

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

Date of Closing: May 29, 1986

BOND TRANSCRIPT

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CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B

BOND RESOLUTION

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CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any orders or resolutions supplemental hereto, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. Crab Orchard - MacArthur Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Raleigh County of said State.

B. The Issuer has undertaken the acquisition and construction of public sewage treatment and collection facilities (the "Project") which constitute properties for the collection of

liquid or solid wastes, sewage or industrial wastes (the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$ _____, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Issuer.

C. The Issuer has heretofore issued its Sewerage System Refunding and Construction Notes, Series 1983, dated December 1, 1983 (the "Notes"), in the aggregate principal amount of \$7,620,000 pursuant to a bond and notes resolution adopted November 9, 1983, a supplemental resolution adopted November 9, 1983, and a second supplemental resolution adopted December 2, 1983 (collectively, the "Prior Resolution"), to finance costs of construction and acquisition of the Project pending receipt of certain grant moneys and issuance of the within-described Bonds. The Issuer has encountered construction difficulties with respect to the Project and has not received certain EPA Grant proceeds as quickly as anticipated which requires that the Issuer borrow the sum of not to exceed \$4,300,000 to finance a portion of the Issuer's local share of the Costs of the Project, in addition to the amount necessary to pay a portion of the principal of the Notes.

D. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$4,300,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than \$4,000,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than \$300,000 (collectively, the "Bonds"), to pay, at the maturity thereof, a portion of the Notes representing the "local share" of the Issuer of the Costs, additional Costs not otherwise provided for and costs of issuance of the Bonds. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes and the Bonds prior to and during construction or acquisition of the Project; 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with

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

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement dated May 22, 1983, a loan agreement dated May 29, 1986, and a supplemental loan agreement dated May 29, 1986 (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority.

H. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds, as set forth herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

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

priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bonds" means the Original Bonds and any bonds on a parity therewith authorized to be issued hereunder.

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

"Consulting Engineers" means Stafford Consultants Incorporated, Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

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

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

"Governing Body" means the public service board of the Issuer, consisting of 3 members, as may hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Indenture" or "Trust Indenture" means the Trust Indenture between the Issuer and the Trustee dated as of December 1, 1983, relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Crab Orchard - MacArthur Public Service District, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the loan agreement dated May 22, 1983, the loan agreement dated May 29, 1986, and the supplemental loan agreement dated May 29, 1986, heretofore or to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

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

"Notes" means the \$7,620,000 in aggregate principal amount of Sewerage System Refunding and Construction Notes, Series 1983, heretofore issued by the Issuer to pay Costs of Project pending receipt of the Grant Receipts and proceeds of the Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$4,000,000 in aggregate principal amount of Series 1986 A Bonds and not more than \$300,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the principal of the Notes, additional Costs of the Project and for such other purposes permitted hereby and authorized by the Bond Legislation.

"Other Grants" means collectively, the WDA Grant, together with any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (i) any Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

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

"Project" means the acquisition and construction of a sewage treatment, collection and transportation system, lift stations and force mains and all necessary appurtenances.

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government

Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, provided that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments described in paragraphs (a) through (g), above.

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

"Registrar" means the Bond Registrar.

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

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1986 A Bonds" or "Series A Bonds" means the not more than \$4,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A Bonds Reserve Requirement" means, as of any date of calculation the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than \$300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 B Bonds in any Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, transportation and treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"Trustee" means the trustee named in the Indenture.

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby ratified the construction and acquisition of the Project, at an estimated cost of \$ _____, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of paying a portion of the Notes at their maturity, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$4,300,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$4,000,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of \$300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Proceeds of the Bonds remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall, to the extent necessary to defease the Notes, be deposited in the Notes Debt Service Fund established by Section 4.01 of the Indenture, and thereafter, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, through a Paying Agent or Paying Agents, if any, selected by the original purchaser or purchasers thereof, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal

installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.
In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same,

upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the respective Sinking Funds and the Reserve Accounts therein hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 A

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Ohio County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1986. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of, and upon the terms and conditions prescribed by, the Authority.

