Mellon	(973) 247-4742
Paul Creedon	Citi Public Finance	(212) 723-5589
Jessica Donnelly	Citi Public Finance	(215) 854-6036
Chris Beacham	Citi Public Finance	(215) 854-6036

SOURCES AND USES OF FUNDS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Dated Date	06/26/2012
Delivery Date	06/26/2012

Sources:	Revenue Refunding Bonds, Series 2012A	Revenue Bonds, Series 2012B	Total
Bond Proceeds:			
Par Amount	124,190,000.00	7,975,000.00	132,165,000.00
Net Premium	11,069,044.45	61,505.55	11,130,550.00
	135,259,044.45	8,036,505.55	143,295,550.00
Other Sources of Funds:			
Transferred Series 2004A Proceeds	42,766.03		42,766.03
Transferred Series 2004B Proceeds	2,027,749.48		2,027,749.48
	2,070,515.51		2,070,515.51
	137,329,559.96	8,036,505.55	145,366,065.51

Uses:	Revenue Refunding Bonds, Series 2012A	Revenue Bonds, Series 2012B	Total
Project Fund Deposits:			
Project Fund		7,997,173.54	7,997,173.54
Refunding Escrow Deposits:			
Cash Deposit	0.89		0.89
SLGS Purchases	136,469,598.00		136,469,598.00
	136,469,598.89		136,469,598.89
Delivery Date Expenses:			
Cost of Issuance	228,045.52		228,045.52
Underwriter's Discount	631,915.55	39,332.01	671,247.56
	859,961.07	39,332.01	899,293.08
	137,329,559.96	8,036,505.55	145,366,065.51

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

BOND SUMMARY STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Dated Date	06/26/2012
Delivery Date	06/26/2012
Last Maturity	04/01/2034
Arbitrage Yield	3.542995%
True Interest Cost (TIC)	3.713246%
Net Interest Cost (NIC)	3.877441%
All-In TIC	3.729363%
Average Coupon	4.459068%
Average Life (years)	13.606
Duration of Issue (years)	10.117
Par Amount	132,165,000.00
Bond Proceeds	143,295,550.00
Total Interest	80,186,726.11
Net Interest	69,727,423.67
Total Debt Service	212,351,726.11
Maximum Annual Debt Service	9,999,200.00
Average Annual Debt Service	9,757,067.19
Underwriter's Fees (per $1000)	
Average Takedown	4.579550
Other Fee	0.499310
Total Underwriter's Discount	5.078860
Bid Price	107.913822

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
New Money Serial Bonds	5,575,000.00	102.025	3.394%	9.660	8.120	4,423.60
Refunding Serial Bonds	82,090,000.00	114.583	4.996%	10.494	8.362	63,523.90
Refunding Term Bond	42,100,000.00	97.858	4.000%	19.842	13.783	58,940.00
New Money Term Bond	2,400,000.00	97.858	4.000%	19.847	13.786	3,360.00
	132,165,000.00			13.606		130,247.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	132,165,000.00	132,165,000.00	132,165,000.00
+ Accrued Interest			
+ Premium (Discount)	11,130,550.00	11,130,550.00	11,130,550.00
- Underwriter's Discount	-671,247.56	-671,247.56	
- Cost of Issuance Expense		-228,045.52	
- Other Amounts			
Target Value	142,624,302.44	142,396,256.92	143,295,550.00
Target Date	06/26/2012	06/26/2012	06/26/2012
Yield	3.713246%	3.729363%	3.542995%

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

BOND PRICING

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Refunding Serial Bonds:										
	04/01/2013	1,425,000	2.000%	0.490%	101.149				16,373.25	0.500
	04/01/2015	3,740,000	5.000%	1.100%	110.586				395,916.40	3.750
	04/01/2016	3,925,000	5.000%	1.270%	113.664				536,312.00	3.750
	04/01/2017	4,125,000	5.000%	1.530%	115.881				655,091.25	3.750
	04/01/2018	4,325,000	5.000%	1.830%	117.263				746,624.75	3.750
	04/01/2019	4,545,000	5.000%	2.130%	117.986				817,463.70	3.750
	04/01/2020	4,775,000	5.000%	2.450%	117.925				855,918.75	3.750
	04/01/2021	5,010,000	5.000%	2.720%	117.668				885,166.80	3.750
	04/01/2022	5,260,000	5.000%	2.870%	118.021				947,904.60	3.750
	04/01/2023	5,520,000	5.000%	3.020%	116.630 C	3.164%	04/01/2022	100.000	917,976.00	5.000
	04/01/2024	5,800,000	5.000%	3.170%	115.259 C	3.414%	04/01/2022	100.000	885,022.00	5.000
	04/01/2025	6,085,000	5.000%	3.280%	114.266 C	3.596%	04/01/2022	100.000	868,086.10	5.000
	04/01/2026	6,395,000	5.000%	3.370%	113.461 C	3.739%	04/01/2022	100.000	860,830.95	5.000
	04/01/2027	6,710,000	5.000%	3.440%	112.839 C	3.851%	04/01/2022	100.000	861,496.90	5.000
	04/01/2028	7,050,000	5.000%	3.510%	112.222 C	3.950%	04/01/2022	100.000	861,651.00	5.000
	04/01/2029	7,400,000	5.000%	3.580%	111.608 C	4.040%	04/01/2022	100.000	858,992.00	5.000
		82,090,000							11,970,826.45	
Refunding Term Bond:										
	04/01/2030	7,775,000	4.000%	4.150%	97.858				-166,540.50	5.000
	04/01/2031	8,085,000	4.000%	4.150%	97.858				-173,180.70	5.000
	04/01/2032	8,405,000	4.000%	4.150%	97.858				-180,035.10	5.000
	04/01/2033	8,745,000	4.000%	4.150%	97.858				-187,317.90	5.000
	04/01/2034	9,090,000	4.000%	4.150%	97.858				-194,707.80	5.000
		42,100,000							-901,782.00	
New Money Serial Bonds:										
	04/01/2013	200,000	2.000%	0.550%	101.103				2,206.00	0.500
	04/01/2014	235,000	3.000%	0.920%	103.630				8,530.50	2.500
	04/01/2015	275,000	3.000%	1.100%	105.157				14,181.75	3.750
	04/01/2016	280,000	3.000%	1.270%	106.337				17,743.60	3.750
	04/01/2017	285,000	3.000%	1.530%	106.727				19,171.95	3.750
	04/01/2018	300,000	3.000%	1.830%	106.370				19,110.00	3.750
	04/01/2019	305,000	4.000%	2.130%	111.718				35,739.90	3.750
	04/01/2020	315,000	4.000%	2.450%	110.895				34,319.25	3.750
	04/01/2021	330,000	2.625%	2.720%	99.261				-2,438.70	3.750
	04/01/2022	340,000	2.750%	2.870%	98.982				-3,461.20	3.750
	04/01/2023	350,000	3.000%	3.100%	99.087				-3,195.50	5.000
	04/01/2024	360,000	3.200%	3.300%	99.028				-3,499.20	5.000
	04/01/2025	375,000	3.375%	3.500%	98.718				-4,807.50	5.000
	04/01/2026	385,000	3.500%	3.600%	98.918				-4,165.70	5.000
	04/01/2027	400,000	3.600%	3.750%	98.307				-6,772.00	5.000
	04/01/2028	410,000	3.700%	3.770%	99.169				-3,407.10	5.000
	04/01/2029	430,000	3.750%	3.870%	98.525				-6,342.50	5.000
		5,575,000							112,913.55	
New Money Term Bond:										
	04/01/2030	440,000	4.000%	4.150%	97.858				-9,424.80	5.000
	04/01/2031	460,000	4.000%	4.150%	97.858				-9,853.20	5.000
	04/01/2032	480,000	4.000%	4.150%	97.858				-10,281.60	5.000
	04/01/2033	500,000	4.000%	4.150%	97.858				-10,710.00	5.000
	04/01/2034	520,000	4.000%	4.150%	97.858				-11,138.40	5.000
		2,400,000							-51,408.00	
		132,165,000							11,130,550.00	

BOND PRICING

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Dated Date	06/26/2012	
Delivery Date	06/26/2012	
First Coupon	10/01/2012	
Par Amount	132,165,000.00	
Premium	11,130,550.00	
Production	143,295,550.00	108.421708%
Underwriter's Discount	-671,247.56	-0.507886%
Purchase Price	142,624,302.44	107.913822%
Accrued Interest		
Net Proceeds	142,624,302.44	

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

SUMMARY OF REFUNDING RESULTS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Dated Date	06/26/2012
Delivery Date	06/26/2012
Arbitrage yield	3.542995%
Escrow yield	0.248041%
Bond Par Amount	132,165,000.00
True Interest Cost	3.713246%
Net Interest Cost	3.877441%
Average Coupon	4.459068%
Average Life	13.606
Par amount of refunded bonds	124,585,000.00
Average coupon of refunded bonds	5.000000%
Average life of refunded bonds	13.861
PV of prior debt to 06/26/2012 @ 3.542995%	145,161,014.73
Net PV Savings	6,022,465.35
Percentage savings of refunded bonds	4.834021%
Percentage savings of refunding bonds	4.556778%

