

ACQUISITION AGREEMENT

THIS AGREEMENT, made and entered into this 23rd day of MAY, 2013, by the MORGANTOWN UTILITY BOARD, a municipal corporation of the CITY OF MORGANTOWN, which Board is duly appointed by the City and organized and existing pursuant to the provisions of Chapter 8 of the West Virginia Code (the "Board"); SCOTT'S RUN PUBLIC SERVICE DISTRICT, a public service district and a public corporation existing pursuant to the provision of Chapter 16, Article 13A of the West Virginia Code (the "District"); and, the CITY OF MORGANTOWN (the "City"), a political subdivision of the State of West Virginia (together, the "Parties").

WITNESSETH:

WHEREAS, the Board currently provides sewerage collection and treatment services to approximately 19,063 sewerage customers and 6 resale customers within the corporate limits of the City and its environs in the surrounding unincorporated area pursuant to certificates of convenience and necessity issued by the Public Service Commission of West Virginia ("Commission"); and,

WHEREAS, the District currently provides sewerage collection services under the direction and supervision of its Public Service Board (the "District's Public Service Board") to approximately 970 sewerage customers within Monongalia County pursuant to a certificate of convenience and necessity issued by the Commission; and,

WHEREAS, the sewerage facilities of the District consists of a sewerage collection system, including associated pumps, filters, basins, tanks, lift stations, laterals, valves, connections, and all other equipment used and useful in providing sewerage services to customers of the District (the "Sewerage System"); and,

WHEREAS, the Board and the District are parties to a System Operation and Maintenance Agreement, whereby the Board operates and maintains the District's Sewerage System and provides all ancillary business support services (the "O&M Agreement"); and,

WHEREAS, the Board is willing to acquire, operate and maintain the Sewerage System as provided herein in order to provide sewerage collection and treatment service to the current customers of the Sewerage System as well as further growth in the need for sewerage collection and treatment service in the area; and,

WHEREAS, the District has determined that it is in the best interests of the District to convey the Sewerage System to the Board on the terms, conditions and limitations set forth in this Acquisition Agreement ("Agreement"); and

WHEREAS, the City, by ordinance, approves of and authorizes the acquisition, operation, and maintenance of the Sewerage System by the Board upon the terms and conditions provided in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants as contained herein, the Parties agree as follows:

1. PURCHASE AGREEMENT. The Board hereby agrees to acquire from the District and the District hereby agrees to convey to the Board, for the consideration and upon the terms and conditions hereinafter set forth, the Sewerage System, including any and all sewerage collection systems, including associated pumps, filters, basins, tanks, lift stations, laterals, valves, connections, and all other equipment of the District used or useful in the rendition of sewerage service to the customers of the District, including all extensions of the Sewerage System made after the date hereof and prior to the Closing (hereinafter defined), together with all lands, easements, rights of way, permits, rights, certificates of convenience and necessity, and, all other tangible and intangible assets owned or held by the District and used or useful in providing sewerage services to the customers of the District, such property and facilities to be conveyed by the District to the Board being more specifically described in the following exhibits attached to and incorporated herein by reference:

Exhibit 1 - General Description of Sewerage System

Exhibit 2 - Tangible and Intangible Personal Property Associated with Sewerage System

Exhibit 3 - Real Property, Including Leaseholds, Rights of Way, Easements and Other Interests in Real Property Associated with Sewerage System

Exhibit 4 - Schedule of Pending Claims, Actions, Etc. Pursuant to Section 10.A.(iv)

Exhibit 5 - Disclosure Pursuant to Section 11.A.(vii) Regarding Knowledge of or Grounds to Know Basis for Assertion of Claims

Exhibit 6 - List of Debt Obligations

2. CONSIDERATION FOR CONVEYANCE OF THE DISTRICT SEWERAGE SYSTEM. As consideration for the conveyance of the Sewerage System to the Board (subject to the exceptions and reservations provided for herein), the Board and the District agree as follows:

A. Fair Market Value. The Board and the District agree and each hereby acknowledge and represent that the consideration for the conveyance of the Sewerage System to the Board, as set forth in this Agreement, was reached through arms-length negotiations and represents the fair market value of the assets conveyed by the terms of this Agreement.