This Bond is issued (1) to refund and pay a portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Issuer (the "Notes") issue to finance part of the costs of

acquisition and construction of certain new sewerage treatment, collection and transportation facilities of the Issuer (the "Project") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the _____ day of _____, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$ _____, which Series 1986 B Bonds are junior and subordinate with respect to lien and sources of and security for payment to the Bonds of this series (the "Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in

the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in any fiscal year, and (iv) the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a

part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 B

No. BR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Raleigh County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ (\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"), as paying agent (the "Registrar").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of, and upon the terms and conditions prescribed by the West Virginia Water Development Authority.

This Bond is issued (i) to refund and pay a portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Issuer (the "Notes") issued to finance part of the costs of acquisition and construction of certain new sewerage treatment, collection and transportation facilities of the Issuer (the "Project") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution,

both duly adopted by the Issuer on the 27th day of May, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this Series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the 1986 Series A Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the 1986 Series A Bonds and on a parity with the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds, an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds and the 1986 Series B Bonds in any fiscal year and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Notes and the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1986 A Bonds Sinking Fund;

Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

- (2) Series 1986 B Bonds Sinking Fund;

Within the Series 1986 B Bonds Sinking Fund the Series 1986 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

- (1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

- (2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing

semiannual interest payment date, less any earnings transferred from the Series 1986 A Bonds Reserve Account for the purpose of making interest payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any earnings transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments credited to the Series 1986 A Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in the Series 1986 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any earnings transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full to the next ensuing principal payment due on the respective Series of Bonds.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds and the Renewal and Replacement Fund have been made in full.

As and when additional bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the maximum provided and required to be paid into the respective Sinking Funds in any Fiscal Year for account of all the Original Bonds of such series, including such additional Original Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the several Sinking Funds or into the Reserve Accounts therein when the aggregate amount of funds in all such Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of and interest due to maturity on the respective Bonds then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Paying Agent or the Depository Bank, on such dates as the Commission, the Paying Agent or the Depository Bank, as the

case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

G. The Gross Revenues of the System shall only be used for purposes of the System.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and, following completion of the Project shall be deposited in the Revenue Fund and may be used for any lawful purpose.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. The amount of the proceeds, if any, which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest, if any, on the applicable Series of Bonds for the period specified in the Supplemental Resolution shall be deposited in the appropriate Sinking Fund; provided, that such period may not extend beyond the date which is 6 months after the estimated date of completion of construction of the Project.

B. The amount of proceeds, which together with other moneys in the Notes Debt Service Fund established pursuant to the Indenture, is sufficient to pay the entire principal amount of and interest accrued on the Notes at the maturity thereof shall next be deposited with the Trustee in said Notes Debt Service Fund.

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

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

(D) That payment for each of the items proposed is then due and owing.

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series A Bonds Reserve Account.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Resolution. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the attendant Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Order of the

Public Service Commission of West Virginia entered _____
(Case No. _____).

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds established therefor, and, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at

prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to both the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the

issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (A) The Bonds then Outstanding;
- (B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding;
- (C) The Parity Bonds then proposed to be issued; and
- (D) Any other obligations secured by or payable from the Net Revenues prior to the Series B Bonds.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate

of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All such Parity Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Parity Bond of one series over any other Parity Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and

source of and security for payment from such revenues, with either the Series 1986 A Bonds or the Series 1986 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds respectively on parity with the Series A Bonds and the Series B Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted on the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body 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 Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

A. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and the status of all said funds and accounts.

C. The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall file said report with the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other Gross Revenues, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the respective Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other

obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to

the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of either system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE,, on all above-ground insurable portions of the System in an amount equal to the

actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where

sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1986 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held (except for transfers permitted hereunder), and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code (or any successor provision), and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act,

including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the

Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Resolution to enable the Bonds to be issued in such form as to render the interest thereon exempt from federal income taxation, and to preserve and maintain such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds.

Section 11.06. Conflicting Provisions Repealed. All orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of Crab Orchard - MacArthur Public Service District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Bonds to be issued;

(b) The respective maximum interest rates and terms of the Bonds originally authorized hereby;

(c) The Project to be acquired or constructed and the cost of the same;

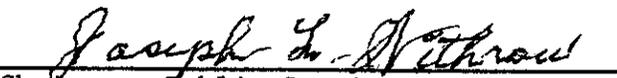
(d) The anticipated rates which will be charged by the Issuer; and

(e) The fact that a form is available in the office of the Clerk of The County Commission of Raleigh County and in the office of the Issuer for residents of that portion of the District which will be served by the Project who are registered voters to sign indicating their opposition to the Issuer's borrowing money or issuing the Bonds or the Notes originally authorized hereby, as the case may be. The Secretary of the Governing Body shall cause such form to be provided to said county clerk.

