

AGREEMENT AND LEASE

Between

**PLEASANTS COUNTY DEVELOPMENT AUTHORITY,
Lessor**

and

**THE COUNTY COMMISSION OF PLEASANTS COUNTY,
WEST VIRGINIA
Lessee**

Dated effective as of August 19, 2010

(Union Williams Public Service District Project)

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AGREEMENT AND LEASE

This Agreement and Lease (hereinafter called the "Lease") dated effective as of August 19, 2010, by and between the PLEASANTS COUNTY DEVELOPMENT AUTHORITY, a public agency and county development authority, organized and existing under and by virtue of the provisions of the Constitution and laws of the State of West Virginia, as lessor (hereinafter called the "Issuer" or the "Lessor"), and THE COUNTY COMMISSION OF PLEASANTS COUNTY, a public corporation and political subdivision of the State of West Virginia, as lessee (hereinafter called the "County Commission" or the "Lessee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 7, Article 12, of the Code of West Virginia, 1931, as amended (the "Act"), the County Commission entered an order on October 18, 1988, creating the Issuer, a public agency with perpetual existence and a county development authority within the meaning of the Act;

WHEREAS, the Issuer under the Act has plenary power and authority to contract and be contracted with, to stimulate and promote the expansion of all kinds of business and industrial activity which will tend to advance business and industrial development and maintain the economic stability of the county, provide maximum opportunities for employment, encourage thrift, and improve the standard of living of the citizens of the county, for public purposes, to such persons and upon such terms as the Issuer deems proper;

WHEREAS, the County is empowered and authorized by Chapter 7, Article 1 and Chapter 7, Article 20 of the West Virginia Code of 1931, as amended, to expend public funds to acquire, install, construct, establish, extend, equip, repair, maintain and operate waterworks facilities;

WHEREAS, the Issuer under the Act has plenary power and authority to issue negotiable notes, mortgage bonds, other bonds, debentures or other evidences of indebtedness and provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with exercising powers as provided in the Act;

WHEREAS, the Issuer has, at the request of the County Commission, agreed to acquire, construct and equip certain public waterworks facilities, to be located on certain real property in Pleasants County, West Virginia, all as set forth in EXHIBIT A - WATERLINE LOCATIONS, attached hereto as a part hereof and incorporated by reference herein (collectively, the "Site"), which real property is more particularly described in EXHIBIT B - REAL PROPERTY DESCRIPTION, attached hereto as a part hereof and incorporated by reference herein, such public waterworks facilities to include, but not be limited to, certain personal property, more particularly described in EXHIBIT C - PERSONAL PROPERTY DESCRIPTION, attached hereto as a part hereof and incorporated by reference herein, (such real estate, improvements, fixtures and equipment, and all further additions, improvements and additional facilities of every kind and nature located at the Site, now or hereafter acquired or constructed thereon, herein called the "Facilities") and to lease such Facilities to the County Commission;

WHEREAS, to assist in the acquisition, construction and equipping of the Facilities, and the subsequent operation, maintenance, repair and replacement of the Facilities, the Issuer and the County Commission have entered into an Agreement dated August 19, 2010 (the "O & M Agreement"), with the Union Williams Public Service District (the "PSD");

WHEREAS, the County Commission and the PSD have provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Facilities, which plans and specifications are summarized in the Construction Outline Specifications, attached hereto as EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS, attached hereto as a part hereof, and incorporated by reference herein, and the Issuer and the County Commission have agreed to appoint the PSD as their agent for the purpose of acquisition, construction and equipping of the Facilities;

WHEREAS, in order to provide funds for payment of the costs of the acquisition, construction and equipping of the Facilities, as well as costs incidental thereto, the Issuer and the County Commission have each determined by order, resolution or ordinance duly adopted by their respective governing bodies that the Issuer will issue its Waterworks Lease Revenue Bonds, Series 2010 C, in an aggregate principal amount not to exceed \$1,400,000 (the "Series 2010 Bonds"), under and pursuant to an Ordinance of the Issuer (the "Ordinance");

WHEREAS, the County Commission has agreed to lease the Facilities and, subject to existing law, make lease payments that shall be sufficient to pay debt service on the Series 2010 Bonds; and

WHEREAS, the Issuer and the County Commission have duly authorized the execution and delivery of this Lease by resolution, ordinance or order duly adopted or enacted by their respective governing bodies.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the receipt and sufficiency of all of which are hereby acknowledged, the Issuer and the County Commission hereby agree as follows:

ARTICLE I

DEFINITIONS, ETC.

Section 1.01. Terms Defined. In addition to terms defined elsewhere herein and in the Ordinance (including the recitals hereto and the recitals in the Ordinance), which shall have the same meanings herein, the following terms shall have the following meanings herein, unless the context requires otherwise:

“Act” means Chapter 7, Article 12 of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Bonds.

“Authorized Representative” or “Authorized Officer” means, with reference to the Issuer, the President, Vice-President or such other officer or officers designated in writing by the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the County Commission, the President or such other officer or officers designated in writing by the County Commission to execute those documents or perform those acts to which are then being referred; with reference to the PSD, its Chairman or any officer designated in writing by the PSD to execute those documents or perform those acts to which are then being referred; and, with reference to the Authority, such officer or officers designated in writing by the Authority, as the case may be, to execute those documents or perform those acts to which are then being referred.

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

“Bond” or “Bonds” means the Pleasants County Development Authority Waterworks Lease Revenue Bonds, Series 2010 C, to be issued pursuant to the Ordinance.

“Bond Counsel” means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt bonds and initially means Jackson Kelly PLLC, Charleston, West Virginia.

“Bondholders” or “Holder,” when referring to the Bonds, means the person in whose name the Bonds are Registered, as provided in the Ordinance.

“Business Day” means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Construction Outline Specifications" means the summary of the plans and specifications for the acquisition, construction and equipping of the Facilities attached hereto as EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS.

"Construction Period" means the period of time during which the Facilities are being constructed.

"County Commission" or "Lessee" means The County Commission of Pleasants County, Pleasants County, West Virginia.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Deed of Trust and Security Agreement" means the Deed of Trust and Security Agreement dated as of the date hereof from the Issuer to the trustees named therein to secure the Authority for the repayment of the principal of and interest on the Bonds, as amended and supplemented from time to time.

"Event of Default" means any of the events described as an Event of Default in Section 10.01 hereof.

"Facilities" means the Site, all improvements, buildings, fixtures, equipment and other personal property, together with all additions, improvements and additional facilities thereto, of every kind and nature located at the Site, now or hereafter acquired or constructed thereon, which have been leased by the Issuer to the County Commission pursuant to this Lease and are subject to the lien of the Deed of Trust and Security Agreement, subject to Permitted Encumbrances.

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

"Fiscal Year" means the fiscal year of the Issuer which, at the time of the original execution and delivery of this Lease begins on July 1 and ends on the next succeeding June 30, or such other 12-month period as may be designated by the Issuer in writing delivered to the Authority.

"Issuer" or "Lessor" means the Pleasants County Development Authority, a public corporation and county development authority organized and existing under and by

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virtue of the provisions of the Constitution and laws of the State, created by the County Commission pursuant to the Act, and any successor in function.

"Lease" means this Agreement and Lease, all amendments thereof and supplements thereto and where applicable, also means any subsequent lease or leases of all or any portion of the Facilities.

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

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

"O & M Agreement" means the agreement among the Issuer, the County Commission and the PSD, dated as of August 19, 2010, relating to the acquisition, construction and equipping of the Facilities and the subsequent operation, maintenance, repair and replacement of the Facilities.

"Operating and Maintenance Expenses" means, with respect to the Facilities and with respect to the period of determination, the costs and expenses of normal operation and maintenance of the Facilities, including, without limitation, the costs and expenses of salaries and fringe benefits, utility service, insurance, taxes, fees, licenses, permits, administrative expenses, normal maintenance and repairs but excluding, however, depreciation, amortization, charges for renewal and replacement and other noncash expenses.