B. Payment, Assumption or Defeasance of Indebtedness. At Closing, the Board shall pay, assume or defease the following long term indebtedness relating to the Sewerage System: said debts are tabulated at Exhibit 6. Notwithstanding the foregoing, the District will continue to make all payments of principal, interest and administrative fees, if any, on the Bonds until Closing, at which time the City and the Board will assume, pay or defease the Bonds.

C. Review of Facilities. In addition to the other consideration described herein, the Board shall undertake a review (the "Review") of the Sewerage System's current facilities and lines to determine how to assist in providing quality sewerage service to the Sewerage System's customers, subject to review and approval of the West Virginia Department of Environmental Protection ("WVDEP"). Other than the Review, the customers of the sewerage system post-Closing shall remain solely responsible for any further capital and operations costs associated with the Sewerage System, including any costs incurred in complying with the NPDES permit (as modified, to the extent applicable) and any relevant Consent Order issued by the WVDEP.

D. Conveyance of Sewerage Systems. At Closing, the District shall convey to the Board the Sewerage System, by executing and delivering to the Board and/or the City deeds, assignments and/or bills of sale, as appropriate, in form and substance acceptable to the Board, for all of the real and personal property and rights associated with the Sewerage System, including, but not limited to, all property and rights identified and described in Exhibit 1, Exhibit 2, and Exhibit 3 to this Agreement.

3. OPERATION OF SEWERAGE SYSTEM; RATES.

A. Operation of System. Unless otherwise agreed by the Board and the District in writing, until Closing, day-to-day operation of the Sewerage System shall continue to be the responsibility of the District. From and after Closing, the Board shall own and operate the Sewerage System, and all sewerage customers currently served by the District shall thereafter for all purposes be customers of the Board.

B. Rates to be Charged: After Closing, the sewer rates charged to the former sewer customers of the District shall be the District's current sewer rates on file with the Commission at the time of Closing. This rate structure shall remain in effect until otherwise changed by the Board and the City pursuant to municipal ordinance.

4. CUSTOMER ACCOUNTS AND BILLING. Upon request of the Board, the District will provide the Board, in a data format acceptable to the Board, a complete and current list of the District's Sewerage System customers, including the name, telephone number (if known), mailing address, service address (if different from mailing address), type of service (residential, commercial, wholesale, etc.) and any service deposit held for each customer. Upon closing, the District will transfer all customer accounts to the Board, and the Board will assume all responsibilities for customer accounts and the billing customers of the Sewerage System. Customer deposits shall be transferred to the Board and credited to the customer accounts of the Board. The Board will be entitled to all revenue from sewerage services provided by the Board on and after Closing.

5. ASSUMPTION OF LIABILITIES AND UNDERTAKINGS OF THE DISTRICT. Upon closing, the Board shall, subject to approval of third parties in interest and relevant state and federal agencies, if any, assume any and all liabilities or debts of the District, including but not limited to, any liabilities or debts owed to investors, vendors, consultants, attorneys, engineers, accountants, suppliers, governmental entities, repairmen and/or contractors.

While the Board shall assume these responsibilities as the successor entity to the District, the costs associated with these responsibilities shall remain a financial obligation underwritten solely of the customers of the District's former service area.

6. POST CLOSING DISPOSITION OF CONTRIBUTIONS IN AID OF CONSTRUCTION. Any balance at closing held by the District as contributions in aid of construction will be conveyed to the Board and thereafter be distributed according to the requirements of West Virginia Code § 16-13A-18a within thirty (30) days of final approval of this transaction by final order of the Public Service Commission of West Virginia.

7. REQUIRED CONSENTS AND APPROVALS.

A. Statutory. The Parties agree to obtain the following consents and approvals:

(i) District Requirements. Pursuant to the provisions of W. VA. CODE § 16-13A-18a, the District will cause a resolution in proper form to be introduced to the District's Public Service Board which, if duly adopted, will (i) deem the sale of the Sewerage System to the City pursuant to this Agreement to be in the best interests of the District, (ii) approve the Agreement and authorize it to be executed in the name and on behalf of the District, and (iii) approve all other documents and matters in connection with this Agreement.