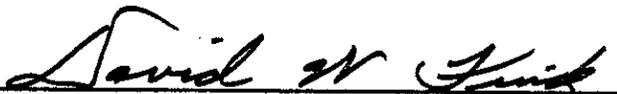
The Secretary of the Governing Body shall have also caused to be posted in conspicuous places throughout that portion of Crab Orchard - MacArthur Public Service District which will be served by the Project signs measuring not less than 8 1/2 inches in width and 11 inches in length which include the same information as required in the Class II legal advertisement set forth above.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 27th day of May, 1986.



Chairman, Public Service Board



Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Crab Orchard - MacArthur Public Service District on this 29th day of May, 1986.

[SEAL]


Secretary, Public Service Board

05/29/86
CROR2-A

"EXHIBIT A"

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL BOND RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, OF CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT (the "Issuer") has duly and officially adopted a resolution, effective May 27, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$4,300,000, to be issued in two

series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than \$4,000,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than \$300,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of two loan agreements relating to the Series A Bonds dated May 22, 1985, and May 29, 1986, respectively, and a supplemental loan agreement relating to the Series B Bonds dated May 29, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution, it is provided that the maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental bond resolution (the "Supplemental bond Resolution") be adopted and that the Loan Agreement be entered into by the Issuer, that the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Bond Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$3,685,177. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the

interest and redemption premium, if any, and otherwise as provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$161,688. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby ratify its approval and acceptance of the Loan Agreement and the Supplemental Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of May 29, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint Raleigh County National Bank, Beckley, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. These shall be no interest capitalized on the Bonds.

Section 8. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 29, 1986, to the Authority pursuant to the Loan Agreement.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

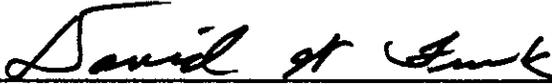
Section 10. This Supplemental Bond Resolution shall be effective immediately following adoption hereof.

Adopted this 27th day of May, 1986.

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT



Chairman



Secretary

05/27/86
CROR1-C



LOAN AGREEMENT

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

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

1.7 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.8 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount

and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

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

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

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the

revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

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

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as

set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

CRAW ORCHARD - MACARTHUR PUBLIC SERVICE DISTRICT
[Proper Name of Governmental Agency]

(SEAL)

By

Joseph L. Withrow
Its Chairman

Attest:

Date: May 29, 1986

David H. Frink
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: May 29, 1986

David B. Yarbark
~~David H. Frink~~
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__ (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
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The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which

the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond _____ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

[6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Local Bonds, as provided in the Local Act.]

7. The Local Bonds are, by statute, exempt _____ and under existing statutes and court decisions of the United

States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

No opinion is given herein as to the enforceability of remedies with respect to the Local Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>3,846,865</u>
Purchase Price of Local Bonds	\$ <u>3,846,865</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9 3/4% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