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

SAVINGS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 06/26/2012 @ 3.5429949%
10/01/2012	3,114,625.00	1,589,576.61	1,525,048.39		1,510,979.96
04/01/2013	3,114,625.00	4,636,829.38	-1,522,204.38	2,844.01	-1,481,910.18
10/01/2013	3,114,625.00	2,995,579.38	119,045.62		113,877.04
04/01/2014	3,114,625.00	3,230,579.38	-115,954.38	3,091.24	-108,989.27
10/01/2014	3,114,625.00	2,992,054.38	122,570.62		113,202.70
04/01/2015	6,884,625.00	7,007,054.38	-122,429.38	141.24	-111,104.05
10/01/2015	3,020,375.00	2,894,429.38	125,945.62		112,305.53
04/01/2016	6,975,375.00	7,099,429.38	-124,054.38	1,891.24	-108,693.61
10/01/2016	2,921,500.00	2,792,104.38	129,395.62		111,400.04
04/01/2017	7,076,500.00	7,202,104.38	-125,604.38	3,791.24	-106,253.78
10/01/2017	2,817,625.00	2,684,704.38	132,920.62		110,485.63
04/01/2018	7,177,625.00	7,309,704.38	-132,079.38	841.24	-107,875.37
10/01/2018	2,708,625.00	2,572,079.38	136,545.62		109,581.91
04/01/2019	7,288,625.00	7,422,079.38	-133,454.38	3,091.24	-105,236.83
10/01/2019	2,594,125.00	2,452,354.38	141,770.62		109,848.72
04/01/2020	7,404,125.00	7,542,354.38	-138,229.38	3,541.24	-105,240.52
10/01/2020	2,473,875.00	2,326,679.38	147,195.62		110,116.23
04/01/2021	7,523,875.00	7,666,679.38	-142,804.38	4,391.24	-104,971.60
10/01/2021	2,347,625.00	2,197,098.13	150,526.87		108,722.18
04/01/2022	7,647,625.00	7,797,098.13	-149,473.13	1,053.74	-106,081.85
10/01/2022	2,215,125.00	2,060,923.13	154,201.87		107,532.92
04/01/2023	7,780,125.00	7,930,923.13	-150,798.13	3,403.74	-103,328.85
10/01/2023	2,076,000.00	1,917,673.13	158,326.87		106,599.23
04/01/2024	7,921,000.00	8,077,673.13	-156,673.13	1,653.74	-103,649.64
10/01/2024	1,929,875.00	1,766,913.13	162,961.87		105,933.45
04/01/2025	8,064,875.00	8,226,913.13	-162,038.13	923.74	-103,499.48
10/01/2025	1,776,500.00	1,608,460.00	168,040.00		105,464.78
04/01/2026	8,221,500.00	8,388,460.00	-166,960.00	1,080.00	-102,962.97
10/01/2026	1,615,375.00	1,441,847.50	173,527.50		105,150.36
04/01/2027	8,380,375.00	8,551,847.50	-171,472.50	2,055.00	-102,096.48
10/01/2027	1,446,250.00	1,266,897.50	179,352.50		104,929.49
04/01/2028	8,551,250.00	8,726,897.50	-175,647.50	3,705.00	-100,973.16
10/01/2028	1,268,625.00	1,083,062.50	185,562.50		104,816.11
04/01/2029	8,728,625.00	8,913,062.50	-184,437.50	1,125.00	-102,367.21
10/01/2029	1,082,125.00	890,000.00	192,125.00		104,777.82
04/01/2030	8,917,125.00	9,105,000.00	-187,875.00	4,250.00	-100,676.55
10/01/2030	886,250.00	725,700.00	160,550.00		84,536.34
04/01/2031	9,111,250.00	9,270,700.00	-159,450.00	1,100.00	-82,495.74
10/01/2031	680,625.00	554,800.00	125,825.00		63,965.79
04/01/2032	9,315,625.00	9,439,800.00	-124,175.00	1,650.00	-62,028.15
10/01/2032	464,750.00	377,100.00	87,650.00		43,020.99
04/01/2033	9,534,750.00	9,622,100.00	-87,350.00	300.00	-42,127.46
10/01/2033	238,000.00	192,200.00	45,800.00		21,704.09
04/01/2034	9,758,000.00	9,802,200.00	-44,200.00	1,600.00	-20,581.27
	212,399,250.00	212,351,726.11	47,523.89	47,523.89	95,807.31

Savings Summary

PV of savings from cash flow	95,807.31
Less: Prior funds on hand	-2,070,515.51
Plus: Refunding funds on hand	7,997,173.54
Net PV Savings	6,022,465.34

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

SUMMARY OF BONDS REFUNDED

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2004B Revenue Bonds, 2004B:					
SERIAL	04/01/2015	5.000%	3,770,000.00	04/01/2014	100.000
	04/01/2016	5.000%	3,955,000.00	04/01/2014	100.000
	04/01/2017	5.000%	4,155,000.00	04/01/2014	100.000
	04/01/2018	5.000%	4,360,000.00	04/01/2014	100.000
	04/01/2019	5.000%	4,580,000.00	04/01/2014	100.000
	04/01/2020	5.000%	4,810,000.00	04/01/2014	100.000
	04/01/2021	5.000%	5,050,000.00	04/01/2014	100.000
	04/01/2022	5.000%	5,300,000.00	04/01/2014	100.000
	04/01/2023	5.000%	5,565,000.00	04/01/2014	100.000
	04/01/2024	5.000%	5,845,000.00	04/01/2014	100.000
TERM	04/01/2029	5.000%	33,910,000.00	04/01/2014	100.000
TERM01	04/01/2034	5.000%	43,285,000.00	04/01/2014	100.000
			124,585,000.00		

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

PRIOR BOND DEBT SERVICE

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2012			3,114,625	3,114,625	
04/01/2013			3,114,625	3,114,625	6,229,250
10/01/2013			3,114,625	3,114,625	
04/01/2014			3,114,625	3,114,625	6,229,250
10/01/2014			3,114,625	3,114,625	
04/01/2015	3,770,000	5.000%	3,114,625	6,884,625	9,999,250
10/01/2015			3,020,375	3,020,375	
04/01/2016	3,955,000	5.000%	3,020,375	6,975,375	9,995,750
10/01/2016			2,921,500	2,921,500	
04/01/2017	4,155,000	5.000%	2,921,500	7,076,500	9,998,000
10/01/2017			2,817,625	2,817,625	
04/01/2018	4,360,000	5.000%	2,817,625	7,177,625	9,995,250
10/01/2018			2,708,625	2,708,625	
04/01/2019	4,580,000	5.000%	2,708,625	7,288,625	9,997,250
10/01/2019			2,594,125	2,594,125	
04/01/2020	4,810,000	5.000%	2,594,125	7,404,125	9,998,250
10/01/2020			2,473,875	2,473,875	
04/01/2021	5,050,000	5.000%	2,473,875	7,523,875	9,997,750
10/01/2021			2,347,625	2,347,625	
04/01/2022	5,300,000	5.000%	2,347,625	7,647,625	9,995,250
10/01/2022			2,215,125	2,215,125	
04/01/2023	5,565,000	5.000%	2,215,125	7,780,125	9,995,250
10/01/2023			2,076,000	2,076,000	
04/01/2024	5,845,000	5.000%	2,076,000	7,921,000	9,997,000
10/01/2024			1,929,875	1,929,875	
04/01/2025	6,135,000	5.000%	1,929,875	8,064,875	9,994,750
10/01/2025			1,776,500	1,776,500	
04/01/2026	6,445,000	5.000%	1,776,500	8,221,500	9,998,000
10/01/2026			1,615,375	1,615,375	
04/01/2027	6,765,000	5.000%	1,615,375	8,380,375	9,995,750
10/01/2027			1,446,250	1,446,250	
04/01/2028	7,105,000	5.000%	1,446,250	8,551,250	9,997,500
10/01/2028			1,268,625	1,268,625	
04/01/2029	7,460,000	5.000%	1,268,625	8,728,625	9,997,250
10/01/2029			1,082,125	1,082,125	
04/01/2030	7,835,000	5.000%	1,082,125	8,917,125	9,999,250
10/01/2030			886,250	886,250	
04/01/2031	8,225,000	5.000%	886,250	9,111,250	9,997,500
10/01/2031			680,625	680,625	
04/01/2032	8,635,000	5.000%	680,625	9,315,625	9,996,250
10/01/2032			464,750	464,750	
04/01/2033	9,070,000	5.000%	464,750	9,534,750	9,999,500
10/01/2033			238,000	238,000	
04/01/2034	9,520,000	5.000%	238,000	9,758,000	9,996,000
	124,585,000		87,814,250	212,399,250	212,399,250

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

BOND DEBT SERVICE

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2012			1,589,576.61	1,589,576.61	
04/01/2013	1,625,000	2.000%	3,011,829.38	4,636,829.38	6,226,405.99
10/01/2013			2,995,579.38	2,995,579.38	
04/01/2014	235,000	3.000%	2,995,579.38	3,230,579.38	6,226,158.76
10/01/2014			2,992,054.38	2,992,054.38	
04/01/2015	4,015,000	** %	2,992,054.38	7,007,054.38	9,999,108.76
10/01/2015			2,894,429.38	2,894,429.38	
04/01/2016	4,205,000	** %	2,894,429.38	7,099,429.38	9,993,858.76
10/01/2016			2,792,104.38	2,792,104.38	
04/01/2017	4,410,000	** %	2,792,104.38	7,202,104.38	9,994,208.76
10/01/2017			2,684,704.38	2,684,704.38	
04/01/2018	4,625,000	** %	2,684,704.38	7,309,704.38	9,994,408.76
10/01/2018			2,572,079.38	2,572,079.38	
04/01/2019	4,850,000	** %	2,572,079.38	7,422,079.38	9,994,158.76
10/01/2019			2,452,354.38	2,452,354.38	
04/01/2020	5,090,000	** %	2,452,354.38	7,542,354.38	9,994,708.76
10/01/2020			2,326,679.38	2,326,679.38	
04/01/2021	5,340,000	** %	2,326,679.38	7,666,679.38	9,993,358.76
10/01/2021			2,197,098.13	2,197,098.13	
04/01/2022	5,600,000	** %	2,197,098.13	7,797,098.13	9,994,196.26
10/01/2022			2,060,923.13	2,060,923.13	
04/01/2023	5,870,000	** %	2,060,923.13	7,930,923.13	9,991,846.26
10/01/2023			1,917,673.13	1,917,673.13	
04/01/2024	6,160,000	** %	1,917,673.13	8,077,673.13	9,995,346.26
10/01/2024			1,766,913.13	1,766,913.13	
04/01/2025	6,460,000	** %	1,766,913.13	8,226,913.13	9,993,826.26
10/01/2025			1,608,460.00	1,608,460.00	
04/01/2026	6,780,000	** %	1,608,460.00	8,388,460.00	9,996,920.00
10/01/2026			1,441,847.50	1,441,847.50	
04/01/2027	7,110,000	** %	1,441,847.50	8,551,847.50	9,993,695.00
10/01/2027			1,266,897.50	1,266,897.50	
04/01/2028	7,460,000	** %	1,266,897.50	8,726,897.50	9,993,795.00
10/01/2028			1,083,062.50	1,083,062.50	
04/01/2029	7,830,000	** %	1,083,062.50	8,913,062.50	9,996,125.00
10/01/2029			890,000.00	890,000.00	
04/01/2030	8,215,000	4.000%	890,000.00	9,105,000.00	9,995,000.00
10/01/2030			725,700.00	725,700.00	
04/01/2031	8,545,000	4.000%	725,700.00	9,270,700.00	9,996,400.00
10/01/2031			554,800.00	554,800.00	
04/01/2032	8,885,000	4.000%	554,800.00	9,439,800.00	9,994,600.00
10/01/2032			377,100.00	377,100.00	
04/01/2033	9,245,000	4.000%	377,100.00	9,622,100.00	9,999,200.00
10/01/2033			192,200.00	192,200.00	
04/01/2034	9,610,000	4.000%	192,200.00	9,802,200.00	9,994,400.00
	132,165,000		80,186,726.11	212,351,726.11	212,351,726.11