"Permitted Encumbrances" means this Lease, the Deed of Trust and Security Agreement and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested by the Issuer in good faith;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that the Issuer certifies will not interfere with or impair the operation of the Facilities (or, if it is not being operated, the operation for which it was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due; provided, however, such a lien

may not be of record for in excess of 30 days unless contested in good faith by the Issuer;

(4) Such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Facilities and which do not materially adversely affect the value of the Facilities or impair the property affected thereby for the purpose for which it was acquired or is held or used by the Issuer;

(5) Zoning laws and similar restrictions;

(6) Subleases of a portion or portions of the Facilities bearing a term less than or equal to the then remaining term of the Lease, which subleases shall be subordinate to the lien of the Deed of Trust and Security Agreement and consented to in writing by the Authority, which consent shall not be unreasonably withheld;

(7) Such subsequent leases of the Facilities or portions thereof in accordance with the terms of this Lease and which shall be subject to the lien of the Deed of Trust and Security Agreement and consented to in writing by the Authority;

(8) Liens, security interests and other encumbrances which are expressly subject and subordinate to this Lease and the Deed of Trust and Security Agreement and consented to in writing by the Authority and the PSD; and

(9) The O & M Agreement.

“Person” means natural persons, firms, associations, corporations, partnerships and public bodies.

“President” means the President of the Issuer.

“PSD” means the Union Williams Public Service District or any successor thereto.

“Regulations” means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Rent" means all receipts, revenues, income and other moneys received by or on behalf of the Issuer under the Lease.

"Site" means the real estate described in EXHIBIT B - REAL PROPERTY DESCRIPTION, attached hereto as a part hereof, and incorporated by reference herein, and any additional real property which is made subject to the lien of the Deed of Trust and Security Agreement.

"State" means the State of West Virginia.

"Title" means good and marketable fee simple absolute title as to the Facilities, subject only to Permitted Encumbrances.

"Written Request" means a request in writing signed by the President or a Vice-President of the Issuer or any other officer or officers designated by the Issuer.

Any requirement for execution of this Lease, the Bonds or any Certificate or other document by a Chairman, President or Secretary or other officer shall mean that such Bonds, Certificate or other document may be executed by the Vice Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section, words importing the singular shall include the plural as well as the singular and vice versa, words importing persons shall include firms, associations and corporations, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

Section 1.02. Exhibits. The following Exhibits are attached to and by reference are hereby made a part of this Lease:

EXHIBIT A - WATERLINE LOCATIONS
EXHIBIT B - REAL PROPERTY DESCRIPTION
EXHIBIT C - PERSONAL PROPERTY DESCRIPTION
EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS

(D) To finance the costs of acquisition, construction and installation of the Project and to pay the costs of issuance thereof, the Issuer has authorized issuance of the Bonds in the aggregate principal amount of not more than \$1,400,000 to be issued upon the terms set forth in the Ordinance, under the provisions of which, in order to secure the payment of the principal, premium, if any, and interest on the Bonds, the interest of the Issuer in this Lease and the Rent to be received hereunder are pledged and assigned to the Authority, and the Facilities shall become subject to the lien and pledge provided for in the Deed of Trust and Security Agreement for the benefit of the Bondholders.

(E) The Issuer has found and determined, and does hereby find and determine, that (i) the acquisition, construction and installation of the Project as provided for under this Lease, (ii) the financing of such acquisition, construction and installation by the issuance, sale and delivery by it of the Bonds, (iii) the leasing by it of the Facilities to the County Commission under and pursuant hereto, and (iv) all other things contemplated by or contained in this Lease and the Ordinance, are necessary, proper and appropriate to accomplish the public purpose of providing waterworks facilities to supply potable water to currently unserved portions of the County.

Section 2.02. Representations and Warranties by the County Commission.

The County Commission makes the following representations and warranties, all such representations and warranties to be applicable upon and following issuance of the Bonds and to be maintained until termination of this Lease:

(A) The County Commission is a political subdivision of the State, duly and validly created and existing under the Constitution and the other laws of the State, has been duly authorized to execute and deliver this Lease and all other agreements, documents, instruments and certificates in connection herewith and therewith, and agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(B) The acquisition, construction and installation of the Facilities, the execution and delivery of this Lease and all other agreements, documents, instruments and certificates in connection herewith, and the performance of all covenants and agreements of the County Commission contained in this Lease and all other agreements, documents, instruments and certificates in connection herewith, and of all other acts and things required under the Constitution and laws of the State, or any other document, agreement or instrument by which the County Commission is bound, to cause the

acquisition, construction and equipping of the Facilities and to make this Lease and all agreements, documents and instruments in connection herewith, valid and binding obligations of the County Commission in accordance with the terms thereof, are duly authorized under the Constitution and other laws of the State and have been duly authorized by proceedings of the County Commission enacted or adopted at meetings thereof duly called and held. No authority or proceedings for the execution and delivery of this Lease and the performance of the obligations hereunder has or have been repealed, revoked or rescinded.

(C) There is no action, suit, proceeding, inquiry, order, claim, counterclaim, arbitration, demand or investigation at law or in equity or before or by any court, public board, authority or body, pending or threatened, or any order, judgment or decree in progress, nor is there any basis therefor, which would adversely affect the County Commission, the Facilities or the transactions contemplated by this Lease or any of the documents, agreements, instruments or certificates in connection herewith or the consummation of the transactions contemplated thereby, the payment of Rent hereunder from legally available funds of the County Commission, subject to annual appropriation by the County Commission, the application of any money or security granted by the County Commission that may be used for payment of the Bonds or the operation of the Facilities, or which in any way would adversely affect the validity or enforceability of this Lease, the Bonds or the Deed of Trust and Security Agreement or the payment of Rent hereunder from legally available funds of the County Commission or which in any way would adversely affect the ability of the County Commission to perform its obligations under this Lease or any agreement, document or instrument in connection herewith and therewith, the creation, organization or existence of the County Commission, the title to office of any officer thereof or the power of the County Commission to lease and operate the Facilities.

(D) The County Commission will operate the Facilities, or cause the Facilities to be operated by the PSD under the O & M Agreement, as a public water distribution system until the date on which all of the Bonds have been fully paid and are no longer outstanding.

(E) The execution and delivery of this Lease and all documents, agreements, instruments and certificates in connection herewith, the consummation of the transactions contemplated hereby, and the compliance with, fulfillment of and carrying out of the provisions and terms hereof and thereof, including without limitation the operation of the Facilities, do not and

will not, with or without the giving of notice or passage of time, or both, conflict with or constitute on the part of the County Commission a violation or breach of or constitute or result in a default or loss of rights (or give rise to any right of termination, cancellation or acceleration) under or result in the creation of any lien, charge or encumbrance pursuant to and are not materially adversely affected by any mortgage, indenture, note agreement, bond, contract, lease, document, resolution, deed of trust or other agreement, obligation or instrument to which the County Commission is a party or by which the County Commission or its properties are bound or affected or any charter provision, judgment, statute, ordinance, order, rule, law, court decision, decree or regulation by which the County Commission or its properties are subject or affected, and will not cause any forfeiture or impairment of any license, authorization or permit.

(F) The County Commission has complied in all material respects with the applicable provisions of law which would affect its ability to enter into this Lease and consummate the transactions set forth herein and has full legal right, power and authority to enter into, execute and deliver this Lease and all other documents, agreements, instruments and certificates in connection herewith and perform its obligations hereunder and thereunder, to lease, operate and use the Facilities, to conduct its business as contemplated in this Lease, and to carry out and consummate all transactions contemplated by the foregoing, including, without limitation, the payment of Rent hereunder from legally available funds of the County Commission, subject to annual appropriation by the County Commission.

(G) Funds have been appropriated by the County Commission or are otherwise available in an amount sufficient to make all rental payments, if any, during the Fiscal Year beginning July 1, 2010, and the County Commission reasonably believes that funds can be obtained in an amount sufficient to make all rental payments during the entire Lease Term. It is the County Commission's intent to make the rental payments for the full Lease Term if funds are legally available therefor and in that regard the County Commission represents that: (a) the use of the Facilities is essential to its proper, efficient and economic functioning or to the services that it provides to its citizens; (b) the County Commission has an immediate and continuing need for the use of substantially all of the Facilities, which is not temporary or expected to diminish in the foreseeable future; and (c) the Facilities are and will be used by the County Commission only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.

ARTICLE III

ACQUISITION, CONSTRUCTION AND EQUIPPING OF FACILITIES FACILITIES

Section 3.01. Construction Outline Specifications. The County Commission and the PSD have provided the Issuer with, and the Issuer has agreed to, specific plans and specifications for the acquisition, construction and equipping of the Facilities, as summarized in EXHIBIT C - CONSTRUCTION OUTLINE SPECIFICATIONS.

Section 3.02. Appointment of PSD as Agent. The Issuer and the County Commission hereby appoint the PSD as agent of the Issuer and the County Commission for the purposes of acquisition, construction and equipping of the Facilities and contracting for all services necessary or incidental thereto and other activities as set forth in the O & M Agreement.