None

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

CRABORCHARD MACARTHUR PSD
DEBT SERVICE SCHEDULE

SCHEDULE OF LEVEL ANNUAL DEBT SERVICE

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE	ZERO COUPON BONDS	TOTAL
10/ 1/1986	.00	.00	121,764.39	121,764.39	.00	121,764.39
10/ 1/1987	9.75	9,803.00	359,304.76	369,107.76	4,145.84	373,253.84
10/ 1/1988	9.75	10,759.00	358,348.97	369,107.97	4,145.84	373,253.81
10/ 1/1989	9.75	11,808.00	357,299.96	369,107.96	4,145.84	373,253.80
10/ 1/1990	9.75	12,960.00	356,148.68	369,108.68	4,145.84	373,254.52
10/ 1/1991	9.75	14,223.00	354,885.08	369,108.08	4,145.84	373,253.92
10/ 1/1992	9.75	15,610.00	353,498.34	369,108.34	4,145.84	373,254.18
10/ 1/1993	9.75	17,132.00	351,976.37	369,108.37	4,145.84	373,254.21
10/ 1/1994	9.75	18,802.00	350,306.00	369,108.00	4,145.84	373,253.84
10/ 1/1995	9.75	20,635.00	348,472.80	369,107.80	4,145.84	373,253.64
10/ 1/1996	9.75	22,647.00	346,460.89	369,107.89	4,145.84	373,253.73
10/ 1/1997	9.75	24,856.00	344,252.81	369,108.81	4,145.84	373,254.65
10/ 1/1998	9.75	27,279.00	341,820.35	369,108.35	4,145.84	373,254.19
10/ 1/1999	9.75	29,939.00	339,169.64	369,108.64	4,145.84	373,254.48
10/ 1/2000	9.75	32,858.00	336,250.59	369,108.59	4,145.84	373,254.43
10/ 1/2001	9.75	36,061.00	333,046.94	369,107.94	4,145.84	373,253.78
10/ 1/2002	9.75	39,577.00	329,530.99	369,107.99	4,145.84	373,253.83
10/ 1/2003	9.75	43,436.00	325,672.23	369,108.23	4,145.84	373,254.07
10/ 1/2004	9.75	47,671.00	321,437.22	369,108.22	4,145.84	373,254.06
10/ 1/2005	9.75	52,319.00	316,789.30	369,108.30	4,145.84	373,254.14
10/ 1/2006	9.75	57,420.00	311,688.20	369,108.20	4,145.84	373,254.04
10/ 1/2007	9.75	63,018.00	306,089.75	369,107.75	4,145.84	373,253.59
10/ 1/2008	9.75	69,163.00	299,945.49	369,108.49	4,145.84	373,254.33
10/ 1/2009	9.75	75,906.00	293,202.10	369,108.10	4,145.84	373,253.94
10/ 1/2010	9.75	83,307.00	285,801.26	369,108.26	4,145.84	373,254.10
10/ 1/2011	9.75	91,429.00	277,678.83	369,107.83	4,145.84	373,253.67
10/ 1/2012	9.75	100,344.00	268,764.50	369,108.50	4,145.84	373,254.34
10/ 1/2013	9.75	110,127.00	258,980.96	369,107.96	4,145.84	373,253.80
10/ 1/2014	9.75	120,865.00	248,243.58	369,108.58	4,145.84	373,254.42
10/ 1/2015	9.75	132,649.00	236,459.24	369,108.24	4,145.84	373,254.08
10/ 1/2016	9.75	145,582.00	223,525.97	369,107.97	4,145.84	373,253.81
10/ 1/2017	9.75	159,777.00	209,331.72	369,108.72	4,145.84	373,254.56
10/ 1/2018	9.75	175,355.00	193,753.46	369,108.46	4,145.84	373,254.30
10/ 1/2019	9.75	192,452.00	176,656.35	369,108.35	4,145.84	373,254.19
10/ 1/2020	9.75	211,216.00	157,892.22	369,108.22	4,145.84	373,254.12
10/ 1/2021	9.75	231,809.00	137,298.72	369,107.72	4,145.84	373,253.56
10/ 1/2022	9.75	254,411.00	114,697.34	369,108.34	4,145.84	373,254.18
10/ 1/2023	9.75	279,216.00	89,892.27	369,108.27	4,145.84	373,254.11
10/ 1/2024	9.75	306,439.00	62,668.71	369,107.71	4,145.84	373,253.55
10/ 1/2025	9.75	336,317.00	32,790.91	369,107.91	4,145.84	373,253.75
		3,685,177.00	10,831,806.92	14,516,983.92	61,688.00	14,678,671.92

SMITH BARNEY HARRIS UPHAM & CO. INCORPORATED
FILENAME: 28-MAY-86

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System

delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

ARTICLE I

Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

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

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

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

1.5 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

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

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental

Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;
Repayment of Supplemental Loan; No Interest on
Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

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

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

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Supplemental Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically

enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

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

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

CRAB ORCHARD - MRS. ARTOUR PUBLIC SERVICE DISTRICT

[Proper Name of Governmental Agency]

(SEAL)

By Joseph L. Withers
Its Chairman

Attest:

Date: May 29, 1986

Daniel W. Fink
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Edan P. Henry
Director

Attest:

Date: May 29, 1986

Daniel B. Gombosky
Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date: *May 29, 1986*

Principal Amount of Local Bonds: *\$ 161,688*

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__ (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated _____, 19__ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

<u>Year</u>	<u>Installment</u>
-------------	--------------------

The Supplemental Loan Agreement is supplemental to a loan agreement dated _____, _____, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond _____ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. -The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and _____].