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

BOND DEBT SERVICE

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2012			1,516,239.58	1,516,239.58	
04/01/2013	1,425,000	2.000%	2,872,875.00	4,297,875.00	5,814,114.58
10/01/2013			2,858,625.00	2,858,625.00	
04/01/2014			2,858,625.00	2,858,625.00	5,717,250.00
10/01/2014			2,858,625.00	2,858,625.00	
04/01/2015	3,740,000	5.000%	2,858,625.00	6,598,625.00	9,457,250.00
10/01/2015			2,765,125.00	2,765,125.00	
04/01/2016	3,925,000	5.000%	2,765,125.00	6,690,125.00	9,455,250.00
10/01/2016			2,667,000.00	2,667,000.00	
04/01/2017	4,125,000	5.000%	2,667,000.00	6,792,000.00	9,459,000.00
10/01/2017			2,563,875.00	2,563,875.00	
04/01/2018	4,325,000	5.000%	2,563,875.00	6,888,875.00	9,452,750.00
10/01/2018			2,455,750.00	2,455,750.00	
04/01/2019	4,545,000	5.000%	2,455,750.00	7,000,750.00	9,456,500.00
10/01/2019			2,342,125.00	2,342,125.00	
04/01/2020	4,775,000	5.000%	2,342,125.00	7,117,125.00	9,459,250.00
10/01/2020			2,222,750.00	2,222,750.00	
04/01/2021	5,010,000	5.000%	2,222,750.00	7,232,750.00	9,455,500.00
10/01/2021			2,097,500.00	2,097,500.00	
04/01/2022	5,260,000	5.000%	2,097,500.00	7,357,500.00	9,455,000.00
10/01/2022			1,966,000.00	1,966,000.00	
04/01/2023	5,520,000	5.000%	1,966,000.00	7,486,000.00	9,452,000.00
10/01/2023			1,828,000.00	1,828,000.00	
04/01/2024	5,800,000	5.000%	1,828,000.00	7,628,000.00	9,456,000.00
10/01/2024			1,683,000.00	1,683,000.00	
04/01/2025	6,085,000	5.000%	1,683,000.00	7,768,000.00	9,451,000.00
10/01/2025			1,530,875.00	1,530,875.00	
04/01/2026	6,395,000	5.000%	1,530,875.00	7,925,875.00	9,456,750.00
10/01/2026			1,371,000.00	1,371,000.00	
04/01/2027	6,710,000	5.000%	1,371,000.00	8,081,000.00	9,452,000.00
10/01/2027			1,203,250.00	1,203,250.00	
04/01/2028	7,050,000	5.000%	1,203,250.00	8,253,250.00	9,456,500.00
10/01/2028			1,027,000.00	1,027,000.00	
04/01/2029	7,400,000	5.000%	1,027,000.00	8,427,000.00	9,454,000.00
10/01/2029			842,000.00	842,000.00	
04/01/2030	7,775,000	4.000%	842,000.00	8,617,000.00	9,459,000.00
10/01/2030			686,500.00	686,500.00	
04/01/2031	8,085,000	4.000%	686,500.00	8,771,500.00	9,458,000.00
10/01/2031			524,800.00	524,800.00	
04/01/2032	8,405,000	4.000%	524,800.00	8,929,800.00	9,454,600.00
10/01/2032			356,700.00	356,700.00	
04/01/2033	8,745,000	4.000%	356,700.00	9,101,700.00	9,458,400.00
10/01/2033			181,800.00	181,800.00	
04/01/2034	9,090,000	4.000%	181,800.00	9,271,800.00	9,453,600.00
	124,190,000		76,453,714.58	200,643,714.58	200,643,714.58

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

BOND DEBT SERVICE

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Bonds, Series 2012B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2012			73,337.03	73,337.03	
04/01/2013	200,000	2.000%	138,954.38	338,954.38	412,291.41
10/01/2013			136,954.38	136,954.38	
04/01/2014	235,000	3.000%	136,954.38	371,954.38	508,908.76
10/01/2014			133,429.38	133,429.38	
04/01/2015	275,000	3.000%	133,429.38	408,429.38	541,858.76
10/01/2015			129,304.38	129,304.38	
04/01/2016	280,000	3.000%	129,304.38	409,304.38	538,608.76
10/01/2016			125,104.38	125,104.38	
04/01/2017	285,000	3.000%	125,104.38	410,104.38	535,208.76
10/01/2017			120,829.38	120,829.38	
04/01/2018	300,000	3.000%	120,829.38	420,829.38	541,658.76
10/01/2018			116,329.38	116,329.38	
04/01/2019	305,000	4.000%	116,329.38	421,329.38	537,658.76
10/01/2019			110,229.38	110,229.38	
04/01/2020	315,000	4.000%	110,229.38	425,229.38	535,458.76
10/01/2020			103,929.38	103,929.38	
04/01/2021	330,000	2.625%	103,929.38	433,929.38	537,858.76
10/01/2021			99,598.13	99,598.13	
04/01/2022	340,000	2.750%	99,598.13	439,598.13	539,196.26
10/01/2022			94,923.13	94,923.13	
04/01/2023	350,000	3.000%	94,923.13	444,923.13	539,846.26
10/01/2023			89,673.13	89,673.13	
04/01/2024	360,000	3.200%	89,673.13	449,673.13	539,346.26
10/01/2024			83,913.13	83,913.13	
04/01/2025	375,000	3.375%	83,913.13	458,913.13	542,826.26
10/01/2025			77,585.00	77,585.00	
04/01/2026	385,000	3.500%	77,585.00	462,585.00	540,170.00
10/01/2026			70,847.50	70,847.50	
04/01/2027	400,000	3.600%	70,847.50	470,847.50	541,695.00
10/01/2027			63,647.50	63,647.50	
04/01/2028	410,000	3.700%	63,647.50	473,647.50	537,295.00
10/01/2028			56,062.50	56,062.50	
04/01/2029	430,000	3.750%	56,062.50	486,062.50	542,125.00
10/01/2029			48,000.00	48,000.00	
04/01/2030	440,000	4.000%	48,000.00	488,000.00	536,000.00
10/01/2030			39,200.00	39,200.00	
04/01/2031	460,000	4.000%	39,200.00	499,200.00	538,400.00
10/01/2031			30,000.00	30,000.00	
04/01/2032	480,000	4.000%	30,000.00	510,000.00	540,000.00
10/01/2032			20,400.00	20,400.00	
04/01/2033	500,000	4.000%	20,400.00	520,400.00	540,800.00
10/01/2033			10,400.00	10,400.00	
04/01/2034	520,000	4.000%	10,400.00	530,400.00	540,800.00
	7,975,000		3,733,011.53	11,708,011.53	11,708,011.53

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW REQUIREMENTS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Period Ending	Interest	Principal Redeemed	Total
10/01/2012	3,114,625.00		3,114,625.00
04/01/2013	3,114,625.00		3,114,625.00
10/01/2013	3,114,625.00		3,114,625.00
04/01/2014	3,114,625.00	124,585,000.00	127,699,625.00
	12,458,500.00	124,585,000.00	137,043,500.00

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW REQUIREMENTS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Bonds, Series 2012B

Period Ending	Total
	0.00

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW DESCRIPTIONS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Jun 26, 2012:							
	SLGS	Certificate	10/01/2012	10/01/2012	3,027,990	0.080%	0.080%
	SLGS	Certificate	04/01/2013	04/01/2013	2,949,014	0.150%	0.150%
	SLGS	Note	10/01/2013	10/01/2012	2,952,395	0.190%	0.190%
	SLGS	Note	04/01/2014	10/01/2012	127,540,199	0.250%	0.250%
					136,469,598		

SLGS Summary

SLGS Rates File	12JUN12
Total Certificates of Indebtedness	5,977,004.00
Total Notes	130,492,594.00
Total original SLGS	136,469,598.00

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW COST

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	10/01/2012	3,027,990	0.080%	3,027,990.00
SLGS	04/01/2013	2,949,014	0.150%	2,949,014.00
SLGS	10/01/2013	2,952,395	0.190%	2,952,395.00
SLGS	04/01/2014	127,540,199	0.250%	127,540,199.00
		136,469,598		136,469,598.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
06/26/2012	136,469,598	0.89	136,469,598.89
	136,469,598	0.89	136,469,598.89

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW COST

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Bonds, Series 2012B

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
06/26/2012			
	0	0.00	0.00

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW CASH FLOW

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Date	Principal	Interest	Net Escrow Receipts
10/01/2012	3,027,990.00	86,634.53	3,114,624.53
04/01/2013	2,949,014.00	165,611.30	3,114,625.30
10/01/2013	2,952,395.00	162,230.03	3,114,625.03
04/01/2014	127,540,199.00	159,425.25	127,699,624.25
	136,469,598.00	573,901.11	137,043,499.11

Escrow Cost Summary

Purchase date	06/26/2012
Purchase cost of securities	136,469,598.00

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW SUFFICIENCY

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
06/26/2012		0.89	0.89	0.89
10/01/2012	3,114,625.00	3,114,624.53	-0.47	0.42
04/01/2013	3,114,625.00	3,114,625.30	0.30	0.72
10/01/2013	3,114,625.00	3,114,625.03	0.03	0.75
04/01/2014	127,699,625.00	127,699,624.25	-0.75	
	137,043,500.00	137,043,500.00	0.00	

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW SUFFICIENCY

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Bonds, Series 2012B

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
	0.00	0.00	0.00	

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
BONDP	2,070,515.51	0.264	0.080573%	0.080573%	2,051,851.33	18,664.17	0.01
ESCROW	134,399,083.38	1.715	0.248041%	0.248041%	127,074,622.88	7,324,460.47	0.03
	136,469,598.89				129,126,474.21	7,343,124.64	0.04

Delivery date	06/26/2012
Arbitrage yield	3.542995%

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

ESCROW STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Bonds, Series 2012B

Delivery date	06/26/2012
Arbitrage yield	3.542995%

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

UNDERWRITER'S DISCOUNT

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Underwriter's Discount	$/1000	Amount
Average Takedown	4.57955	605,256.25
Underwriter's Counsel	0.34048	45,000.00
Dalcomp (Base)	0.06430	8,498.21
Dalcomp (Co-managers, EOE)	0.00424	560.00
iPreo Deal Tracking	0.01500	1,982.48
Day Loan	0.02800	3,700.62
CUSIP	0.00946	1,250.00
Misc./Travel/Admin	0.03783	5,000.00
	5.07886	671,247.56