Section 3.03. Acquisition, Construction and Equipping of Facilities by Issuer. The Issuer shall enter into such contracts and agreements as may be necessary, at the request and direction of the PSD, to enable the Facilities to be acquired, constructed and equipped in accordance with the Construction Outline Specifications, including all Change Orders which the PSD may request during the course of the acquisition, construction and equipping of the Facilities pursuant to Section 3.04 of this Lease.

Section 3.04. Change Orders. The Issuer, at the request of the PSD, may request such changes in the Construction Outline Specifications during the course of the acquisition, construction and equipping of the Facilities as the PSD deems necessary or advisable, provided however, that any such Change Order shall not (i) materially adversely reduce the number of anticipated users of the Facilities upon completion of acquisition, construction and equipping of the Facilities, or (ii) cause the costs of acquisition, construction and equipping of the Facilities to exceed the amount available to pay such costs as provided in the Ordinance. Any Change Orders under this Section shall be deemed incorporated into and made a part of the Construction Outline Specifications for purposes of this Lease.

Section 3.05. Insurance During Construction Period. During the Construction Period, the Issuer, the County Commission and/or the PSD, as appropriate shall maintain or cause to be maintained "all-risk" and "extended risk" property insurance and builder's risk and fire insurance, in each case with respect to the Facilities covering physical loss or damage to the Facilities and as appropriate shall be named as additional insureds.

ARTICLE IV

ISSUANCE OF BONDS BY THE ISSUER

Section 4.01. Sale of Bonds. The Issuer and the County Commission have determined that the Bonds can be issued and sold upon fair and reasonable terms, and that the Issuer shall issue, sell and deliver the Bonds in an aggregate principal amount not in excess of \$1,400,000 pursuant to and in conformity with the Ordinance. The proceeds of the Bonds shall be deposited and applied as provided in the Ordinance.

Section 4.02. Payment of Bonds. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with the provisions of the Ordinance and the Bonds, and the Rent paid by the County Commission hereunder shall be pledged to secure the payment of the Bonds, all as provided herein and in the Ordinance.

Section 4.03. Assignment of Rights Under Lease and Priority of Ordinance. This Lease and the rights, interests, powers, privileges and benefits accruing to or vested in the Issuer hereunder shall be protected and enforced in conformity with the Ordinance and is assigned by the Issuer to the Authority as security for the Bonds pursuant to the Ordinance, and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions hereof and of the Ordinance. Notwithstanding anything herein or in the Ordinance to the contrary, this Lease is and shall be expressly subject to the Ordinance. THE ISSUER SHALL RETAIN NO RIGHTS HEREUNDER, EXCEPT THOSE RIGHTS SET FORTH IN SECTIONS 6.01 AND 8.07, AND NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, ONLY THE BONDHOLDERS SHALL HAVE THE RIGHT TO PURSUE ANY REMEDIES HEREUNDER.

ARTICLE V

DEMISING CLAUSES AND RENT

Section 5.01. Leasing of the Facilities - Term of Lease. In consideration of the Rent to be received by the Issuer and of the covenants, agreements and promises herein contained to be kept and performed by the County Commission, and in consideration of the issuance of the Bonds by the Issuer and the assignment of the Lease by the Issuer to the trustees named in the Deed of Trust and Security Agreement, the Issuer hereby demises and leases the Facilities to the County Commission and the County Commission hereby hires, takes and leases the Facilities from the Issuer, for the Lease Term, at the Rent and on the conditions herein set forth.

The term of the demise and leasing of the Facilities by the Issuer to the County Commission, subject to the provisions hereof (the "Lease Term"), shall commence on the Closing Date, and shall extend, unless sooner terminated in accordance with the provisions hereof, to June 1, 2028, provided, however, that the Lease Term shall expire on such earlier or later date as the principal of, premium, if any, and interest on all the Bonds and all other expenses or amounts payable by the County Commission hereunder or under the Ordinance are paid or provisions for the payment thereof have been made.

NOTWITHSTANDING THE FOREGOING OR ANYTHING HEREIN TO THE CONTRARY, THE ISSUER HEREBY GRANTS TO THE COUNTY COMMISSION THE OPTION TO TERMINATE THIS LEASE DURING ANY FISCAL YEAR COVERED HEREBY, IN ACCORDANCE WITH THE ACT AND OTHER PROVISIONS OF LAW, AND IN THE EVENT OF THE EXERCISE OF SUCH OPTION TO TERMINATE THIS LEASE, THE RENT PAYABLE HEREUNDER SHALL BE CANCELED WITHOUT PENALTY TO THE COUNTY COMMISSION AT THE END OF THE THEN CURRENT FISCAL YEAR, WHEREUPON THE COUNTY COMMISSION SHALL SURRENDER THE PREMISES TO THE ISSUER AT THE END OF THE THEN CURRENT FISCAL YEAR. THE COUNTY COMMISSION COVENANTS TO PROVIDE THE ISSUER AND THE AUTHORITY WITH WRITTEN NOTICE, IN ACCORDANCE WITH SECTION 11.01 HEREOF, OF ITS INTENTION TO EXERCISE SUCH OPTION TO TERMINATE THIS LEASE NOT LESS THAN 90 DAYS PRIOR TO THE END OF THE FISCAL YEAR IN WHICH THE COUNTY COMMISSION ELECTS TO EXERCISE SUCH OPTION.

Section 5.02. Rent. Until payment in full of the Bonds and the interest thereon and all fees, charges and costs owed by the County Commission hereunder, the County Commission shall pay, directly to the West Virginia Municipal Bond Commission, on

or before dates set forth in the amortization schedules for the Bonds, from moneys legally available for such purpose, Rent to be computed by adding the following:

- (1) On the due date of each monthly sinking fund installment of principal and/or interest on the Bonds, as set forth in Section 5.02 of the Ordinance, the amount required to pay such monthly installment in accordance with the Ordinance;
- (2) On the due date of each monthly Reserve Account payment, if any, on the Bonds, as set forth in Section 5.02 of the Ordinance, the amount required to pay such Reserve Account payment in accordance with the Ordinance;
- (3) On the due date of each monthly sinking fund installment of principal and/or interest on the Bonds, as set forth in Section 5.02 of the Ordinance, the amount required to be paid into the Renewal and Replacement Fund, if any, in accordance with the Ordinance;
- (4) To the extent not otherwise provided for under the Series O & M Agreement, Operating Expenses of the Facilities;
- (5) When due, the fees and expenses of the Issuer, and the Depository Bank, Registrar and Paying Agent for services under the Ordinance and under this Lease; and
- (6) Any other amounts then due and payable by the Issuer pursuant to the provisions of the Ordinance.

In any event, the County Commission shall pay Rent in amounts sufficient to accumulate sums necessary to promptly pay the principal of, premium (if any) and interest on the Bonds, as the same become due and payable, and to pay all other amounts payable by the County Commission or the Issuer pursuant to this Lease or the Ordinance.

All payments of Rent shall be made directly to the West Virginia Municipal Bond Commission and applied in the manner provided in the Ordinance. This Lease is a "triple net lease," and the Issuer shall be under no obligation to operate, maintain, replace or improve the Facilities or pay the cost thereof so long as this Lease remains in force and effect, but shall be entitled to have the Rent paid as required herein on an absolute net basis, and such Rent shall not be subject to abatement before retirement of all Bonds as contemplated in Section 5.04 hereof, and payment of all amounts due hereunder, provided, however, that in

the event of any partial redemption of Bonds as provided in Section 5.06 hereof, then the Rent payable hereunder shall be adjusted accordingly.

Section 5.03. County Commission's Obligations - Limited Obligations. The Issuer and the County Commission covenant and agree that, during the term of this Lease, the County Commission shall bear all risk of damage or destruction in whole or in part to the Facilities or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of the Facilities, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or occupancy of the Facilities or the compliance by the County Commission with any of the terms hereof. Notwithstanding the foregoing or anything herein to the contrary, the County Commission's obligations to pay the Rent hereunder from legally available funds of the County Commission, subject to annual appropriation by the County Commission, and the County Commission's obligations to perform and observe the other covenants and agreements contained herein, shall be special and limited obligations of the County Commission payable solely from legally available funds of the County Commission, subject to annual appropriation by the County Commission, and other sources provided for herein and in the Ordinance and shall not, in any event, be or constitute an indebtedness of the County Commission within the meaning of any constitutional or statutory provision or limitation or constitute or give rise to a pecuniary liability of the County Commission, except that the County Commission may pay such Rent from any lawful source notwithstanding the foregoing. Neither the Issuer nor any Holder of any Bond shall ever have the right to compel the exercise of the taxing power of the County Commission to pay the Rent provided hereunder or to pay the principal of or premium on Bonds or the interest thereon. The obligations of the County Commission hereunder shall never be a charge against or pledge of the property, faith and credit or taxing power of the County Commission.