(ii) City Requirement. Pursuant to the provisions of W. VA. CODE § 8-11-4, the City will cause an ordinance in proper form to be introduced to the Council of the City which, if duly adopted, will approve the Agreement and authorize it to be executed in the name and on behalf of the City. In accordance with the provisions of W. VA. CODE § 8-20-3, the City will cause an ordinance in proper form to be introduced to the Council of the City which, if duly adopted, will authorize the issuance of revenue bonds in connection with the acquisition of the Sewerage System as described in this Agreement.

(iii) County Commission Requirements. Pursuant to the provision of W. VA. CODE § 16-13A-18a, the District will cause an order in proper form to be introduced to the County Commission of Monongalia County which, if duly entered, will approve the City's acquisition of the District's Sewerage System.

(iv) Public Service Commission Requirements. Pursuant to the provisions of W. VA. CODE §§ 16-13A-18a and 24-2-12, and no later than ten (10) days after entry of the County Commission order described above, the Board and the District shall file and diligently pursue a joint petition to the Commission for consent and approval of the proposed sale of the Sewerage System and the material provisions of this Agreement. The joint petition will also seek Commission approval for any and all other related matters that may require such approval.

B. Bond Holders. Pursuant to the covenants contained in the financing documents associated with the Bonds, and no later than ten (10) days after the execution of this Agreement, the District shall seek the written consent of the holders of the District's Bonds to the conveyance of the Sewerage System to the Board.

8. COOPERATION OF PARTIES. The Parties agree to cooperate fully with one another and with third parties to ensure that all required filings are made, notices given, consents granted or obtained and in taking all such actions as may be necessary to timely seek and obtain any and all approvals or waivers required for the conveyance by the District and acquisition by the Board of the Sewerage System under this Agreement.

9. CLOSING. Closing of the transaction contemplated by this Agreement, including delivery of all duly executed documents necessary to effect the conveyance of legal title to the Sewerage System from the District to the Board ("Closing"), shall take place within sixty (60) days after the latest of (i) the issuance by the Commission of a final, non-appealable, Order approving this Agreement and the proposed sale of the Sewerage System to the Board on the terms set forth herein; and, (ii) the receipt of any other required waivers, consents or approvals to the transfer of the Sewerage System. Upon mutual agreement of the Board and the District, the time of Closing may be extended.

10. CONVEYANCE AND TRANSFER. At Closing, the District shall deliver to the Board an apt and proper deed, bill of sale, lease, assignment and other necessary or appropriate instruments, each duly executed and in a form acceptable to the Board, transferring and conveying to the City and/or the Board, and their successors and assigns forever, good title to the real and personal property that comprise the Sewerage System as described in Section 2.D of this Agreement, free and clear of liens and encumbrances, together with all files, plats, maps, plans, records, ledgers, and similar property, or copies thereof, in any way connected with the rendition of sewerage service by the District.

11. REPRESENTATIONS, WARRANTIES AND COVENANTS BY THE DISTRICT.

A. General Representations and Warranties of District. The District represents and warrants to and covenants with the Board that as of the date of this Agreement and as of the date of the Closing:

(i) The District is a public service district, public corporation and political subdivision of the State of West Virginia.

(ii) The District, upon receipt of the prior consent and approval of the County Commission of Monongalia County, the Public Service Commission of West Virginia, and the holders of Bonds, has the lawful right, power and authority and capacity to sell the assets to be conveyed pursuant to this Agreement in accordance with the terms, provisions and conditions of this Agreement.

(iii) The District is the owner of good and marketable fee simple title to the assets to be conveyed pursuant to this Agreement, free and clear of all liens, encumbrances or claims other than as provided herein.