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

COST OF ISSUANCE

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Cost of Issuance	$/1000	Amount
Cost of Issuance	0.03250	4,295.52
Bond Counsel	0.37831	50,000.00
Financial Advisor (PRAG)	0.22699	30,000.00
Moody's Rating Fee	0.52964	70,000.00
S&P Ratings Fee	0.43506	57,500.00
Verification Agent	0.02270	3,000.00
Trustee (MBC)	0.04161	5,500.00
Registrar (BONY)	0.00567	750.00
Printer	0.01513	2,000.00
Miscellaneous	0.03783	5,000.00
	1.72546	228,045.52

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

FORM 8038 STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Dated Date	06/26/2012
Delivery Date	06/26/2012

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Refunding Serial Bonds:						
	04/01/2013	1,425,000.00	2.000%	101.149	1,441,373.25	1,425,000.00
	04/01/2015	3,740,000.00	5.000%	110.586	4,135,916.40	3,740,000.00
	04/01/2016	3,925,000.00	5.000%	113.664	4,461,312.00	3,925,000.00
	04/01/2017	4,125,000.00	5.000%	115.881	4,780,091.25	4,125,000.00
	04/01/2018	4,325,000.00	5.000%	117.263	5,071,624.75	4,325,000.00
	04/01/2019	4,545,000.00	5.000%	117.986	5,362,463.70	4,545,000.00
	04/01/2020	4,775,000.00	5.000%	117.925	5,630,918.75	4,775,000.00
	04/01/2021	5,010,000.00	5.000%	117.668	5,895,166.80	5,010,000.00
	04/01/2022	5,260,000.00	5.000%	118.021	6,207,904.60	5,260,000.00
	04/01/2023	5,520,000.00	5.000%	116.630	6,437,976.00	5,520,000.00
	04/01/2024	5,800,000.00	5.000%	115.259	6,685,022.00	5,800,000.00
	04/01/2025	6,085,000.00	5.000%	114.266	6,953,086.10	6,085,000.00
	04/01/2026	6,395,000.00	5.000%	113.461	7,255,830.95	6,395,000.00
	04/01/2027	6,710,000.00	5.000%	112.839	7,571,496.90	6,710,000.00
	04/01/2028	7,050,000.00	5.000%	112.222	7,911,651.00	7,050,000.00
	04/01/2029	7,400,000.00	5.000%	111.608	8,258,992.00	7,400,000.00
Refunding Term Bond:						
	04/01/2030	7,775,000.00	4.000%	97.858	7,608,459.50	7,775,000.00
	04/01/2031	8,085,000.00	4.000%	97.858	7,911,819.30	8,085,000.00
	04/01/2032	8,405,000.00	4.000%	97.858	8,224,964.90	8,405,000.00
	04/01/2033	8,745,000.00	4.000%	97.858	8,557,682.10	8,745,000.00
	04/01/2034	9,090,000.00	4.000%	97.858	8,895,292.20	9,090,000.00
New Money Serial Bonds:						
	04/01/2013	200,000.00	2.000%	101.103	202,206.00	200,000.00
	04/01/2014	235,000.00	3.000%	103.630	243,530.50	235,000.00
	04/01/2015	275,000.00	3.000%	105.157	289,181.75	275,000.00
	04/01/2016	280,000.00	3.000%	106.337	297,743.60	280,000.00
	04/01/2017	285,000.00	3.000%	106.727	304,171.95	285,000.00
	04/01/2018	300,000.00	3.000%	106.370	319,110.00	300,000.00
	04/01/2019	305,000.00	4.000%	111.718	340,739.90	305,000.00
	04/01/2020	315,000.00	4.000%	110.895	349,319.25	315,000.00
	04/01/2021	330,000.00	2.625%	99.261	327,561.30	330,000.00
	04/01/2022	340,000.00	2.750%	98.982	336,538.80	340,000.00
	04/01/2023	350,000.00	3.000%	99.087	346,804.50	350,000.00
	04/01/2024	360,000.00	3.200%	99.028	356,500.80	360,000.00
	04/01/2025	375,000.00	3.375%	98.718	370,192.50	375,000.00
	04/01/2026	385,000.00	3.500%	98.918	380,834.30	385,000.00
	04/01/2027	400,000.00	3.600%	98.307	393,228.00	400,000.00
	04/01/2028	410,000.00	3.700%	99.169	406,592.90	410,000.00
	04/01/2029	430,000.00	3.750%	98.525	423,657.50	430,000.00
New Money Term Bond:						
	04/01/2030	440,000.00	4.000%	97.858	430,575.20	440,000.00
	04/01/2031	460,000.00	4.000%	97.858	450,146.80	460,000.00
	04/01/2032	480,000.00	4.000%	97.858	469,718.40	480,000.00
	04/01/2033	500,000.00	4.000%	97.858	489,290.00	500,000.00
	04/01/2034	520,000.00	4.000%	97.858	508,861.60	520,000.00
		132,165,000.00			143,295,550.00	132,165,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	04/01/2034	4.000%	9,404,153.80	9,610,000.00		
Entire Issue			143,295,550.00	132,165,000.00	13.2827	3.5430%

FORM 8038 STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	899,293.08
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	134,399,083.38
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	13.7369

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

FORM 8038 STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding and Revenue Bonds, Series 2012AB
VERIFIED FINAL NUMBERS

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2004B Revenue Bonds:					
SERIAL	04/01/2015	3,770,000.00	5.000%	108.973	4,108,282.10
SERIAL	04/01/2016	3,955,000.00	5.000%	108.306	4,283,502.30
SERIAL	04/01/2017	4,155,000.00	5.000%	107.644	4,472,608.20
SERIAL	04/01/2018	4,360,000.00	5.000%	106.987	4,664,633.20
SERIAL	04/01/2019	4,580,000.00	5.000%	106.254	4,866,433.20
SERIAL	04/01/2020	4,810,000.00	5.000%	105.607	5,079,696.70
SERIAL	04/01/2021	5,050,000.00	5.000%	104.886	5,296,743.00
SERIAL	04/01/2022	5,300,000.00	5.000%	104.328	5,529,384.00
SERIAL	04/01/2023	5,565,000.00	5.000%	103.696	5,770,682.40
SERIAL	04/01/2024	5,845,000.00	5.000%	103.068	6,024,324.60
TERM	04/01/2025	6,135,000.00	5.000%	101.364	6,218,681.40
TERM	04/01/2026	6,445,000.00	5.000%	101.364	6,532,909.80
TERM	04/01/2027	6,765,000.00	5.000%	101.364	6,857,274.60
TERM	04/01/2028	7,105,000.00	5.000%	101.364	7,201,912.20
TERM	04/01/2029	7,460,000.00	5.000%	101.364	7,561,754.40
TERM01	04/01/2030	7,835,000.00	5.000%	101.134	7,923,848.90
TERM01	04/01/2031	8,225,000.00	5.000%	101.134	8,318,271.50
TERM01	04/01/2032	8,635,000.00	5.000%	101.134	8,732,920.90
TERM01	04/01/2033	9,070,000.00	5.000%	101.134	9,172,853.80
TERM01	04/01/2034	9,520,000.00	5.000%	101.134	9,627,956.80
		124,585,000.00			128,244,674.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2004B Revenue Bonds	04/01/2014	08/31/2004	13.7369
All Refunded Issues	04/01/2014		13.7369

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

FORM 8038 STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Dated Date	06/26/2012
Delivery Date	06/26/2012

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Refunding Serial Bonds:						
	04/01/2013	1,425,000.00	2.000%	101.149	1,441,373.25	1,425,000.00
	04/01/2015	3,740,000.00	5.000%	110.586	4,135,916.40	3,740,000.00
	04/01/2016	3,925,000.00	5.000%	113.664	4,461,312.00	3,925,000.00
	04/01/2017	4,125,000.00	5.000%	115.881	4,780,091.25	4,125,000.00
	04/01/2018	4,325,000.00	5.000%	117.263	5,071,624.75	4,325,000.00
	04/01/2019	4,545,000.00	5.000%	117.986	5,362,463.70	4,545,000.00
	04/01/2020	4,775,000.00	5.000%	117.925	5,630,918.75	4,775,000.00
	04/01/2021	5,010,000.00	5.000%	117.668	5,895,166.80	5,010,000.00
	04/01/2022	5,260,000.00	5.000%	118.021	6,207,904.60	5,260,000.00
	04/01/2023	5,520,000.00	5.000%	116.630	6,437,976.00	5,520,000.00
	04/01/2024	5,800,000.00	5.000%	115.259	6,685,022.00	5,800,000.00
	04/01/2025	6,085,000.00	5.000%	114.266	6,953,086.10	6,085,000.00
	04/01/2026	6,395,000.00	5.000%	113.461	7,255,830.95	6,395,000.00
	04/01/2027	6,710,000.00	5.000%	112.839	7,571,496.90	6,710,000.00
	04/01/2028	7,050,000.00	5.000%	112.222	7,911,651.00	7,050,000.00
	04/01/2029	7,400,000.00	5.000%	111.608	8,258,992.00	7,400,000.00
Refunding Term Bond:						
	04/01/2030	7,775,000.00	4.000%	97.858	7,608,459.50	7,775,000.00
	04/01/2031	8,085,000.00	4.000%	97.858	7,911,819.30	8,085,000.00
	04/01/2032	8,405,000.00	4.000%	97.858	8,224,964.90	8,405,000.00
	04/01/2033	8,745,000.00	4.000%	97.858	8,557,682.10	8,745,000.00
	04/01/2034	9,090,000.00	4.000%	97.858	8,895,292.20	9,090,000.00
		124,190,000.00			135,259,044.45	124,190,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	04/01/2034	4.000%	8,895,292.20	9,090,000.00		
Entire Issue			135,259,044.45	124,190,000.00	13.3268	3.5430%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	859,961.07
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	134,399,083.38
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	13.7369

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

FORM 8038 STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Refunding Bonds, Series 2012A
Level Savings

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2004B Revenue Bonds:					
SERIAL	04/01/2015	3,770,000.00	5.000%	108.973	4,108,282.10
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TERM	04/01/2025	6,135,000.00	5.000%	101.364	6,218,681.40
TERM	04/01/2026	6,445,000.00	5.000%	101.364	6,532,909.80
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TERM	04/01/2028	7,105,000.00	5.000%	101.364	7,201,912.20
TERM	04/01/2029	7,460,000.00	5.000%	101.364	7,561,754.40
TERM01	04/01/2030	7,835,000.00	5.000%	101.134	7,923,848.90
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TERM01	04/01/2033	9,070,000.00	5.000%	101.134	9,172,853.80
TERM01	04/01/2034	9,520,000.00	5.000%	101.134	9,627,956.80
		124,585,000.00			128,244,674.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2004B Revenue Bonds	04/01/2014	08/31/2004	13.7369
All Refunded Issues	04/01/2014		13.7369

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

FORM 8038 STATISTICS

West Virginia Higher Education Policy Commission (WV HEPC)
Revenue Bonds, Series 2012B