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, by statute, exempt

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	<u>\$ 161,688</u>
Purchase Price of Supplemental Bonds	<u>\$ 161,688</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, other than the Local Bonds:

CRABORCHARD MACARTHUR PSD
DEBT SERVICE SCHEDULE

SCHEDULE OF LEVEL ANNUAL DEBT SERVICE

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE	ZERO COUPON BONDS	TOTAL
10/ 1/1986	.00	.00	121,764.39	121,764.39	.00	121,764.39
10/ 1/1987	9.75	9,803.00	359,304.76	369,107.76	4,146.08	373,253.84
10/ 1/1988	9.75	10,759.00	358,348.97	369,107.97	4,145.84	373,253.81
10/ 1/1989	9.75	11,808.00	357,299.96	369,107.96	4,145.84	373,253.80
10/ 1/1990	9.75	12,960.00	356,168.68	369,108.68	4,145.84	373,254.52
10/ 1/1991	9.75	14,223.00	354,885.08	369,108.08	4,145.84	373,253.92
10/ 1/1992	9.75	15,610.00	353,498.34	369,108.34	4,145.84	373,254.18
10/ 1/1993	9.75	17,132.00	351,976.37	369,108.37	4,145.84	373,254.21
10/ 1/1994	9.75	18,802.00	350,306.00	369,108.00	4,145.84	373,253.84
10/ 1/1995	9.75	20,635.00	348,472.80	369,107.80	4,145.84	373,253.64
10/ 1/1996	9.75	22,647.00	346,460.89	369,107.89	4,145.84	373,253.73
10/ 1/1997	9.75	24,856.00	344,252.81	369,108.81	4,145.84	373,254.65
10/ 1/1998	9.75	27,279.00	341,829.35	369,108.35	4,145.84	373,254.19
10/ 1/1999	9.75	29,939.00	339,169.64	369,108.64	4,145.84	373,254.48
10/ 1/2000	9.75	32,858.00	336,250.59	369,108.59	4,145.84	373,254.43
10/ 1/2001	9.75	36,061.00	333,046.94	369,107.94	4,145.84	373,253.78
10/ 1/2002	9.75	39,577.00	329,530.99	369,107.99	4,145.84	373,253.83
10/ 1/2003	9.75	43,436.00	325,672.23	369,108.23	4,145.84	373,254.07
10/ 1/2004	9.75	47,671.00	321,437.22	369,108.22	4,145.84	373,254.06
10/ 1/2005	9.75	52,319.00	316,789.30	369,108.30	4,145.84	373,254.14
10/ 1/2006	9.75	57,420.00	311,688.20	369,108.20	4,145.84	373,254.04
10/ 1/2007	9.75	63,018.00	306,089.75	369,107.75	4,145.84	373,253.59
10/ 1/2008	9.75	69,163.00	299,945.49	369,108.49	4,145.84	373,254.33
10/ 1/2009	9.75	75,906.00	293,202.10	369,108.10	4,145.84	373,253.94
10/ 1/2010	9.75	83,307.00	285,801.26	369,108.26	4,145.84	373,254.10
10/ 1/2011	9.75	91,429.00	277,678.83	369,107.83	4,145.84	373,253.67
10/ 1/2012	9.75	100,344.00	268,764.50	369,108.50	4,145.84	373,254.34
10/ 1/2013	9.75	110,127.00	258,980.96	369,107.96	4,145.84	373,253.80
10/ 1/2014	9.75	120,865.00	248,243.58	369,108.58	4,145.84	373,254.42
10/ 1/2015	9.75	132,649.00	236,459.24	369,108.24	4,145.84	373,254.08
10/ 1/2016	9.75	145,582.00	223,525.97	369,107.97	4,145.84	373,253.81
10/ 1/2017	9.75	159,777.00	209,331.72	369,108.72	4,145.84	373,254.56
10/ 1/2018	9.75	175,233.00	193,753.46	369,108.46	4,145.84	373,254.30
10/ 1/2019	9.75	192,452.00	176,656.35	369,108.35	4,145.84	373,254.19
10/ 1/2020	9.75	211,216.00	157,892.28	369,108.28	4,145.84	373,254.12
10/ 1/2021	9.75	231,809.00	137,298.72	369,107.72	4,145.84	373,253.56
10/ 1/2022	9.75	254,411.00	114,697.34	369,108.34	4,145.84	373,254.18
10/ 1/2023	9.75	279,218.00	89,892.27	369,108.27	4,145.84	373,254.11
10/ 1/2024	9.75	306,439.00	62,668.71	369,107.71	4,145.84	373,253.55
10/ 1/2025	9.75	336,317.00	32,790.91	369,107.91	4,145.84	373,253.75
		3,685,177.00	10,831,806.92	14,516,983.92	161,688.00	14,678,671.95