Section 5.04. County Commission's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its agreements herein, and if the Issuer should fail to perform any such agreement, the County Commission may institute such action against the Issuer as the County Commission may deem necessary to compel the performance or to recover damages for nonperformance, subject to Section 8.07 hereof, so long as such action shall not violate the County Commission's agreements in Section 5.03. The County Commission may at its own cost and expense, and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding against third parties or take any other action which the County Commission deems reasonably necessary in order to secure or protect its right of possession, occupancy and use of the Facilities under this Lease. In that event the Issuer agrees to cooperate fully with the County Commission, and to take all action necessary to effect the substitution of the County Commission for the Issuer in any such action or proceeding if the County Commission shall so request.

Section 5.05. Nonappropriation. A. The County Commission hereby warrants that funds have been appropriated or are available in an amount sufficient to make all payments of Rent, if any, during the Fiscal Year commencing July 1, 2010, and reasonably believes that funds can be obtained in the amount necessary to make all payments of Rent during the Lease Term and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the payments of Rent may be made, including making provisions for such payments to the extent necessary in each annual budget. During the Lease Term the County Commission will furnish to the Authority, no later than 10 days following adoption of the budget for each Fiscal Year (the "Appropriation Notice Date"), a certificate that the Rent due in that Fiscal Year has been included in the budget approved by the County Commission for such Fiscal Year or, if not so included, notification of such fact within one Business Day following adoption of such budget. During the Lease Term, the County Commission shall not give priority in the application of funds to any facilities functionally similar to the Facilities.

Section 5.06. Prepayment of Rent. The Rent payable hereunder may be prepaid in the event of redemption of Bonds pursuant to the Ordinance. In addition to the foregoing, subject to the advance written consent of the Authority, there is hereby reserved to the County Commission the right, and the County Commission is hereby authorized and permitted, at any time and as often as it may choose, to prepay all or any part of the Rent payable under Section 5.02 hereof together with such other amounts as shall be sufficient to redeem all or a portion of the Bonds in accordance with the redemption provisions of the Ordinance. All Rent and other sums prepaid pursuant to this Section 5.06 shall be applied to the redemption or purchase of outstanding Bonds in the manner and to the extent provided for in the Ordinance. In the event of any partial redemption of Bonds, the Rent payable hereunder shall be reduced to reflect such partial redemption.

In the event of all or any portion of the Bonds becoming due and payable pursuant to the provisions of Article X hereof, Rent payable hereunder sufficient to pay the interest and principal thereon shall be and become at once due and payable.

Section 5.07. Transfer of Facilities to County Commission upon Payment in Full of Rent; Right to Purchase. The Issuer hereby grants unto the County Commission the right to purchase the Facilities upon the payment in full of the Bonds for the price of ten dollars cash in hand. Upon payment of all Rent required hereunder and upon payment, or provision for such payment, by the Issuer of the principal of, redemption premium, if any, and interest on the Bonds and as provided above, the Issuer shall, at the expense of the County Commission, make and deliver to the County Commission a good and proper deed, bill of sale and/or other instrument or instruments of conveyance required by the County Commission upon advice of counsel, duly executed and acknowledged with transfer stamps (if applicable) attached thereto, conveying title to the Facilities, subject to all reservations, exceptions, conditions, easements, rights of way, or other like limitations of record or otherwise under and by which Issuer is bound in ownership of said property.

for execution by the Issuer solely or by the Issuer jointly with the County Commission, shall be true, accurate and complete.

Nothing contained herein shall be deemed to constitute an admission by either the Issuer or the County Commission to any third party other than the Authority that either the Issuer or the County Commission is liable for any tax, charge, fee, rate imposition or assessment.

Section 6.02. Liens. Subject to the provisions of Section 6.04 hereof relating to permitted contests, the County Commission will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, encumbrances and charges on the Facilities or any part thereof, other than Permitted Encumbrances.

Section 6.03. Compliance with Orders, Ordinances, Etc. Subject to the provisions of Section 6.04 hereof relating to permitted contests, the County Commission shall, throughout the term of this Lease, at its sole cost and expense, promptly comply in all material respects with all laws, codes, ordinances, orders, decrees, rules, regulations and requirements of duly constituted authorities which may be applicable to the Facilities or to the repair and alteration thereof, or to the use, manner of use or leasing of the Facilities. This Lease shall be amended by the parties hereto to the full extent necessary to ensure compliance with all such laws, codes, ordinances, orders, decrees, rules, regulations and requirements to enable the continued operation of the Facilities by the County Commission but not in any manner which would materially adversely affect or impair the obligations of the Issuer under the Ordinance, or materially adversely affect or impair the security interest of the Authority under the Ordinance, in the judgment of the Authority based upon an opinion of counsel.

Section 6.04. Permitted Contests. The County Commission shall not be required to pay any tax, charge, fee, rate, imposition or assessment referred to in Section 6.01 hereof, nor to remove any lien, charge or encumbrance required to be removed under Section 6.02 hereof, nor to comply with any law, code, ordinance, order, decree, rule, regulation or requirement referred to in Section 6.03 hereof, so long as the County Commission shall contest, in good faith and at its cost and expense, in its own name and behalf or in the name and behalf of the Issuer, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the tax, charge, fee, rate, imposition, assessment, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Facilities or any part or portion thereof, or of the rent or any portion thereof, to satisfy the same; provided, that no such contest shall subject the Issuer or the Authority to the risk of any liability. While any such matters are pending, the County Commission shall not pay, remove or cause to be discharged the tax, charge, fee, rate, imposition, assessment, lien or

encumbrance being contested unless the County Commission agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the County Commission to settle any such contest), and in any event the County Commission will save the Issuer harmless against all losses, judgments, decrees and costs (including attorney's fees and expenses in connection therewith) and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed, imposed or determined to be payable therein, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith. The County Commission shall give the Issuer and the Authority prompt written notice of any such contest and the Issuer agrees to cooperate with the County Commission, at the County Commission's cost and expense, in any such contest.

Notwithstanding any rights granted to the County Commission under the preceding paragraph of this Section 6.04, if the Authority or the Issuer shall notify the County Commission that, in the opinion of independent counsel, by nonpayment of any of the foregoing items, the lien of the Deed of Trust and Security Agreement as to any substantial part of the Facilities will be materially endangered or the Facilities or any part thereof will be subject to imminent loss or forfeiture or the rights or obligations of the Issuer under the Ordinance shall in any way be materially adversely affected or impaired, or the security interest of the Authority under the Deed of Trust and Security Agreement shall be materially or adversely affected or impaired, then the County Commission shall promptly, but in any event in not more than 5 days from receipt by the County Commission of such notification, pay all such unpaid items or cause them to be stayed, satisfied and discharged.

Section 6.05. Use of the Facilities. A. The County Commission will use the Facilities only as and for a public water distribution system or in furtherance of other lawful governmental purposes of the County Commission.

B. Subject to the terms of the O & M Agreement, the County Commission may sublease the Facilities or agree or contract for the performance by others of administration, management or operations on or in connection with the Facilities or any part or portion thereof, for any lawful purpose, provided that (i) each such sublease, agreement or contract shall not be inconsistent with, and will be subject to, the provisions of the Ordinance and this Lease; and (ii) any such sublease, agreement or contract shall have been approved in advance, in writing, by the Authority.

Section 6.06. Repairs, Maintenance and Alterations. The County Commission will, throughout the Lease Term, cause to be kept and maintained the Facilities in good condition and repair and not abandon the same, or any part or portion thereof, nor commit or permit the commission of waste on or in the Facilities, or any part or portion thereof, or permit any building, structure or improvement to be removed, destroyed, demolished or

structurally altered in whole or in part except as permitted herein and shall cause any person in possession of the Facilities or any portion thereof to comply with all laws, ordinances, rules and regulations relating to the use, leasing or maintenance of the Facilities and with all requirements, directions and orders and notices of violations thereof issued by any governmental agency, body or officer, and will make all necessary repairs thereto, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals. The County Commission intends to comply with the provisions hereof through the O & M Agreement.