Dated Date	06/26/2012
Delivery Date	06/26/2012

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
New Money Serial Bonds:						
	04/01/2013	200,000.00	2.000%	101.103	202,206.00	200,000.00
	04/01/2014	235,000.00	3.000%	103.630	243,530.50	235,000.00
	04/01/2015	275,000.00	3.000%	105.157	289,181.75	275,000.00
	04/01/2016	280,000.00	3.000%	106.337	297,743.60	280,000.00
	04/01/2017	285,000.00	3.000%	106.727	304,171.95	285,000.00
	04/01/2018	300,000.00	3.000%	106.370	319,110.00	300,000.00
	04/01/2019	305,000.00	4.000%	111.718	340,739.90	305,000.00
	04/01/2020	315,000.00	4.000%	110.895	349,319.25	315,000.00
	04/01/2021	330,000.00	2.625%	99.261	327,561.30	330,000.00
	04/01/2022	340,000.00	2.750%	98.982	336,538.80	340,000.00
	04/01/2023	350,000.00	3.000%	99.087	346,804.50	350,000.00
	04/01/2024	360,000.00	3.200%	99.028	356,500.80	360,000.00
	04/01/2025	375,000.00	3.375%	98.718	370,192.50	375,000.00
	04/01/2026	385,000.00	3.500%	98.918	380,834.30	385,000.00
	04/01/2027	400,000.00	3.600%	98.307	393,228.00	400,000.00
	04/01/2028	410,000.00	3.700%	99.169	406,592.90	410,000.00
	04/01/2029	430,000.00	3.750%	98.525	423,657.50	430,000.00
New Money Term Bond:						
	04/01/2030	440,000.00	4.000%	97.858	430,575.20	440,000.00
	04/01/2031	460,000.00	4.000%	97.858	450,146.80	460,000.00
	04/01/2032	480,000.00	4.000%	97.858	469,718.40	480,000.00
	04/01/2033	500,000.00	4.000%	97.858	489,290.00	500,000.00
	04/01/2034	520,000.00	4.000%	97.858	508,861.60	520,000.00
		7,975,000.00			8,036,505.55	7,975,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	04/01/2034	4.000%	508,861.60	520,000.00		
Entire Issue			8,036,505.55	7,975,000.00	12.5415	3.5430%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	39,332.01
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

Notes:
Pricing on 6/11/2012 (SLGS RATES AS OF 6/12/2012)
Ratings of Aa3/A+ (M/S)
Accounts for the transferred $2.07 million in Bond Proceeds from the Series 2004B Bonds; this amount has been confirmed by the 2004AB Bonds Trustee

MOODY'S
INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York 10007
www.moodys.com

June 1, 2012

Mr. Richard Donovan
Director of Finance
West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard East
Suite 700
Charleston, WV 25301

Dear Mr. Donovan:

We wish to inform you that on May 25, 2012, Moody's Investors Service assigned a rating of **Aa3** with a **stable** outlook to West Virginia Higher Education Policy Commission's 2012 Series A Revenue Refunding Bonds and 2012 Series B Revenue Bonds.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Mary K. Cooney at 212-553-7815.

Sincerely,
Moody's Investors Service, Inc

Moody's Investors Service, Inc.

cc: Paul Creedon
Managing Director
Citigroup Global Markets, Inc.
390 Greenwich Street
2nd Floor
New York, NY 10013

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RATINGS SERVICES

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2079
reference no.: 1216232

May 22, 2012

West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, Suite 700
Charleston, WV 25301
Attention: Mr. Richard B. Donovan, Director of Finance and Facilities

Re: ***US$6,400,000 West Virginia Higher Education Policy Commission, Revenue Bonds (Higher Education Facilities) 2012 Series B dated: May 31,2012, due: April 01,2034***

Dear Mr. Donovan:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

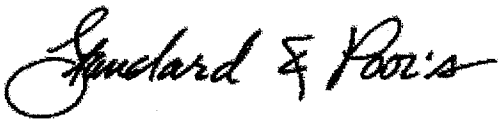
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com.Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services
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jm
enclosures
cc: Ms. Jessica R. Donnelly
Mr. Terry Hess

STANDARD
&POOR'S
RATINGS SERVICES

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Ratings

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services

may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third-Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

STANDARD
&POOR'S
RATINGS SERVICES

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2079
reference no.: 1216234

May 22, 2012

West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, Suite 700
Charleston, WV 25301
Attention: Mr. Richard B. Donovan, Director of Finance and Facilities

Re: ***US$119,510,000 West Virginia Higher Education Policy Commission, Revenue Refunding Bonds (Higher Education Facilities) 2012 Series A***

Dear Mr. Donovan:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

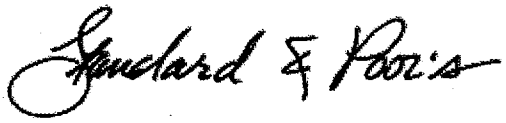
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com.Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

jm
enclosures
cc: Ms. Jessica R. Donnelly
Mr. Terry Hess

STANDARD
&POOR'S
RATINGS SERVICES

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Ratings

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services

may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third–Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

GOODWIN

Goodwin & Goodwin, LLP
P.O. Box 2107
Charleston, WV 25328-2107

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Suite 1500
Charleston, WV 25301-1678

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PRELIMINARY BLUE SKY MEMORANDUM

$124,190,000
State of West Virginia
Higher Education Policy Commission
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

$7,975,000
State of West Virginia
Higher Education Policy Commission
Revenue Bonds
(Higher Education Facilities)
2012 Series B

June 12, 2012

Citigroup Global Markets Inc.,
as representative of the underwriters listed on
the cover page of the Preliminary Official Statement

Ladies and Gentlemen:

This Memorandum relates to the requirements of the securities or "Blue Sky" laws of the jurisdictions listed herein with respect to the offer and sale of the Bonds described above (the "Bonds") to the public in the jurisdictions referred to herein by persons registered or licensed as brokers or dealers under the securities laws of such jurisdictions and to selected classes of persons in such jurisdictions by persons not registered therein as brokers or dealers.

This Memorandum is based upon an examination of Section 18 of the Securities Act of 1933, as amended, statements contained in the Preliminary Official Statement, and the securities laws of the several jurisdictions and the rules and regulations, where published, of the authorities administering such laws, all as set forth in the CCH Blue Sky Law Reporter or upon informal interpretive advice or "no-action" letters obtained from certain securities commissions or their representatives relating to the Bonds or similar securities. It is noted, however, that the securities laws of certain jurisdictions provide that the burden of claiming an exemption is upon the person claiming the exemption and that informal interpretive advice and "no-action" letters are not necessarily binding upon a court of law.

We are attorneys admitted to practice in West Virginia, and we have obtained neither opinions of counsel in other jurisdictions nor formal rulings from state regulatory commissions, departments or other administrative bodies or officials. Statements made or conclusions expressed in this Memorandum are subject to change upon exercise of broad discretionary powers vested in administrative authorities authorizing them, among other things, to withdraw exemptions, to impose additional requirements, to refuse registrations or to issue stop orders.

In view of the foregoing limitations, this Memorandum is furnished only for your general information and is not to be relied upon as an opinion of counsel.

This Memorandum does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers, salesmen, the form or substance of advertising, the legality of investments in the Bonds by any institutional investor which is subject to statutory or other restrictions as to its investments or any resale of the Bonds by any person who may purchase them in the present offering.

SECTION I

SALES TO THE PUBLIC

A. Jurisdictions Where Action Is Not Required

It is believed that offers and sales of the Bonds may be made in any amount to anyone in the following jurisdictions without registration of the Bonds or any filing being made with the local securities law administrator. Such offers and sales may be made only by sellers who are registered or licensed appropriately as dealers, brokers, salespersons or sales agents within the applicable jurisdictions or who are properly exempted from such jurisdictions' sellers' registration or licensing requirements.

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Georgia
Guam
Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio*
Oklahoma
Oregon
Pennsylvania
Puerto Rico
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Virgin Islands
Washington
West Virginia
Wisconsin
Wyoming

*The Bonds are exempt from registration and notice filings in Ohio provided that at the time of first sale of the Bonds in Ohio there is no default in the payment of any of the interest or principal of the Bonds and there are no adjudications or pending suits adversely affecting their validity.

B. Jurisdictions in Which Sales to the Public May Not Be Made

In the following jurisdictions, it is believed that appropriate action is required by registration, the filing of notice or the payment of fees before the Bonds may be offered or sold to anyone therein other than in exempt transactions. Pursuant to your request, no such action is being taken in these jurisdictions, and, therefore, no offers or sales of the Bonds may be made to anyone in these jurisdictions other than in exempt transactions:

Nevada
New Hampshire

SECTION II

Sales to Specified Institutions and Dealers

It is assumed in this Section that the person who offers for sale or sells the Bonds in the following jurisdictions is not registered or licensed as a dealer or broker therein. In the following jurisdictions, it is believed that no action need be taken to qualify the Bonds and the seller need not be registered or licensed as a dealer or broker to offer for sale or sell the Bonds to the persons and institutions described below, as well as to dealers or brokers registered or licensed in such jurisdictions, subject to the conditions, if any, set forth below:

Alabama:

Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Alaska:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Arizona:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Arkansas:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

California:

Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, self employed individual retirement plan or individual retirement account), or such other institutional investor or governmental agency or instrumentality as the Commissioner of Corporations may designate by rule, whether the purchaser is acting for itself or as trustee (the other institutional investors and governmental agencies or instrumentalities designated by the Commissioner by rule being any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets, including endowment, annuity and life income funds, of not less than $5,000,000 according to its most recent audited financial statement, any corporation with a consolidated net worth of not less than $14,000,000 according to its most recent audited financial statement, and any wholly-owned subsidiary of any such institutional investor, the federal government, any agency or instrumentality thereof, any corporation wholly-owned by the federal government, any state, city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college, and any retirement system for the benefit of employees of any of the foregoing public agencies); *provided,* that the purchaser represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security (any offer to resell or resale made in compliance with Rule 144A (17 CFR 230.144A) of the Securities and Exchange Commission being considered as not in connection with a distribution for this purpose); provided further, as to all of the foregoing, that any seller not registered as a broker-dealer in California has no place of business in California and either effects transactions exclusively with a broker-dealer or is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute and does not direct offers to sell or buy into California other than to broker-dealers and the institutional investors or governmental agencies or instrumentalities listed above, or any offer to resell or resale of restricted securities made in compliance with Rule 144A (17 CFR 230.l44A) of the Securities and Exchange Commission.