(iv) Except as otherwise disclosed in Exhibit 4 hereto and made a part hereof, there are no claims, actions, judgments, bankruptcies, liens, executions, suits, decrees, proceedings or orders presently pending or threatened against, by or affecting the District

relating to either of the Sewerage System or the assets to be conveyed pursuant to this Agreement, nor is there any litigation nor any other proceedings (including condemnation or similar proceedings) before any court or government or administrative department, commission, bureau, board or agency, domestic or foreign, which threaten or affect the assets to be conveyed pursuant to this Agreement or which may, in any one case or in the aggregate, result in any material decrease in the value of, or constitute a lien or claim against, the Sewerage System.

(v) No party, person or entity is in possession of any of the assets to be conveyed pursuant to this Agreement or any portion thereof, and no party, person or entity has any interest in such assets or any portion thereof, except the District. The District shall take every precaution to ensure that all public property is secured and available for transfer.

(vi) This Agreement has been duly authorized, executed and delivered by the District and is a valid and legal obligation of the District.

(vii) Except as otherwise disclosed on Exhibit 5 attached hereto and made a part hereof, the District does not know or have reasonable grounds to know of any basis for the assertion against the District of any claims or liabilities which could materially adversely affect the value of the assets to be conveyed pursuant to this Agreement.

(viii) The books and records of the District relating to the Sewerage System (the "Financial Information") are correct and complete in all material respects, present fairly the results of operations included in such Financial Information and do not omit any information necessary to make such Financial Information not misleading.

(ix) Since the date of such Financial Information, there has been no material adverse change in the financial condition or operations of the Sewerage System that would make such Financial Information incorrect or misleading.

(x) The Sewerage System is not constructed, and is not occupied, used or operated in violation of, or is otherwise in violation of, and the District has received no notice of any violations or potential violation of any zoning, building, health, environmental or other laws, codes, ordinances, regulations, orders or requirements of any city, county, state, federal or other governmental authority having jurisdiction thereof, or any private restrictive covenants affecting the Sewerage System; and all certificates, licenses, permits, authorizations, consents and approvals required by any such governmental authority for the continued use, occupancy and operation of either of the Sewerage System have been obtained, are paid for and are free of restrictions.

(xi) From the date of this Agreement until Closing, the District will not sell, convey, lease or in any other way dispose of any of the assets to be conveyed pursuant to this Agreement.

(xii) All improvements, machinery, equipment, tools, furniture and other fixed tangible assets of the Sewerage System are in good operating condition and repair, reasonable wear and tear excepted, and are necessary to the continued operation of the Sewerage System by the Board substantially in the manner as it was conducted prior to the date of this Agreement and the date of the Closing.

(xiii) All information and data furnished by the District to the Board with respect to the Sewerage System and the assets to be conveyed pursuant to this Agreement are true, correct, complete and not misleading.

(xiv) The District will not cause or permit any action to be taken which will cause any of the foregoing representations, warranties and covenants to be untrue or unperformed on the date of the Closing.

(xv) The District will deliver at Closing all documents and instruments required by this Agreement and perform all acts necessary or appropriate for the consummation of the purchase and sale of the Sewerage System as contemplated by and provided for in this Agreement.

(xvi) The District shall deliver at Closing a certificate updating its representations, warranties and covenants herein as true and correct, in the same manner and with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

(xvii) The District acknowledges and agrees that, except as specifically provided herein, the Board, in entering into this Agreement, is not obligated to use, employ or hire any of the District's officers, agents or employees and that, except as otherwise provided in this Agreement, the Board does not accept any responsibility for any contractual or legal obligations that the District might have to any other officers, agents or employees.

(xviii) The District acknowledges and agrees that, except as otherwise provided in this Agreement, the City does not accept any responsibility for any contractual or legal obligations that the District might have to any officers, agents, employees, or other third parties.

B. Environmental Representations, Warranties and Covenants of District.

(i) The District represents and warrants that the Sewerage System has never been operated in a manner as to be in violation of any Environmental Laws, as hereinafter defined. For the purposes of this Section, the term "Environmental Laws" shall mean any "Superfund" or "Super Lien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, as may now or at any time hereafter be in effect, regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Substance or the release or threatened release of a Hazardous Substance. For the purposes of this Section 10.B.(i), the term "Hazardous Substance" shall mean and include a "hazardous substance", "pollutant", "contaminant" or "hazardous waste", as such terms are defined as such in (or for the purposes of) the Environmental Laws, petroleum products, asbestos and/or any hazardous, toxic or dangerous waste, substance or material.