SMITH BARNEY HARRIS UPHAM & CO. INCORPORATED
FILENAME: 28-MAY-86

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof, in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the

Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: October 14, 1983

CASE NO. 83-418-S-CN

CRAB ORCHARD-MACARTHUR PUBLIC SERVICE
DISTRICT

Application for a certificate of convenience and necessity to establish rates and operate and maintain a sewage collection system at Crab Orchard, MacArthur, Mt. Tabor, Cabell Heights, Harper Heights and surrounding areas located in Raleigh County.

FINAL ORDER

On August 23, 1983, Crab Orchard-MacArthur Public Service District ("District" or "PSD"), a public utility, Crab Orchard, Raleigh County, filed a duly verified application for a certificate of convenience and necessity to establish rates and operate a sewage collection system and wastewater treatment plant at Crab Orchard, MacArthur, Mt. Tabor, Cabell Heights, Harper Heights and surrounding areas all located in Raleigh County.

By letter dated August 30, 1983, the Executive Secretary of the Commission informed counsel for the District, David T. Kennedy, Esq., of what action the District needed to take pursuant to the provisions of West Virginia Code §§24-2-11 and 16-13A-23, in order for the Commission to approve the District's application. By virtue of said statutes, the District was required to give notice of its application to the public, by posting and by publication, of the proposed method of financing the project, and to give notice of the proposed rates to the customers who would be affected by said project. The District was also required to make

forms available to the people affected by said project, for their signature indicating their opposition to the proposed financing.

On September 20, 1983, the Commission received from counsel for the District an affidavit of publication from Beckley Newspapers, Inc., indicating that the District has caused notice of its application to be published on August 15 and 18, 1983, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Raleigh County. This complies with the requirements of West Virginia Code §16-13A-25, which requires publication in a newspaper of general circulation within the District. Also enclosed therein was a certificate executed by the District's Board Members stating that copies of the petition in opposition to the proposed project were made available to members of the public at both the District's office and at the Office of the Clerk of the County Commission of Raleigh County, from August 15, 1983 through September 14, 1983, as required by statute. Of the approximately 1,050 potential customers who live within the area to be served by this project, none signed the petition opposing the project's financing.

In its application the District presented a letter from Dr. N. Allen Dyer, Health Officer for the Beckley-Raleigh County Health Department which stated that the homes in the Crab Orchard-MacArthur area are served by individual on-site sewage disposal systems. The soil conditions in this area are extremely poor for this type of disposal and, for the most part, lot sizes are inadequate. The sewer problems in this area became severe enough to have required the Beckley-Raleigh County Board of Health to have enacted a resolution on August 13, 1970, which restricts the installation of new septic tank systems in this area. In their professional opinion, the only adequate resolution of this situation is the

installation of a central collection and treatment system. For purposes of this case, the Hearing Examiner takes note of the fairly extensive discussion of these problems, which was set out in the Hearing Examiner's Decision entered in Case No. 81-458-S-CN, on August 12, 1982, that certificated the construction of a treatment facility and collection system which are interconnected with the project proposed herein. The ~~problems described in said order are identical to those faced in this case~~ and a further discussion of these conditions is deemed unnecessary in this proceeding.