Colorado:

Any broker-dealers licensed or exempt from licensing under the Colorado Securities Act (except when the seller is acting as a clearing broker-dealer for such broker-dealers); financial or institutional investors *("financial or institutional investor"* means any of the following: a

depository institution *("depository institution"* means any of the following: a person that is organized or chartered, or is doing business or holds an authorization certificate, under the laws of a state or of the United States which authorize the person to receive deposits, including deposits in savings, share, certificate, or other deposit accounts, and that is supervised and examined for the protection of depositors by an official or agency of a state or the United States; and a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States); an insurance company; a separate account of an insurance company; an investment company registered under the federal Investment Company Act of 1940; a business development company as defined in the federal Investment Company Act of 1940; any private business development company as defined in the federal Investment Advisers Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, a depository institution, or an insurance company; an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; a small business investment company licensed by the federal small business administration under the federal Small Business Investment Act of 1958; and any other institutional buyer); *provided,* seller is registered as a broker-dealer under the federal Securities Exchange Act of 1934 and has no place of business in this state and the business transacted in this state as a broker-dealer is exclusively with the foregoing entities and institutions.

Connecticut:

Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, federal savings bank, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as amended, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as a trustee; *provided,* that any seller who is not registered as a broker-dealer in Connecticut has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Delaware:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer *("institutional buyer"* includes: an "accredited investor" as defined in SEC Rule 501(a) (1)-(4), (7) and (8) excluding any self directed employee benefit plan with investment decisions made solely by persons that are individual accredited investors as defined in Rule 501 (5)-(6); a "qualified institutional buyer" as defined in SEC Rule 144A; and a corporation, partnership, trust, estate, or other entity (excluding

individuals) having a net worth of not less than $5 million or a wholly-owned subsidiary of such entity, so long as the entity was not formed for the purpose of acquiring the specific securities), whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

District of Columbia:

Any financial or institutional investor *("financial or institutional investor"* means any of the following, whether acting for itself or others in a fiduciary capacity: a depository institution (*"depository institution"* means: a person that is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States to receive deposits, including a savings, share, certificate or deposit account, and that is supervised and examined for the protection of depositors by an official or agency of a state or the United States; a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United States; and *"depository institution"* does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris Plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); an insurance company; a separate account of an insurance company; an investment company registered under the Investment Company Act of 1940; a business development company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5 million, or if investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; a "qualified institutional buyer" as defined in SEC Rule 144A; a broker dealer; an accredited investor as defined in SEC Rule 501(a); a limited liability company with net assets of at least $500,000); *provided,* that the seller has no place of business in the District of Columbia and effects transactions therein exclusively with the foregoing classes of purchasers.

Florida:

Any bank or trust company, savings institution, insurance company, investment company as defined by the Investment Company Act of 1940, or pension plan or profit-sharing trust, or qualified institutional buyer as defined by rule of the Department of Banking and Finance in accordance with Securities and Exchange Commission Rule 144A (17 C.F.R. 230.1 44(A)(a)), whether any of such entities is acting in its individual or fiduciary capacity; *provided* that such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of the Florida Securities and Investor Protection Act.

Georgia:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) A depository institution or international banking institution; (B) An insurance company; (C) A separate account of an insurance company; (D) An investment company as defined in the Investment Company Act of 1940, 15 U.S.C. Section 80a-l, et seq.; (E) A broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq.; (F) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10 million or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq., that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-l, et seq., an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (G) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees if the plan has total assets in excess of $10 million or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq., that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-l, et seq., an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (H) A trust if it has total assets in excess of $ 10 million, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (F) or (G) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) An organization that is not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10 million, including an organization described in subsection 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3), a corporation, a Massachusetts trust or similar business trust, a limited liability company, or a partnership; (1) A small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, 15 U.S.C. Section 681(c), with total assets in excess of $10 million; (K) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-2(a)(22), with total assets in excess of $10 million; (L) A federal covered investment adviser acting for its own account; (M) A qualified institutional buyer as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H), 17 C.F.R. 230.144A, adopted under the Securities Act of 1933, 15 U.S.C. Section 77a, et seq.; (N) A major United States institutional investor as defined in Rule 15a-6(b)(4)(I), 17 C.F.R. 240.15a-6, adopted under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq.; (O) Any other person, other than an individual, of institutional character with total assets in excess of $10 million not organized for the specific purpose of evading the state's uniform securities act; or (P) Any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (i) A bank; or (ii) A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or a successor authorized by federal law. (B) The term does not include: (i) An insurance company or other organization primarily engaged in the business of insurance; (ii) A Morris Plan bank; or (iii) An industrial loan company that is not an 'insured depository institution' as defined in subsection 3(c)(2) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1813(c)(2), or any successor federal statute.

"Bank" means: (A) A banking institution organized under the laws of the United States; (B) A member bank of the Federal Reserve System; (C) Any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of P. L. 87-722,12 U.S.C. Section 92a, and which is supervised and examined by a state or federal agency having supervision over banks and which is not operated for the purpose of evading the state's uniform securities act; or (D) A receiver, conservator, or other liquidating agent of any institution or firm included in clause (A), (B), or (C) of this paragraph.

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-l, et seq.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Guam:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in Guam has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Hawaii:

See Idaho, below.

Idaho:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an

institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3))a corporation, Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars, (j) small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c) with total assets in excess of ten million dollars, (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22) with total assets in excess of ten million dollars, (1) a federal covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A), (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6), (o) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, or (p) any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the

National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company.

"Bank" means: (a) banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of United States Public Law 87-722, 12 United States Code, Section 92a, and that is supervised and examined by a state or federal agency having supervision over banks and that is not operated for the purpose of evading the state's uniform securities act, or (d) a receiver, conservator or other liquidating agent of any institution or firm described in the foregoing clauses (a), (b) or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Illinois:

Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, other financial institution (including, but not limited to, a manager of investment accounts on behalf of other than natural persons who, with affiliates, exercises sole investment discretion with respect to such accounts; *provided,* that such accounts exceed 10 in number and have a fair market value of not less than $10,000,000 at the end of the calendar month preceding the offering of the securities) or institutional investor (including, but not limited to, any investment company, university, or other organization whose primary purpose is to invest its own assets or those held in trust by it for others; trust accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund), any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; or any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities, or any trust in respect of which a bank or trust company is trustee or co-trustee; or any employee benefit plan within the meaning of Title I of ERISA if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of ERISA and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Investment Advisers Act of 1940 or (ii) the plan has total assets in excess of $5,000,000 or (iii) in the case of a self-directed plan, investment decisions are made solely by

persons that are described in this paragraph; any entity in which at least 90% of the equity is owned by (i) persons described above, (ii) any natural person who has, or is reasonably believed to have, a net worth or joint net worth with that person's spouse, at the time of the offer, sale or issuance, in excess of $1,000,000 excluding the value of a principal residence or any natural person who had, or is reasonably believed to have had, an individual income or joint income with that person's spouse, in excess of $200,000 in each of the two most recent years and who reasonably expects or is reasonably expected to have income in excess of $200,000 in the current year or any person that is not a natural person and in which at least 90% of the equity interest is owned by natural persons described in this clause (ii), and (iii) directors, executive officers or general partners of the issuer of the securities being sold; or any plan established and maintained by, and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of $5,000,000; or any organization described in Section 501(c)(3)of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust, or partnership has total assets in excess of $5,000,000.

Indiana:

See Minnesota, below.

Iowa:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of five million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of five million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph,

regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), a corporation, Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of five million dollars, (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of five million dollars, (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of five million dollars, (l) a federal covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A), (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6), (0) any other person, other than an individual, of institutional character with total assets in excess of five million dollars not organized for the specific purpose of evading the Iowa Uniform Securities Act, or (P) any other person specified by rule adopted or order issued under the Iowa Uniform Securities Act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company.

"Bank" means: (a) banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of United States Public Law 87-722, 12 United States Code, Section 92a, and that is supervised and examined by a state or federal agency having supervision over banks and that is not operated for the purpose of evading the Iowa Uniform Securities Act, or (d) a receiver, conservator or other liquidating agent of any institution or firm described in the foregoing clauses (a), (b) or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Kansas:

See Idaho, above.

Kentucky:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, qualified institutional buyer under SEC Rule 144A, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Louisiana:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

Maine:

See Idaho above, except that in clauses (j) and (k) of the definition of "institutional investor" the amount of ten million dollars should be changed to read five million dollars.

Maryland:

Any investment company as defined in the Investment Company Act of 1940, a bank, trust company, savings and loan association, insurance company, employee benefit plan with assets of not less than $1,000,000 or other institutional investor, whether acting for itself or as trustee, *provided,* that any seller who is not registered as a dealer or broker in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Massachusetts:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer *("Institutional Buyer"* includes, but is not limited to, the following: (1) a Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended; (2) a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940, as amended; (3) a Business Development Company as defined in Section 2(a)(48) of the Investment Company Act of 1940, as amended; (4) an entity with total assets in excess of $5 million and which is either: (a) a company (whether a corporation, a Massachusetts or similar business trust, a partnership, a limited liability company or a limited liability partnership) not formed for the specific purpose of acquiring the securities offered; a substantial part of whose

business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment; or (b) an organization described in Section 501 (c)(3) of the Internal Revenue Code; and (5) a Qualified Institutional Buyer as defined in 17 CFR 230.l44A(a)) whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Michigan:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution, (ii) an insurance company, (iii) a separate account of an insurance company, (iv) an investment company as defined in the investment company act of 1940, (v) a broker-dealer registered under the securities exchange act of 1934, (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (vii) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (viii) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clauses (vi) or (vii), regardless of size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (ix) an organization described in section 501(c)(3) of the internal revenue code, 26 USC 501, a corporation, Massachusetts or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars, (x) a small business investment company licensed by the small business administration under section 301(c) of the small business investment act of 1958, 15 USC 681, with total assets in excess of ten million dollars, (xi) a private business development company as defined in section 202(a)(22) of the investment advisers act of 1940, 15 USC 80b-2, with total assets in excess often million dollars, (xii) a federal covered investment adviser acting for its own account, (xiii) a "qualified institutional buyer" as defined in rule 144A(a)(1), other than rule 144A(a)(1)(i)(H), adopted

under the securities act of 1933, 17 CFR 230.144A, (xiv) a "major U.S. institutional investor" as defined in rule 15a-6(b)(4)(i) adopted under the securities exchange act of 1934, 17 CFR 240. 15a-6(b)(4)(i), (xv) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, and (xvi) any other person specified by rule or order under the state's uniform securities act.

"Depository institution" means a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by federal statute by the federal deposit insurance corporation, the national credit union share insurance fund, or a successor authorized by federal law; or a bank that does not receive deposits because of a limitation in its charter, articles of incorporation, or articles of association. The term does not include any of the following: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company that is not an insured depository institution, as that term is defined in section 3(c)(2) of the federal deposit insurance act, 12 USC 1813(c)(2).