(ii) The District agrees that it will not take any action or omit to take any action with respect to the Sewerage System prior to the date of the Closing that would be a violation of any Environmental Law or would result in the Sewerage System being in violation of any Environmental Law.

(iii) The District covenants that to the fullest extent permitted by law, it will indemnify, hold harmless, and defend the City and/or the Board from any and all claims, loss, damage, judgments, response costs, and expenses arising out of or in any way relating to a breach of these environmental representations, warranties and covenants contained herein, including, but not limited to: (a) costs of remediation or removal; (b) claims or judgments of third parties (including governmental agencies), for damages, penalties, response costs, injunctive or other relief; (c) expenses, including fees of attorneys and experts, for reporting the existence of hazardous substances or hazardous wastes to any governmental agency; and (d) any and all expenses or obligations, including attorneys' fees, incurred at, before and after any trial or appeal therefrom or administrative proceeding or appeal therefrom, whether or not taxable as costs, including, without limitation, attorneys' fees, paralegals' fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses, all of which shall be paid by the District when accrued.

12. REPRESENTATIONS, WARRANTIES AND COVENANTS BY THE CITY AND BOARD.

A. The City and the Board represent and warrant to and covenant with the District that as of the date of this Agreement and as of the date of the Closing:

(i) The City is a municipality and political subdivision of the State of West Virginia, and the Board is a public utility and political subdivision of the State of West Virginia. The Board was duly created pursuant to an ordinance of the City to operate and maintain the City's sewerage system.

(ii) The Board has the lawful right, power and authority and capacity to acquire the Sewerage System pursuant to this Agreement in accordance with the terms, provisions and conditions of this Agreement. Once acquired pursuant to the terms of this Agreement, the Board has the lawful right, power and authority and capacity to operate and maintain the Sewerage System.

(iii) This Agreement has been duly authorized, executed and delivered by the Board and the City, and it is a valid and legal obligation of the Board and of the City.

13. ACCESS TO BOOKS, RECORDS, AND FACILITIES; CUSTOMER LISTS TO BE PROVIDED BY DISTRICT. Between the date hereof and Closing, the Board shall have the right to examine, and to obtain copies of, all books and records of the District relating to the Sewerage System operations of the District and the Sewerage System being conveyed under this Agreement and to inspect and inventory the utility assets, including the physical plants and all materials, supplies, spare parts, and the like, of the District used in the utility operation of the District at such reasonably convenient times as the Board may require. In the event the transactions contemplated by this Agreement are not consummated, all of such copies and inventories shall be returned to the District.

The Board shall have the right, at its sole cost and discretion, to perform a Phase I Environmental study, and further environmental studies if necessary, of any and all real property used or relevant to the operation of the Sewerage System, regardless of whether such real property is conveyed to the District under this Agreement.

If, prior to the Closing, (i) any material discrepancies are discovered in the books and records of the District, (ii) any claims, liabilities, liens, encumbrances or defects in title which would materially affect the value of the assets conveyed by this Agreement are discovered by, or disclosed to, the District, or (iii) any of the representations and warranties set forth in Section 11 of this Agreement are determined by the Board to be untrue or incorrect, then, in that event, the Board may, at its sole option, terminate this Agreement, and neither the Board, the City, nor the District shall be further obligated hereunder or incur or be liable for any claim, loss, damages or expenses to the other as a result of such termination.

Between the date hereof and Closing, the District will provide the Board with a complete list of the customers served by the Sewerage System, including the name, telephone number (if known), mailing address and service address (if different from the mailing address) for each customer, any deposit or other credit to any customer account, and the type of service (residential, commercial, wholesale, etc.) being provided. The District further agrees to provide the customer list and related data in an electronic format acceptable to the Board.

14. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their respective successors and assigns.

15. NOTICES. Any notice to be given hereunder to the Parties shall be sent by registered mail to the following:

A. District. Scott's Run Public Service District, P.O. Box 517, Granville, WV 26534, or to such other person and address as District may in writing direct.