The County Commission shall have the right from time to time at its sole cost and expense to make additions, alterations and changes (hereinafter collectively referred to as "alterations") in or to the Facilities, provided, however, that no alteration of any kind shall be made which would result in a violation of the provisions of Section 6.05 hereof.

With respect to any repairs, construction, restoration, replacement or alterations performed upon the Facilities by the County Commission through the PSD as its agent during the Lease Term, in accordance with or as required by any provisions hereof, the County Commission and PSD agree that:

(1) No work in connection therewith shall be undertaken until the County Commission or its agents shall have procured and paid for, so far as the same may be required, from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction, and the Issuer agrees to join in the application for such permits or authorizations whenever such action is necessary;

(2) All work in connection therewith shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the municipality or other governmental subdivision wherein the Facilities are situate, and with all laws, ordinance, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Facilities, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted; and

(3) Workers' compensation coverage for all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the Issuer or the County Commission, and general liability insurance (specifically covering this class of risk) for the

mutual benefit of the Issuer and the County Commission in such amounts as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure and as otherwise required or permitted by applicable law. The general liability insurance provided for in this paragraph may be effected by an appropriate endorsement, if obtainable, upon the insurance referred to in Section 6.09 hereof. All such insurance shall be effected with financially sound and reputable insurance companies qualified to do business in the State.

Section 6.07. Renewal and Replacement of Equipment. Subject to the terms of the Ordinance, in any instance where the County Commission in its sole discretion determines that any items of fixtures or equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the County Commission may remove such items from the Facilities and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability therefor, provided that such removal or substitution shall not impair the operating utility of the Facilities.

Section 6.08. Installation of Fixtures and Equipment by the County Commission. The County Commission may from time to time in its sole discretion and at its own cost and expense, install or place other fixtures or equipment and tangible personal property in the Facilities. The County Commission may remove such fixtures or equipment and tangible personal property at any time at its own cost and expense, whether or not the same shall have been affixed or annexed to the Facilities, but any damage caused to the Facilities by any such removal shall be restored at the sole cost and expense of the County Commission.

Section 6.09. Liability and Casualty Insurance. Provided that the O & M Agreement is no longer in effect, the Issuer shall procure and maintain, or cause to be procured and maintained, such insurance as is required under the Ordinance.

Section 6.10. Authority's Rights to Perform County Commission's Covenants; Advances. In the event the County Commission shall fail to (i) pay any tax, charge, assessment or imposition pursuant to Section 6.01 hereof, (ii) remove any lien, encumbrance, or charge pursuant to Section 6.02 hereof, (iii) maintain the Facilities in repair pursuant to Section 6.05 hereof, (iv) procure the insurance required by Section 6.09 hereof, or (v) fail to make any other payment (other than rent) or perform any other act required to be performed hereunder, then and in each such case the Authority may (but shall not be obligated to) remedy such default for the account of the County Commission and make advances for that purpose; provided that this clause shall not otherwise abate the obligations of the Issuer under the Ordinance with respect thereto. No such performance or advance shall operate to release the County Commission from any such default or constitute an acquiescence therein and any

sums so advanced by the Authority shall be repayable by the County Commission on demand and shall bear interest at the average weighted rate of interest on the Bonds, from the date of the advance until repaid. The Authority shall have the right of entry on the Facilities or any part or portion thereof at any reasonable time in order to effectuate the purposes of this Section 6.10.

Section 6.11. County Commission Shall Manage, Operate and Administer Facilities. This Lease is a "triple net lease" and the Issuer shall retain no rights with respect to the operation, management or administration of the Facilities. The County Commission shall have the sole right, subject to the terms of the Ordinance, the O & M Agreement and this Lease, during the term of this Lease, to operate, manage and administer the Facilities, including, but not limited to all decisions with respect to hiring and discharge of employees, subleasing or entering into contracts or agreements for the operation and maintenance of all or any portion of the Facilities, acquiring and selling of fixtures or equipment or additional property, adding, improving, renovating or removing portions of the Facilities and all other matters incidental to the operation, management and administration of the Facilities, and the County Commission shall further pay all Operating and Maintenance Expenses of the Facilities. Notwithstanding the foregoing, the County Commission may contract with the PSD or other entity to operate, manage and administer the Facilities under the O & M Agreement or a similar agreement.

Section 6.12. Permits, Etc. The Issuer and the County Commission hereby represent, warrant and covenant, all such representations and warranties to be applicable upon and following issuance of the Bonds and to be maintained until termination of this Lease, to the extent legally required, obtained or received and will obtain and receive and have and will keep in full force and effect, all consents, permits, licenses, approvals, certificates, exemptions, rights, orders, franchises, privileges and authorizations, all of which have been made and/or submit all declarations, filings, payments, reports, notices, statements, papers and registrations necessary to enter into and perform their respective obligations under and consummate the transactions contemplated in this Lease and all other documents, agreements, instruments and certificates in connection therewith, to lease, use and operate the Facilities and to impose rates and charges; and the Issuer has taken and will take all other action required in connection with this Lease, the consummation of the transactions contemplated herein and all other documents, agreements, instruments and certificates in connection herewith, the leasing, use and operation of the Facilities and the imposition of such rates and charges. The County Commission is and will remain in compliance with all applicable laws, rules and regulations relating to the Facilities.

ARTICLE VIIDAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01. Damage or Destruction. To the extent not provided for in the O & M Agreement, or in the event the O & M Agreement is no longer in effect, the Issuer agrees to notify the County Commission and the Authority immediately in the case of loss or damage covered by insurance required under Section 6.09(A) hereof and shall hold the proceeds from such insurance in an appropriately designated fund. Thereafter, the Issuer and the County Commission shall determine, in writing, within 60 days of the occurrence of such loss or damage whether it is practicable to repair, reconstruct or replace such damaged or destroyed property and the estimated time required for such repair, reconstruction or replacement. The Issuer may, with the consent of the County Commission, elect to apply the proceeds at its discretion to the repair, reconstruction or restoration of such damaged property or to redemption of the Bonds. In the event of such election the Issuer will promptly inform the County Commission and the Authority in writing of its decision not to rebuild and the Net Proceeds of such insurance shall be applied to prepayment of Rent hereunder and transferred to the Sinking Fund and the Bonds and the interest thereon shall become due and payable on the first interest payment date following receipt of such written notice and more than 60 days after such event. In the event that the Issuer elects to redeem Bonds following such damage or destruction, it shall pay, as Rent hereunder, any amounts required to effect such redemption which may not be available from the proceeds of such insurance. Notwithstanding any other provision in this Lease, the Ordinance or the Bonds, in the event that the Bonds or any part thereof are redeemed pursuant to this Section 7.01, no redemption premium or penalty shall be applicable. In the event that the Issuer elects to repair, reconstruct or replace the damaged property, the Issuer shall promptly proceed to repair, reconstruct and replace such part of the Facilities to its original condition as far as possible. The moneys required for such repair, reconstruction and replacement shall be paid from: (i) the Net Proceeds of insurance received by reason of such occurrence which Net Proceeds shall be deposited in a reconstruction fund; and (ii) to the extent such insurance proceeds are not sufficient, from moneys to be provided by the County Commission to the extent authorized by law and to the extent such moneys are lawfully available therefor. Notwithstanding the foregoing or anything herein to the contrary, the proceeds of any insurance award shall be invested, pending disbursement or use as provided in this Lease and the Ordinance in Permitted Investments, as then permitted by applicable law.

Section 7.02. Condemnation. A. Immediately after the commencement of any condemnation or similar proceedings by a third party in the exercise of a power of eminent domain, or a power in the nature of eminent domain which in any way affects the Facilities, the Issuer shall immediately notify the County Commission and the Authority in writing. The Net Proceeds of any condemnation award or other compensation paid by reason

of a conveyance in lieu of the exercise of such power, with respect to the Facilities or any part or portion thereof shall be held by the Issuer in an appropriately designated fund. The Issuer may, with the consent and agreement of the County Commission, within 60 days of receipt of such condemnation award or compensation, by written notice to the County Commission and the Authority, elect to have such Net Proceeds or other compensation applied to prepayment of Rent hereunder, in which event the Issuer shall transfer such proceeds to the Sinking Fund and apply the same to redemption of the Bonds and the County Commission shall pay any additional amount required to effect such redemption or the Issuer may, with the consent of the County Commission, elect to replace or restore the part or portion of the Facilities affected by such taking or conveyance, in which event the Issuer shall promptly proceed to replace or restore such part or portion of the Facilities, including any fixtures, equipment and effects, to its original usefulness and condition or a condition of at least an equivalent value immediately prior to such event, insofar as possible. The moneys required for such replacement or restoration shall be paid: (i) from the Net Proceeds of such condemnation award, or other compensation, which Net Proceeds or other compensation shall be held in a reconstruction fund with the Issuer and disbursed in accordance with a requisition procedure established by the Issuer in its reasonable discretion; and (ii) to the extent that such proceeds are not sufficient, from moneys to be provided by the County Commission, to the extent authorized by law and to the extent moneys are lawfully available therefor.