"Bank" means any of the following: (i) a banking institution organized under the laws of the United States, (ii) a member bank of the federal reserve system, (iii) any other banking institution that meets all of the following: (A) it is doing business under the laws of a state or of the United States, (B) a substantial portion of its business consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the comptroller of the currency pursuant to 12 USC 92a, (C) it is supervised and examined by a state or federal agency having supervision over banks, and (D) it is not operated for the purpose of evading the state's uniform securities act, (iv) a receiver, conservator, or other liquidating agent of any institution or firm included in clauses (i), (ii), or (iii).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Minnesota:

Any institutional investor or accredited investor as that term is defined in Regulation D, Rule 501(a); *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the

Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501 (c)(3)), a corporation, Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars, (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of ten million dollars, (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of ten million dollars, (1) a federal covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(I), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A), (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.l5a-6), (o) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, or (p) any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company that is not an "insured depository institution" as defined in section 3(c)(2) of the Federal Deposit Insurance Act, United States Code, title 12, section 1813(c)(2), or any successor federal statute.

"Bank" means: (a) banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) a banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of United States Public Law 87-722, 12 United States Code, Section 92a, and that is supervised and examined by a state or federal agency having supervision over banks and that is not operated for the purpose of the state's uniform securities act, or (d) a receiver, conservator or other liquidating agent of any institution or firm described in the foregoing clauses (a), (b) or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Mississippi:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) A depository institution or international banking institution; (B) An insurance company; (C) A separate account of an insurance company; (D) An investment company as defined in the Investment Company Act of 1940; (E) A broker-dealer registered under the Securities Exchange Act of 1934; (F) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (G) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (H) A trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (F) or (G), regardless of the size of their assets, except a trust that includes as participants self--directed individual retirement accounts or similar self-directed plans; (I) An organization

described in Section 501(c)(3) of the Internal Revenue Code (26 USC Section 501(c)(3», corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (J) A small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 USC Section 681 (c)) with total assets in excess of ten million dollars; (K) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 USC Section 80b-2(a)(22)) with total assets in excess of ten million dollars; (L) A federal covered investment adviser acting for its own account; (M) A "qualified institutional buyer" as defined in Rule 144A(a)(I), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 CFR 230.l44A); (N) A "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a-6); (0) Any other person, other than an individual, of institutional character with total assets in excess often million dollars not organized for the specific purpose of evading the state's uniform securities act; or (P) Any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (A) a bank; or (B) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance; (ii) a Morris Plan bank; or (iii) an industrial loan company that is not an "insured depository institution" as defined in Section 3(c)(2) of the Federal Deposit Insurance Act, 12 USC 1813(c)(2), or any successor federal statute.

"Bank" means: (A) a banking institution organized under the laws of the United States; (B) a member bank of the Federal Reserve System; (C) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of Public Law 87-722 (12 USC Section 92a), and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading the state's uniform securities act; and (D) a receiver, conservator, or other liquidating agent of any institution or firm included in clause (A), (B) or (C).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Missouri

See Idaho, above.

Montana:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, qualified institutional buyer under SEC Rule 144A, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nebraska:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust *("pension or profit-sharing trust"* means an employee benefit plan, as defined in Title I of the Employee Retirement Income Security Act of 1974 *("ERISA* "), if (i) the investment decisions are made by a *"plan fiduciary,"* as defined in Section 3(21) of ERISA, which is either a bank, insurance company or registered investment adviser or (ii) the employee benefit plan has total assets in excess of $5,000,000) or other financial institution or institutional buyer *("financial institution or institutional buyer"* meaning (i) any bank as defined in Section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; (ii) any insurance company as defined in Section 2(13) of the Securities Act of 1933; (iii) any business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; and (iv) any small business investment company licensed by the United States Small Business Administration, pursuant to Section 301(c) or (d) of the Small Business Investment Company Act of 1958), or to an individual accredited investor *("individual accredited investor"* includes (i) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds one million dollars, or (ii) any natural person who had an individual income in excess of two hundred thousand dollars in each of the two most recent years or joint income with that person's spouse in excess of three hundred thousand dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year) or to a broker dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nevada:

Any financial or institutional investor *("financial or institutional investor"* means a depository institution; insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser under the Investment Advisers Act of 1940, a depository institution, or an insurance company, and any other institutional buyer (including, without limitation, any accredited investor as defined under Rule 501 of Regulation D of the Securities Act of 1933, as amended), whether the purchaser is acting for itself or others in a fiduciary

capacity other than as an agent); *provided,* that the seller either is registered or is not required to be registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Nevada and effects transactions therein exclusively with the foregoing classes of purchasers.

New Hampshire:

Any offer or sale to a bank savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers. *"Institutional buyer"* means an organization or person with a net worth of more than $25,000,000, but excluding from the calculation of net worth certain intangible and other assets as provided by administrative order of the New Hampshire Bureau of Securities Regulation.

New Jersey:

Any bank, savings institution *("savings institution"* means any savings and loan association or building and loan association operating pursuant to the Savings and Loan Act of New Jersey, and any federal savings and loan association and any association or credit union organized under the laws of the United States or of any state whose accounts are insured by a federal corporation or agency), trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a broker-dealer in New Jersey effects transactions exclusively with or through the foregoing classes of purchasers.

New Mexico:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution, (ii) an insurance company, (iii) a separate account of an insurance company, (iv) an investment company as defined in the investment company act of 1940, (v) a broker-dealer registered under the securities exchange act of 1934, (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (vii) a plan established and maintained by a state, a political subdivision of a

state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (viii) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clauses (vi) or (vii), regardless of size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (ix) an organization described in section 501(c)(3) of the internal revenue code, 26 USC 501, a corporation, Massachusetts or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars, (x) a small business investment company licensed by the small business administration under section 301(c) of the small business investment act of 1958, 15 USC 681, with total assets in excess of ten million dollars, (xi) a private business development company as defined in section 202(a)(22) of the investment advisers act of 1940, 15 USC 80b-2(a)(22), with total assets in excess of ten million dollars, (xii) a federal covered investment adviser acting for its own account, (xiii) a "qualified institutional buyer" as defined in rule 144A(a)(I), other than rule 144A(a)(1)(i)(H), adopted under the securities act of 1933, 17 CFR 230.1 44A, (xiv) A "major U.S. institutional investor" as defined in rule 15a-6(b)(4)(i) adopted under the securities exchange act of 1934, 17 CFR 240.15a-6(b)(4)(i), (xv) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, and (xvi) any other person specified by rule or order under the state's uniform securities act.

"Depository institution" means a bank; or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by federal statute by the federal deposit insurance corporation, the national credit union share insurance fund, or a successor authorized by federal law; or a receiver, conservator or other liquidating agent or such institutions or entities. "Depository institution" does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company that is not an "insured depository institution" as defined in section 3(c)(2) of the federal deposit insurance act, 12 USC 1813(c)(2), or any successor federal statute.

"Bank" means: (i) a banking institution organized pursuant to the laws of the United States, (ii) a member bank of the federal reserve system, (iii) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of its business consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks pursuant to the authority of the comptroller of the currency pursuant to Section 1 of Public Law 87-722 (12 USC 92a) and that is supervised and examined by a state or federal agency having supervision over banks, and that is not

operated for the purpose of evading the state's uniform securities act, and (iv) a receiver, conservator, or other liquidating agent of any institution or firm included in clauses (i), (ii), or (iii).

"Federal covered investment adviser" means a person registered under the federal investment advisers act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and that is subject to supervision by the insurance commissioner or a similar official or agency of a state.

New York:

Any bank *("bank"* means a state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof), syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups, or any person purchasing such securities on the floor of any securities exchange registered as a national securities exchange under the Securities Exchange Act of 1934; and, *as part of a private placement,* any bank, corporation, savings institution, trust company, insurance company, investment company, as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for himself or itself or in some fiduciary capacity.

North Carolina:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

North Dakota:

A bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or similar benefit plan, or other financial institution or qualified institutional buyer, or to a dealer, or any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity.

Ohio:

An unlicensed Ohio dealer may sell to any licensed Ohio dealer. In addition, a licensed Ohio dealer may sell to the issuer, a dealer or an institutional investor. *"Institutional investor"* means any corporation, bank (defined to include any bank, trust company, savings and loan association,

savings bank or credit union organized under the laws of the United States or any state), insurance company, pension fund or pension fund trust, employees' profit sharing fund or employees' profit sharing trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.

Oklahoma:

See Idaho, above.

Oregon:

Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including, but not limited to, qualified institutional buyer under SEC Rule 144A, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Department of Veterans Affairs and the Government National Mortgage Association), or to a mortgage broker or a mortgage banker, whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions, provided that the transaction is not part of an attempt to avoid any part of the Oregon Securities Law.

Pennsylvania:

Any institutional investor *("institutional investor"* means any bank, insurance company, pension or profit-sharing plan or trust (except a municipal pension plan or system), investment company as defined in the Investment Company Act of 1940, or any person, other than an individual, which controls any of the foregoing, the Federal government, state, or any agency or political subdivision thereof or any person so designated by regulation of the Pennsylvania Securities Commission, whether the buyer is acting for itself or in some fiduciary capacity. *"Municipal pension plan or system"* means a pension plan or system provided by a municipality as those terms are defined in section 102 of the Pennsylvania Municipal Pension Plan Funding Standard and Recover[y] Act. The other institutional investors designated by regulation of such commission are (1) any corporation or business trust or wholly-owned subsidiary of such person (a) which has a tangible net worth, which shall include net worth less the amount of all items of goodwill, pre-operating, deferred and development expenses, patents, trademarks, licenses or other similar accounts, on a consolidated basis of not less than $10,000,000, as reflected on its most recent audited financial statements ("most recent" audited financial statements meaning audited financial statements dated not more than 16 months prior to the date of the transaction in which such person proposes to purchase securities), and (b) which has been in existence for 18 months; (2) any college, university or other public or private institution which has received exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954 and which has total endowment or trust funds, including annuity and life income funds, of not less than $5,000,000 according to its most recently audited financial statements; *provided,* that the aggregate dollar amount of the securities being sold to such person shall not exceed 5% of such endowment or trust funds; (3) a wholly-owned subsidiary of any bank (*"bank"* means a bank, savings bank,

savings institution, savings and loan association, thrift institution, trust company or similar organization which is organized or chartered under the laws of a state or of the United States, is authorized to and receives deposits and is supervised and examined by an official or agency of a state or by the United States if its deposits are insured by the Federal Deposit Insurance Corporation or a successor authorized by Federal law; *"bank"* does not include a holding company for a bank or a bank-in-organization); (4) a person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in nonpublic offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with certain conditions; (5) a Small Business Investment Company as defined in Section 103 of the Small Business Investment Act of 1958 which meets certain conditions; (6) a Seed Capital Fund, as defined in Section 2 and authorized in Section 6 of the Small Business Incubators Act; (7) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law; (8) a person whose security holders consist solely of institutional investors or broker-dealers; (9) a personas to which the issuer reasonably believed qualified as an institutional investor at the time of the offer or sale of the securities on the basis of written representations made by the purchaser to the issuer; and (10) a qualified institutional buyer as that term is defined in Rule 144A under the Securities Act of 1933, or any successor rule thereto); *provided,* that any seller who is not registered as a broker dealer in Pennsylvania has no place of business there, and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Puerto Rico:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a broker-dealer in Puerto Rico has no place of business there and effects transactions exclusively with or through the foregoing classes of purchasers.