B. Board. Morgantown Utility Board, c/o General Manager, 278 Greenbag Road, Morgantown, West Virginia 26501, or at such other person and address as the Board may in writing direct.

C. City. City of Morgantown, c/o Steve Fanok, City Attorney, 389 Spruce Street, Morgantown, WV 26505, or to such other person and address as the City may in writing direct.

16. AMENDMENTS. No amendments to this Agreement shall be effective until reduced to writing and executed by all of the Parties hereto.

17. FORCE MAJEURE. If the performance by any of the Parties of the covenants or agreements contained herein is delayed or prevented for reasons beyond the control of that, such as an act of God, act of war, strike, lockout, restraint of labor from whatever cause, either partial or general, riot or civil commotion, order of court or administrative tribunal having jurisdiction over either party hereto, then and in any of those events, that party shall be excused from such performance to the extent that it is necessarily prevented, hindered or delayed thereby, during the continuance of any such happening or event and the time for such performance shall be extended commensurate with such delays, provided, however, that party claiming an excuse from performance under this Section shall notify the other party in writing of the occurrence of any such event of force majeure within a reasonable time after it becomes known.

18. EXECUTION IN COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

19. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT. The Parties hereto understand and agree that this Agreement, and the obligations of the Parties hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement:

A. This Agreement and the proposed acquisition by the City and/or the Board of the Sewerage System shall be approved by the District's Public Service Board at a properly noticed meeting and by resolution enacted at a properly noticed meeting of said Board.

B. The District shall obtain written approval from the County Commission of Monongalia County approving the Board's acquisition of the Sewerage System.

C. This Agreement and the proposed acquisition by the City and/or the Board of the Sewerage System and assumption of the Bonds shall be approved by the Board at a properly noticed meeting of the Board and by resolution properly adopted.

D. This Agreement and the proposed acquisition by the City and/or the Board of the Sewerage System and assumption of the Bonds shall be approved by the Council of the City at properly noticed meetings of said Council by ordinance and/or supplemental resolution properly enacted and/or adopted.

E. The Public Service Commission shall have entered a final, non-appealable, Order that approves (i) a Petition to be filed by the Board; and, (ii) this Agreement and the specific terms and conditions related to any ratemaking and regulatory treatments contained in this Agreement or in any Joint Stipulation among the Parties approving this Agreement.

F. The Order of the Public Service Commission shall not contain nor have attached to or otherwise incorporate into it any terms, conditions, or limitations that, in the sole opinion of either the District or the Board, shall adversely affect the economic feasibility of the Agreement.

G. The District shall obtain written approval from the holders of the District's Bonds to the Board's acquisition of the Sewerage System.

H. The Parties shall have received all required consents or waivers to the sale and transfer of the Sewerage System to the Board. If any required consent or waiver cannot be timely obtained, the Parties may elect to waive this condition precedent and proceed to close the sale on such further or additional written terms as may be mutually agreed to.

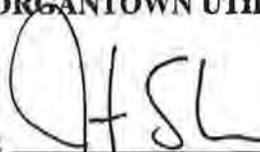
I. Satisfactory results from such Environmental Studies as the Board deems appropriate, such satisfaction to be determined at the Board's sole discretion.

20. BOARD AGREEMENT TERMINATION RIGHTS. The Parties agree and understand that, notwithstanding any provision of this Agreement to the contrary, the Board reserves the right to terminate this Agreement at any time prior to the acquisition of the Sewerage System if the Board shall determine, in its sole discretion, that the transaction is not longer beneficial to the Board and the City, for any reason. In the event the Board shall terminate this Agreement as provided in this paragraph, the District, and its agents and professionals, shall have no claim against the Board for expenses or cost incurred in relation to this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Board has caused this Agreement to be executed by its duly authorized Chairman, and the District has caused this Agreement to be executed by the Chairman of the District's Public Service Board, also duly authorized, and the City has caused this Agreement to be executed by its City Manager, duly authorized to act on the City's behalf, all as of the day and year first above written.