B. Notwithstanding the foregoing, the proceeds of any condemnation award or other compensation shall be invested, pending disbursement or use as provided herein in Permitted Investments, as then permitted by applicable law.

ARTICLE VIII

ADDITIONAL COVENANTS OF THE LESSEE AND OTHERWISE

Section 8.01. Maintenance of Existence. The County Commission agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

Section 8.02. RESERVED.

Section 8.03. Books and Records. The County Commission will keep books and records of the Facilities, which shall be separate and apart from all other books, records and accounts of the County Commission, in which complete and correct entries shall be made of all transactions relating to the Facilities, and any Registered Owner of a Bond or Bonds shall have the right at all reasonable times to inspect the Facilities and all parts or portions thereof and all records, accounts and data of the County Commission relating thereto.

The accounting system for the Facilities shall follow current generally accepted governmental accounting principles and safeguards to the extent allowed and as prescribed by applicable law. Separate control accounting records shall be maintained by the County Commission. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the County Commission. The County Commission shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the County Commission shall be reported to such agent of the County Commission as the County Commission shall direct.

The County Commission shall, at least once a year, cause its books, records and accounts to be audited by independent certified public accountants (or in lieu thereof, the State Auditor of the State of West Virginia) and shall mail, upon request, and make available generally, the report of said independent certified public accountants to any Registered Owner of the Bonds and shall file said report with the Issuer and the Authority.

Section 8.04. No Representation by Issuer as to Condition or Suitability. The County Commission acknowledges (i) that the Issuer has acquired Title to the Site and that the Issuer has acquired, constructed and equipped the Facilities in accordance with the Construction Outline Specification, as supplied and modified by the County Commission, and that the County Commission has examined the Facilities and knows the condition thereof and under this Lease accepts the same in said condition, (ii) that the Issuer has made no warranty, either express or implied, as to the condition of the Facilities or any part or portion thereof or that the Facilities will be suitable for the County Commission's purposes or needs,

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and (iii) that the County Commission in entering this Lease is relying solely upon its own knowledge of the Facilities.

Section 8.05. Liens and Encumbrances. The County Commission covenants that it will not, directly or indirectly, create, assume, incur or suffer to exist any mortgage, pledge, encumbrance, lien, security interest or charge of any kind upon the Facilities or upon any income, revenues, receipts or proceeds of the County Commission in respect of the Facilities except Permitted Encumbrances.

Section 8.06. County Commission Authorization. The County Commission covenants and warrants that it is duly authorized, under the Constitution and laws of the State and under all other applicable provisions of law, to execute and deliver this Lease, that all action on its part for the authorization of this Lease has been duly and effectually taken, that the Lease is and will be a valid and enforceable obligation of the County Commission in accordance with its terms and as herein set forth, and that the County Commission now has or will use its best efforts to obtain complete and lawful authority and privilege to maintain and operate the Facilities and that no consents, certificates, orders, permits, rights, franchises, registrations, licenses, exemptions, filings, approvals, authorizations, declarations or privileges of the County Commission, all of which are currently in full force and effect, will be allowed to lapse or be forfeited so long as the same shall be necessary for the operation and/or maintenance of the Facilities and that it will procure the extension or renewal of each and every permit, consent, certificate, order, right, franchise, registration, license, exemption, filing, declaration, approval, authorization or privilege so expiring and necessary or desirable for the operation and/or maintenance of the Facilities.

Section 8.07. Indemnity. To the fullest extent allowed by law, the County Commission will pay, and will protect, indemnify and save the Issuer harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the Issuer), causes of actions, suits, claims, demands, actions, proceedings and judgments of any nature arising from or caused by:

(1) Any injury to or death of any person or damage of property in or upon the Facilities, or growing out of or connected with the use, nonuse, condition or occupancy of the Facilities or a part or portion thereof; any repairs, construction or alterations and remodeling thereto or the condition of the Facilities and any equipment or facilities at any time located on the Facilities or used in connection therewith;

(2) Violation of any agreement, warranty, covenant or condition hereof, except by the Issuer;

(3) Violation of any lease, contract, agreement or restriction by or upon the County Commission relating to the Facilities, which shall have existed at the commencement of the Lease Term, or which shall have been consented to by the Issuer and the Authority during the Lease Term; and

(4) Violation of any law, ordinance, regulation, franchise or court order affecting the Facilities or a part thereof or the ownership, occupancy or use thereof.

Section 8.08. Maintenance of Security Interests, Etc. The County Commission will execute all documents, agreements and instruments, including, without limitation, financing statements provided for by the Uniform Commercial Code of the State, deemed necessary or advisable in the opinion of Bond Counsel or counsel to the Authority for perfection of and continuance of the perfection of the liens, pledges and security interests created by this Lease or the Ordinance. However, all obligations of the County Commission under this Section 8.08 are subject to the condition that the Issuer shall execute all documents, agreements and instruments, including without limitation all such financing statements, required of it in the opinion of Bond Counsel or counsel to the Authority, and will file and record all such documents, agreements and instruments executed by the County Commission and the Issuer, or cause them to be filed and recorded, and shall continue the security interests, pledges and liens of all such documents, agreements and instruments by appropriate re-filing and re-recording as specified in the opinion of independent counsel, or cause them to be so continued, for as long as any Bonds shall remain outstanding.

Section 8.09. Granting of Easements. If no Event of Default under this Lease shall have happened and be continuing, the Issuer may, at the request of the County Commission, at any time or times (i) grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Facilities, free from the lien of the Deed of Trust and Security Agreement, or (ii) release existing easements, licenses, rights of way and other rights or privileges with respect to any property included in the Facilities, all with or without consideration and upon such terms and conditions as the County Commission shall determine, and the Issuer agrees that it will execute and deliver and will cause and direct the Authority to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangements, upon receipt by the Issuer and the Authority of: (i) a copy of the instrument of grant or release or of the agreement or other arrangement, (ii) a written application signed by an authorized officer of the entity requesting such instrument, (iii) a certificate executed by an Authorized Representative of the County Commission stating that such grant or release is not detrimental to the use of the Facilities as intended, and (iv) other evidence satisfactory to the Authority that action will not materially adversely

affect the value of the Facilities. Any such easement or right and the rights of such other parties thereunder shall not be affected by any termination of this Lease or default on the part of the County Commission hereunder and shall be subject to the approval of the Authority. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the County Commission for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the County Commission but, in the event of the termination of this Lease or default of the County Commission, all rights then existing of the County Commission with respect to or under such grant shall inure to the benefit of and be exercisable by the Issuer and the Authority. No conveyance or release effected under the provisions of this Section shall entitle the County Commission to any abatement or diminution of the Rent payable hereunder.

Section 8.10. Additional Tax Covenants. The County Commission hereby further covenants and agrees as follows:

A. **FEDERAL GUARANTEE PROHIBITION.** The County Commission shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

B. **ADDITIONAL ACTION.** The County Commission will take all actions that may be required of it so that the interest on the obligations issued by the Authority, the proceeds of which were used to purchase the Bonds, will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions or fail to take any actions the result of which would adversely affect such exclusion.