Rhode Island:

Any registered or exempt broker-dealer or financial or institutional investor *("financial or institutional investor"* means any of the following, whether acting for itself or another in a fiduciary capacity: a depository institution *("depository institution"* means: a person which is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account, and which is supervised and examined for the protection of depositors by an official or agency of a state or the United States; a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States; and *"depository institution"* does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); an insurance company; a

separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars ($5,000,000), or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; and any other institutional buyer *("Institutional buyer"* includes qualified institutional buyers under SEC Rule 144A); *provided,* that the seller either is registered or is not required to be registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Rhode Island and effects transactions therein exclusively with the foregoing classes of purchasers.

South Carolina:

See Idaho, above.

South Dakota:

See Idaho, above.

Tennessee:

Any institutional investor (*"institutional investor"* means any bank, unless the bank is acting as a broker-dealer, as such term is defined in the Tennessee Securities Act of 1980, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, a pension or profit-sharing plan, an institutional buyer (as the commissioner may define by rule) or any other person engaged as a substantial part of its business in investing in securities, unless such other person is within the definition of a broker-dealer, in each case having a net worth in excess of $1,000,000); *provided,* that any seller who is not registered as a broker-dealer in Tennessee has no place of business there, is registered as a broker-dealer with the Securities and Exchange Commission or the Financial Industry Regulatory Authority, and effects transactions in Tennessee exclusively with or through the foregoing classes of purchasers.

Texas:

Any registered dealer actually engaged in buying and selling securities; any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution (including any federally chartered credit union, savings and loan association or federal savings bank, and any credit union or savings and loan association chartered under the laws of any state of the United States); investment company as defined in the Investment Company Act of 1940; small business investment company as defined in the Small Business Investment Act of 1958, as amended; an accredited investor under SEC Rule 501(a)(I)-(4), (7) and (8), excluding, however, any self-directed employee benefit plan with investment decisions made solely by persons that are accredited investors under SEC Rule 501(a)(5)-(6); any qualified

institutional buyer under SEC Rule 144A; or any corporation, partnership, trust, estate, or other entity (excluding individuals) having net worth of not less than $5 million or a wholly-owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the Bonds; *provided,* that such financial institutions or other institutional investors are acting for their own account or as a bona fide trustee of a trust organized and existing other than for the purpose of acquiring the Bonds.

Utah:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Vermont:

See Idaho, above.

Virginia:

Any corporation, investment company, or pension or profit-sharing trust.

Virgin Islands:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer in the Virgin Islands has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Virgin Islands Uniform Securities Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration

under the Investment Advisers Act of 1940, an investment adviser registered under the Virgin Islands Uniform Securities Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of size of assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)) a corporation, Massachusetts trust and or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c» with total assets in excess of ten million dollars; (k) a private business development company as defined in Section 612(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. §80b-2(a)(22))with total assets in excess of ten million dollars; (1) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(I), other than Rule 144A(a)(1)(H), adopted under the Securities Act of 1933; (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (0) any other person other than an individual of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the Virgin Islands Uniform Securities Act; or (P) any other person specified by rule or order under the Virgin Islands Uniform Securities Act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance; (ii) a Morris Plan bank; or (iii) an industrial loan company.

"Bank" means: (a) a banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of Public Law 87-722 (12 U.S.C. Section 92a), and that is supervised and examined by a state or federal agency having supervision over banks, and that is not operated for the purpose of evading the Virgin Islands Uniform Securities Act, and (d) a receiver, conservator, or other liquidating agent of any institution or firm included in the foregoing clauses (a), (b), or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Washington:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity. (The Administrator has interpreted the term *"institutional buyer"* to mean: (1) a corporation, business trust, or a partnership or wholly owned subsidiary of such an entity, which has been operating for at least 12 months and which has a net worth on a consolidated basis of at least $10,000,000 as determined by the entity's most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; (2) any entity which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 and which has a total endowment or trust funds of $5,000,000 or more according to its most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; or (3) any wholly owned subsidiary of a bank, savings, institution, insurance company or investment company as defined in the Investment Company Act of 1940. The Administrator has further found that the term "institutional buyer" does not include a natural person, individual retirement account (IRA), Keogh account or other self-directed pension plan.)

West Virginia:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Wisconsin:

Any institutional investor; *provided,* that any seller who is not registered as a broker-dealer effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company , (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser

registered under the state's uniform securities act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self- directed plans, (i) an organization described in section 501 (c) (3) of the Internal Revenue Code (26 USC 501 (c) (3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000, (j) a small business investment company licensed by the Small Business Administration under section 301 (c) of the Small Business Investment Act of 1958 (IS USC 681 (c)) with total assets in excess of $10,000,000, (k) a private business development company as defined in section 202 (a) (22) of the Investment Advisers Act of 1940 (IS USC 80b-2 (a) (22)) with total assets in excess of $10,000,000, (1) a federal covered investment adviser acting for its own account, (m) a qualified institutional buyer, as defined in Rule 144A (a) (I), other than Rule 144A (a) (I) (i) (H), adopted under the Securities Act of 1933 (17 CFR 230. 144A), (n) a major U.S. institutional investor, as defined in Rule 15a-6 (b) (4) (i) adopted under the Securities Exchange Act of 1934 (17 CFR 240. I 5a-6), (0) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the state's uniform securities act, or (P) any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means any of the following: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include any of the following: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank or (iii) an industrial loan company.

"Bank" means any of the following: (a) a banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to section I of Public Law 87-722 (12 USC 92a), and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading the state's uniform securities act or

(d) a receiver, conservator, or other liquidating agent of any institution or firm included described in the foregoing clauses (a), (b), or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state. Pursuant to Wisconsin Department of Financial Institutions Rule 1.02(8), the term "institutional investor" also includes: (a) An endowment or trust fund of a charitable organization specified in section 170(b)(1)(A) of the Internal Revenue Code; (b) An issuer which has any class of securities registered under section 12 of the Securities Exchange Act of 1934, and any wholly owned subsidiary thereof; (c) A venture capital company as a result of meeting any of the following requirements: 1. Operating a small business investment company registered under the small business investment act of 1958, as amended 15 USC sec. 631, and 2. Being a corporation, partnership, limited liability company or association whose net assets exceed $1,000,000 and either whose principal purpose as stated in its articles, by-laws or other organizational instruments is investing in securities, or whose primary business is investing in developmental stage companies or eligible small business companies as defined in the regulations of the small business administration at 13 CFR 108.2; (d) Any "qualified institutional buyer" as defined and listed in sec. 230.l44A under the Securities Act of 1933 as amended inclusive to October 22, 1992, whether acting for its own account or the accounts of other qualified institutional buyers that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the qualified institutional buyer; (e) Any entity, all of the equity owners of which are persons designated in Section 551.202(13)(a), Wisconsin Statutes, or rules thereunder, acting for its own account or the accounts solely of other persons designated in Section 551.202(13)(a), Wisconsin Statutes, or rules thereunder; (f) Any "accredited investor" as defined and listed in sections 230.501(a)(I), (2), (3) or (7) under Regulation D under sections 3(b) and 4(2) of the Securities Act of 1933; (g) The State of Wisconsin or any of its agencies or political subdivisions and (h) The federal government or any of its agencies or instrumentalities.

Wyoming:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

GOODWIN

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June 26, 2012

FINAL BLUE SKY MEMORANDUM

$124,190,000
State of West Virginia
Higher Education Policy Commission
Revenue Refunding Bonds
(Higher Education Facilities)
2012 Series A

$7,975,000
State of West Virginia
Higher Education Policy Commission
Revenue Bonds
(Higher Education Facilities)
2012 Series B

Citigroup Global Markets Inc.,
as representative of the underwriters listed on
the cover page of the Official Statement

Ladies and Gentlemen:

This Final Blue Sky Memorandum supplements and completes our Preliminary Blue Sky Memorandum dated June 12, 2012 (the "Preliminary Blue Sky Memorandum") with respect to the Bonds described above (the "Bonds").

No action has been taken in the States of Nevada and New Hampshire for the Bonds to be sold to anyone by dealers or brokers registered or licensed therein.

Except as provided in the immediately preceding paragraph, we hereby confirm as of the date hereof the views expressed in the Preliminary Blue Sky Memorandum.

Respectfully submitted,

Goodwin & Goodwin, LLP

Goodwin & Goodwin, LLP

RULE 15c2-12 CERTIFICATE
Relating To

$124,190,000
State of West Virginia Higher Education Policy Commission
Revenue Refunding Bonds (Higher Education Facilities), 2012 Series A
and
$7,975,000
State of West Virginia Higher Education Policy Commission
Revenue Bonds (Higher Education Facilities), 2012 Series B

The undersigned hereby certifies and represents that he is the duly appointed Chancellor of the West Virginia Higher Education Policy Commission (the "Commission") authorized to execute and deliver this Certificate and further certify to Citigroup Global Markets Inc., Piper Jaffray & Co. and Crews & Associates, Inc. (the "Underwriters") as follows:

1. This Certificate is delivered to enable the Underwriters to comply with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the above-referenced bonds (the "Bonds").

2. In connection with the sale of the Bonds there has been prepared a Preliminary Official Statement dated June 1, 2012 (the "Preliminary Official Statement"), setting forth information concerning the Bonds, the State of West Virginia, the Commission and the West Virginia Lottery.

3. As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amounts, principal amounts per maturity, delivery date, ratings, yields, and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

4. The Preliminary Official Statement was, except for the Permitted Omissions, final as of its date, is accurate and complete except for the Permitted Omissions.

5. If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the Commission shall promptly notify the Underwriters thereof.

IN WITNESS WHEREOF, the Commission has caused this Certificate to be executed by its Chancellor, dated as of the 26th day of June, 2012.

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

By: _____
Chancellor