MORGANTOWN UTILITY BOARD

By:  _____
J.T. Straface, Chairman

SCOTT'S RUN PUBLIC SERVICE DISTRICT

By:  _____
John Morris, Chairman

CITY OF MORGANTOWN

By: _____
Jeff Mikorski, City Manager

EXHIBIT 1

GENERAL DESCRIPTION OF DISTRICT SEWERAGE SYSTEM

The Sewerage System consists of all sewerage utility assets owned by the District situate in Monongalia County, West Virginia, used or useful in serving the District and its environs, including all real estate, rights-of-way, easements, and all other interests in said real estate, together with the improvements thereon and all appurtenances thereunto belonging, as well as all permits, franchises, treatment plant structures, equipment, and related facilities, transmission and collection lines and mains of every kind and description, any meters and services, and sewerage storage and pumping facilities, used or useful in providing sewerage service to the District's customers or otherwise used or useful in collecting, carrying away and treating domestic or industrial wastes and disposing of the effluents, as well as any and all other assets that are necessary, needed or incidental to the operation of the Sewerage System, including the tangible and intangible personal property as described in Exhibit 2.

EXHIBIT 2

TANGIBLE AND INTANGIBLE PERSONAL PROPERTY
ASSOCIATED WITH SEWERAGE SYSTEM

All tangible and intangible personal property necessary or incidental to the operation of the Sewerage System (as described in Exhibit 1) or used or useful for providing sewerage services to customers of the District that can be conveyed, assigned or otherwise transferred to the Board at the Closing, including any and all contracts, licenses, franchises, permits, agreements, certificates of convenience and necessity, customer lists and all other tangible and intangible personal property of like kind and nature, including but not limited to all pipelines, pumps, mains, equipment and supplies.

EXHIBIT 3

REAL PROPERTY, INCLUDING LEASEHOLDS, RIGHTS-OF-WAY,
EASEMENTS AND OTHER INTERESTS IN REAL
PROPERTY ASSOCIATED WITH SEWERAGE SYSTEM

All of the real property used or useful in connection with the operation of the Sewerage System, and all land associated with treatment sites, pump stations and lift stations, together with the rights, easements, rights-of-way, leases and other licenses, permits or agreements, held by the District under which any and all of said sewerage utility property of the District is held and operated.

EXHIBIT 4

SCHEDULE OF PENDING CLAIMS, ACTIONS, ETC.
PURSUANT TO SECTION 10.A.(iv)

[District to provide]

EXHIBIT 5

DISCLOSURE PURSUANT TO SECTION 10.A.(vii)
REGARDING KNOWLEDGE OF OR GROUNDS TO
KNOW BASIS FOR ASSERTION OF CLAIMS

[District to provide]

EXHIBIT 6

**LISTING OF DEBT OBLIGATIONS
PURSUANT TO SECTION 2.B.**

Scotts Run PSD
Existing Sewer Debt

| Series | Lender | Issue Date | Original Amount | Interest Rate | Admin Fee | Maturity | Balance (3/31/2013) | Reserve Requirement | Amount in Reserve (3/31/2013) | Notes |
|--------|----------|------------|-----------------|---------------|-----------|-----------|---------------------|---------------------|-------------------------------|----------------------------------|
| 1991 A | WDA | 12/20/1991 | \$137,568 | 7.75% | NA | 2031 | 110,256.00 | 11,276.00 | 11,301.00 | reserve fully funded |
| 1991 B | WDA | 12/20/1991 | \$4,586 | 0% | NA | 2031 | 2,234.00 | 118.00 | 138.72 | reserve fully funded |
| 2003 A | SRF | 11/25/2003 | \$8,111,813 | 0% | 0.50% | 9/1/2043 | 6,510,774.00 | 213,468.00 | 192,404.59 | reserve being funded over 10 yrs |
| 2009 A | SRF | 12/18/2009 | \$1,688,394 | 0% | 0.25% | 12/1/2049 | 1,622,178.00 | 44,144.00 | 6,994.07 | reserve being funded over 10 yrs |
| 2009 B | SRF/ARRA | 12/18/2009 | \$3,989,585 | 0% | NA | 9/1/2021 | \$0 - forgivable | NA | NA | no reserve |