Section 8.11. Continued Operation of Facilities. In the event the County Commission gives notice to the Issuer and the Authority of its election to exercise its option to terminate this Lease at the end of the then current Fiscal Year as provided in Section 5.01 hereof, the Issuer and the County Commission covenant and agree to use their best efforts to assign this Lease or sublease the Facilities or otherwise cause the Facilities to be operated or managed as a revenue-producing facility on substantially the same basis as provided in this Lease; provided, however, that no such assignment, sublease or management or operating agreement or contract shall be entered into without the prior written consent of the Authority.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 10.01. Events of Default Defined. The following shall be "Events of Default" under this Lease and the terms Event of Default or Default shall mean any one or more of the following events:

(A) Failure of the County Commission and/or the Issuer to perform any other covenant, condition or provision hereof and to remedy such failure within 30 days after notice thereof from the Issuer or the Authority to the County Commission or from the Authority to the Issuer, as the case may be; or

(B) If any representation or warranty made by the County Commission in any statement or certificate furnished to the Issuer or the Authority in connection with the sale of the Bonds or furnished by the County Commission pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof to the County Commission by the Issuer; or

(C) If the County Commission admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the County Commission, or for any part of its property; or

(D) If a trustee or receiver is appointed for the County Commission or for any part of its property and is not discharged within 60 days after such appointment; or

(E) If bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the County Commission, and if instituted against the County Commission are allowed against the County Commission or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(F) If there shall occur an "Event of Default" under the Ordinance.

Section 10.02. Remedies on Default. If any Event of Default shall occur and be continuing, the Issuer may, at its option and with the consent of the Authority, exercise any one or more of the following remedies:

(A) The Issuer may terminate this Lease by giving to the County Commission notice of the Issuer's intention so to do, in which event the Lease Term shall end, and all right, title and interest of the County Commission hereunder shall expire, on the date stated in such notice, which shall not be less than 10 days after the date of the notice by the Issuer of its intention so to terminate; or

(B) The Issuer may terminate the right of the County Commission to possession of the Facilities or any portion thereof by giving notice to the County Commission that the County Commission's right of possession shall end on the date stated in such notice, which shall not be less than 10 days after the date of notice by the Issuer of its intention so to terminate; or

(C) The Issuer may enforce the provisions of this Lease and may enforce and protect the right of the Issuer hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy; or

(D) The Issuer may accelerate and declare all future Rent hereunder to be immediately due and payable; provided, however, that Rent payable as interest on the Bonds upon any such acceleration shall be limited to the interest due on the Bonds until payment of the Bonds and the interest thereon in full; or

(E) The Issuer may, upon written notice to the County Commission, revoke or rescind any and all rights and options of the County Commission hereunder.

Section 10.03. Right of Re-Entry. If an Event of Default shall occur, the Issuer may then or at any time thereafter re-enter and take complete and peaceful possession of the Facilities or any portion thereof, with or without process of law, and may remove all persons therefrom, and the County Commission covenants that, in any such event it will peacefully and quietly yield up and surrender the Facilities and any part or portion thereof to the Issuer.

Section 10.04. Right to Sublet or Relet. If the Issuer terminates the County Commission's right of possession pursuant to subparagraph (B) of Section 10.02, the Issuer

Section 10.09. Waiver of Stay or Extension Laws. The County Commission covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Lease or the Ordinance; and the County Commission (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or the Authority, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 10.10. Remedies to be Performed by Registered Owner. Notwithstanding any provision in this Article X to the contrary, only the Registered Owner of the Bonds shall have any right to effect any remedy hereunder. The Issuer shall cooperate fully with the Bondholders in performing or effecting any such remedy but shall not have any right to independently effect or perform the same.

ARTICLE XI

GENERAL

Section 11.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, with proper address as indicated below. The Issuer, the County Commission and the Authority may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated hereby. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

ISSUER:

Pleasants County Development Authority
P.O. Box 339
St. Marys, West Virginia 26170
Attention: President

COUNTY COMMISSION:

The County Commission of Pleasants County
301 Court Lane
St. Marys, West Virginia 26170
Attention: President

PSD:

Union Williams Public Service District
P.O. Box 243
Waverly, West Virginia 26184
Attention: Chairman

AUTHORITY:

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

Section 11.02. Assignment of Lease. The County Commission shall not, without the prior written consent of the Issuer and the Authority, assign this Lease or any portion hereof, subject however, to the provisions of Section 8.11 hereof and the following sentence. Simultaneously with the delivery hereof, this Lease has been assigned by the Issuer, pursuant to and by the Deed of Trust and Security Agreement, to the Authority and the County Commission consents to such assignment by the Issuer to the Authority.

Section 11.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer and the County Commission and their respective successors and permitted assigns.

Section 11.04. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.05. Amendments, Changes and Modifications. Except as otherwise provided in this Lease and in the Ordinance, but only with the written consent of the Authority subsequent to the issuance of the Bonds and before the Ordinance is satisfied and discharged in accordance with its terms, this Lease may not be effectively amended, changed, modified, altered or terminated nor may any provision be waived hereunder.

Section 11.06. Survival. All covenants, representations or warranties contained herein or in any certificates delivered pursuant hereto, shall survive delivery and termination of this Lease and payment of the Bonds.

Section 11.07. Execution Counterparts. This Lease 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.

Section 11.08. Entire Lease. Unless herein specified, this Lease constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the Issuer and the County Commission with respect to the subject matter hereof.

Section 11.09. Governing Law, Choice of Venue. This Lease shall be governed and construed in accordance with the laws of the State of West Virginia without giving effect to the conflicts-of-law principles thereof. All actions brought in connection with this Lease shall be brought in the Circuit Court of Pleasants County, West Virginia.

Section 11.10. Titles, Headings, Etc. The titles and headings of the articles, sections, and subdivisions of this Lease have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

[Lease Signature Page]

IN WITNESS WHEREOF, the PLEASANTS COUNTY DEVELOPMENT AUTHORITY and THE COUNTY COMMISSION OF PLEASANTS COUNTY have caused this Lease to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

PLEASANTS COUNTY DEVELOPMENT
AUTHORITY

[SEAL]

By William D. Israel
Acting President

ATTEST:

June M. McElwain
Secretary

THE COUNTY COMMISSION OF
PLEASANTS COUNTY

[SEAL]

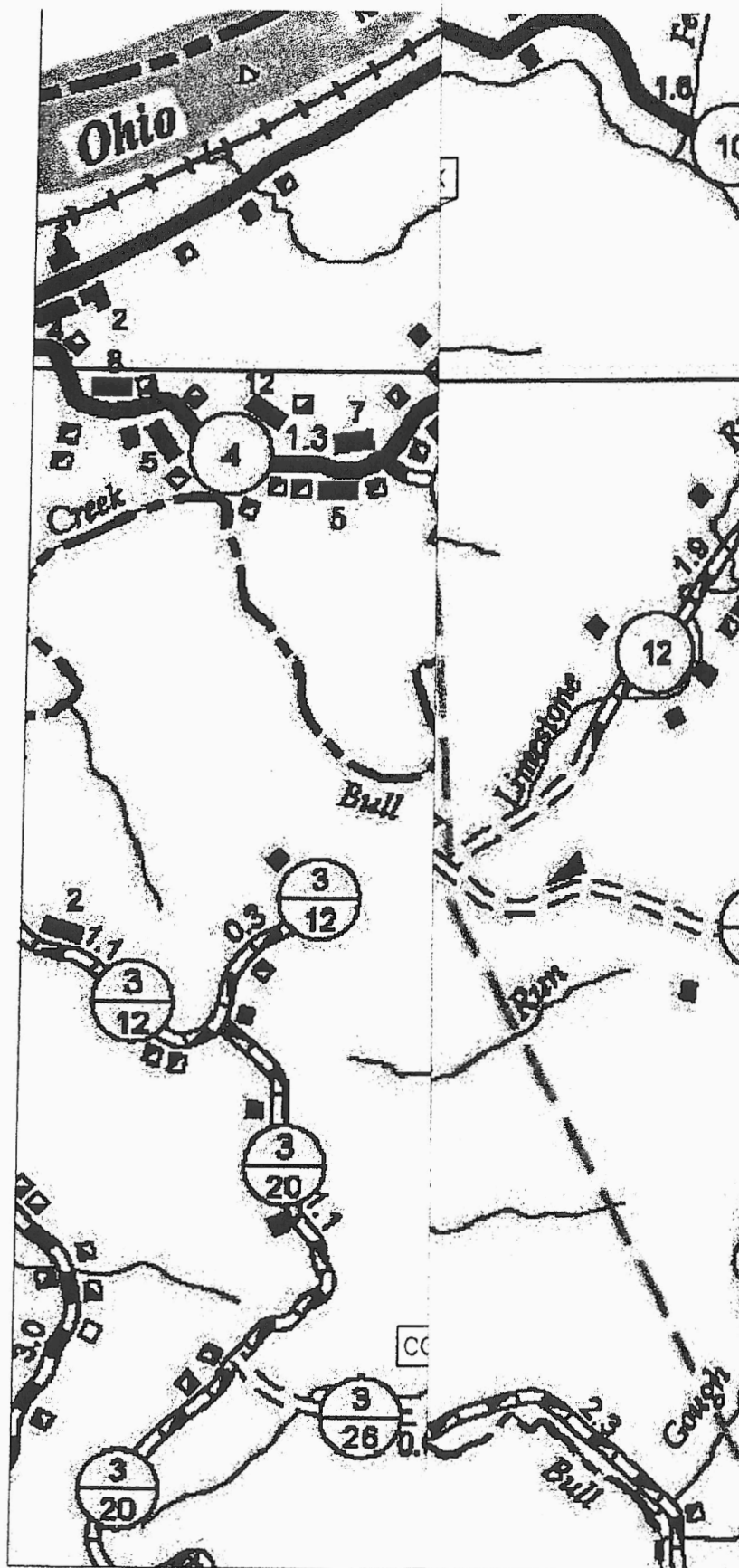
By Larry Bannhart
President

ATTEST:

Dee E. Morgan
Clerk

The foregoing instrument was prepared by Samme L. Gee, State Bar No. 1363 of Jackson Kelly PLLC, Attorneys, 1600 Laidley Tower, Charleston, West Virginia, 25301.

{C1565395.2}



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WATERLINE EXHIBIT

GAURD HILL WATERLINE PROJECT
& POLECAT WATER STORAGE TANK
UNION WILLIAMS P.S.D.
P.O. BOX 243
WAVERLY, WV 26184

Vertical Scale: N/A

Horizontal Scale: 1" = 300'

Date: 8-12-10

Job Number: 05170.000

DRAWN BY: M.T.M. CHECKED: S.M.N.

Sheet Number

1

EXHIBIT B - REAL PROPERTY DESCRIPTION

Property description of land to be transferred to Pleasants County Development Authority:

BEGINNING at a 5/8 inch rebar set from which a 48 inch white oak corner to the L. C. Westbrook tract recorded in Deed Book 121, page 120 and the Heartwood Forestland Tract recorded in Deed Book 254, page 355 bears S 84° 33' W, 77.00 feet;

THENCE through the said L. C. Westbrook tract from which this tract is a part for three (3) calls:

- 1) N 34°40' W, 75.00 feet to a 5/8 inch rebar set;
- 2) N 55°20' E, 75.00 feet to a 5/8 inch rebar set;
- 3) S 34°40' E, 116.94 feet to a 5/8 inch rebar set in the line of the said Westbrook tract and the Heartwood Forestland tract;

THENCE with said tracts, S 84°33' W, 85.93 feet to the place of beginning, containing 7,198 sq. ft., more or less, as shown on a map dated April 15, 2010, prepared by Stephen M. Newton, Licensed Professional Surveyor, attached hereto as Exhibit A.

BEING part of the same property conveyed to L. C. Westbrook and Betty C. Westbrook, husband and wife, as joint tenants with the right of survivorship by deed dated November 30, 1967, of record in the Office of the Clerk of the County Commission of Pleasants County, West Virginia, in Deed Book 121, at page 120. L. C. Westbrook died November 12, 2006, vesting title to the above described property in Betty C. Westbrook. Betty C. Westbrook died July 25, 2007, and by her Will recorded in the aforesaid Clerk's Office in Will Book 23, at page 366, devised the above described property to her children, namely Gary W. Westbrook, Stephen R. Westbrook, Barbara J. Adams, Janet L. Eddy, and Charlene D. Sweeney. By said Will, the interest for Barbara J. Adams was placed in a trust to be known as the "Lawrence C. Westbrook and Betty C. Westbrook Trust," Charlene D. Sweeney, Trustee.

This conveyance is expressly made subject to all prior exceptions, reservations, covenants, restrictions, agreements, municipal zoning ordinances, land use regulations, assessments, charges, conditions, rights-of-way, easements, mineral

severances and limitations of use as have been imposed upon the real property herein described and conveyed by the Grantors and their predecessors in title.

Easements to be assigned to Pleasants County Development Authority:

Name	District	Tax Map	Parcel	Book & Page
Chalfant, John	Jefferson	13	22.2	279 / 654
Laney, Kerri D., et al.	Jefferson	13	22.2	280/25
Hall, George T. & Sandra L.	Jefferson	13	22.1	271 / 423
Hammett, Samuel C. & Sherri L.	Jefferson	12	5.1	278 / 333
Heartwood Forestland Fund IV	Grant	8	24	271 / 399
Heartwood Forestland Fund IV	Grant	8	25	271 / 388
Heartwood Forestland Fund IV	Jefferson	8	14	271 / 391
Heartwood Forestland Fund IV	Jefferson	8	15	271 / 396
Heartwood Forestland Fund IV	Jefferson	8	18	271 / 373
Hicks, David and Joann	Grant	8	43	272 / 467
Hicks, David and Joann	Jefferson	8	11	272 / 470
Hughes, Neal G	Jefferson	8	20.1	279 / 660
Lewis, Robert M. & Debra	Grant	8	18	271 / 385
Miller, Matthew S. & Deena M	Jefferson	8	9	271 / 411
Miller, R. Michael & Cheryl A	Jefferson	13	25	271 / 382
Miller, R. Michael & Cheryl A	Jefferson	13	28	271 / 414
Miller, R. Michael & Matthew S.	Grant	8	42.3	271 / 376
Westbrook, Stephen R. & Janet	Jefferson	8	15	279 / 147
Barron, Terrance D.	Grant	8	12	272 / 463
Parsons, Michael H. & Bobbie Jo	Jefferson	12	6	271 / 417
Ridgewood Development, LLC	Jefferson	13	7	279 / 657
Riggs, John P. & Brenda J.	Jefferson	8	42.1	271 / 420
Westbrook, Betty C. Heirs	Grant	8	17	279 / 135
			10	279 / 141
			14	279 / 153
			14	279 / 157

EXHIBIT C - PERSONAL PROPERTY DESCRIPTION

All equipment, fixtures, facilities, machinery, furnishings, and other personal property, now owned and hereafter acquired, whether considered real property, personal property or fixtures, located on, or used in connection with, the real estate described in "Exhibit A - Real Property Description" attached hereto as a part hereof.

EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS

Guard Hill Waterline Extension (Contract 1)

2,300 LF of 10-inch C900 Class 150 PVC, 15,000 LF of 6-inch C900 Class 150 PVC, 7,200 LF of 6-inch C900 Class 200 PVC, 600 LF of 2-inch Polyethylene, 875 LF of ¾-inch Polyethylene, 16 6-inch Gate Valves, 6 Fire Hydrants, 3 Blow Off Hydrants, 22 Meter Settings, and all necessary appurtenances for a complete and functioning water system.

Polecat Water Storage Tank (Contract 2)

One (1) 43,000 gallon water storage tank, valve vault, telemetry, site grading, fencing, access road, 830 LF of 10-inch C900 class 150 PVC, one (1) meter setting, and all necessary appurtenances.

UNION WILLIAMS PUBLIC SERVICE DISTRICT
P.O. BOX 243
WAVERLY, WV 26184

CONTRACT NO. 1
GUARD HILL WATER LINE EXTENSION
PLEASANTS COUNTY, WEST VIRGINIA

CONTRACT SPECIFICATIONS

MARCH 24, 2010

PREPARED BY:



802 B STREET, SUITE 200
ST. ALBANS, WEST VIRGINIA 25177
(304) 201-8980
(304) 201-8983 (FAX)

05170



Steven M. Newton
P.E. # 14389
Professional Engineer's Seal

DETAILED TECHNICAL SPECIFICATIONS

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UNION WILLIAMS PUBLIC SERVICE DISTRICT
P.O. BOX 243
WAVERLY, WV 26184

CONTRACT NO. 2
POLECAT WATER STORAGE TANK
PLEASANTS COUNTY, WEST VIRGINIA

CONTRACT SPECIFICATIONS

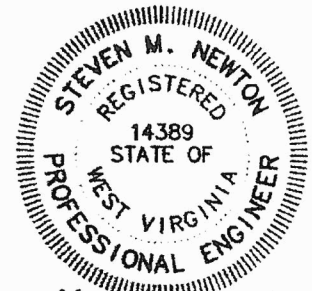
MARCH 24, 2010

PREPARED BY:



802 B STREET, SUITE 200
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(304) 201-8983 (FAX)

05170



P.E. # 14389
Professional Engineer's Seal

DETAILED TECHNICAL SPECIFICATIONS

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