To alleviate these problems, the District has proposed to construct a collection system in two phases, as well as a treatment facility designed to treat sewage from both collection systems. In Case No. 81-458-S-CN, the Commission, by its Hearing Examiner, granted a certificate of convenience and necessity to the District for the construction of a conventionally designed sewage collection system consisting of over 35 miles of sewer pipe, two major sewage lift stations and a 1.0 million gallon per day innovative oxidation ditch draft tube type treatment plant. This system has been designated as the Southern RS-2 area system. Construction is approximately 52% complete and is scheduled for completion in April of 1984. This application incorporates phase two, which is designated as the Northern RS-2 area, and includes the communities of Harper Heights, Cabell Heights and Mt. Tabor. The collection system to service this area is a conventionally designed system consisting of over 29 miles of sewer pipe, of various sizes including conventional pipe, steel casing pipe and force main pipe. The plans for this system call for one major lift station and two smaller lift stations, as well as emergency generators, an access road, one telemetry system, 634 manholes, fencing and other incidental

construction necessary to complete the system. Also included in its application, the District pointed out that there are two areas presently served by the City of Beckley sewer system. They are Ridge Park and Rolling Hills. The City of Beckley has agreed that these areas are within the District's jurisdiction and when the District makes its sewer service available to these customers, the City of Beckley will no longer provide this service.

The Commission's Engineering Division has thoroughly investigated the subject application as well as all plans, data and information submitted therewith. In its memorandum dated August 6, 1983, Staff Engineer Gary T. Jarrell pointed out that this project will serve approximately 1,050 customers and will be operated under the same management as the previously certificated project submitted by the District. Mr. Jarrell stated that the plans and specifications for phase two have been approved by the West Virginia Department of Natural Resources and that the file contains Health Department approval. Based upon the evidence of public need presented at the hearing held in Case No. 81-458-S-CN, and which applies to this case, the Engineering Division has no reason to question the need for this project, which is considered to be feasible. The construction and project costs per customer as well as the number of customers per mile of line compares favorably with similar projects and appears to be within reason.

The Engineering Division does express some reservation at the projected level of operation and maintenance expenses for both projects. It is projected that the subject collection system will experience O&M expenses of \$96,157 per year and combined O&M expenses of \$186,915 per year. While expressing these reservations, Mr. Jarrell recommends that a certificate of convenience and necessity be granted to this project and

that the District be required to file for a rate evaluation after experiencing one year of operation following the completion of all construction. This recommendation is endorsed by both the Legal Division and the Finance and Special Studies Division.

In her memorandum dated September 6, 1983, Utility Financial Analyst Karen M. Macon, set forth the proposed cost of this project as well as the total cost for the combined project. The breakdown of the total estimated project costs are as follows:

	<u>Phase I</u> <u>Southern RS-2</u> \$	<u>Phase II</u> <u>Northern RS-2</u> \$	<u>Total Costs</u> \$
Construction	8,559,225	5,003,178	13,562,433
Technical Services	745,712	462,672	1,208,384
Legal & Fiscal	48,000	45,000	93,000
Administrative	248,178	68,000	316,178
Site & Other Lands	15,000	28,000	43,000
WDA Loan Repayment	129,758	109,186	238,944
Other	-----	58,510	58,510
Contingency	403,765	288,454	692,219
WDA Peer Review	4,539	-----	4,539
	<u>10,154,177</u>	<u>6,063,000</u>	
WDA Bond Costs			112,000
1982 Notes Interest Expense			424,875
1982 Notes Cost of Issuance			150,000
Repayment of 1982 Notes			5,130,130
Interim Interest Expense			<u>442,181</u>
Total Project Costs			<u>22,476,394</u>

According to the Rule 42 submitted by Mason and Bashaw, the applicant is proposing to issue \$3,200,000 in sewer revenue bonds for both Phase I and II construction on October 1, 1983. These proposed revenue bonds will be at 10% and amortized over a 38 year period. The preliminary Engineering Report submitted by Gates Engineering Company and dated August of 1983, showed the following proposed funding for the project:

	<u>Southern RS-2</u> \$	<u>Northern RS-2</u> \$	<u>Total Costs</u> \$
EPA Grant	7,171,630	4,176,000	11,347,630
WDA Grant	862,294	137,706	1,000,000
Partnership Grant	232,622	150,000	382,622
ARC Grant	367,378	-----	367,378
County Commission Grant	50,000	10,000	60,000
Tap Fees	80,000	48,350	128,350
WDA Bonds	1,390,284	1,809,716	→ 3,200,000
1982 Note Proceeds			5,150,000
Interest Earnings			416,309
Net Revenues			490,000
Total	<u>10,154,208</u>	<u>6,331,772</u>	<u>22,542,289</u>

Contained in the case file are letters from the various sources of funding indicating that these funds have been committed for the construction of the proposed project. Ms. Macon also points out that the rates proposed in this application are identical to those approved in Case No. 81-458-S-CN.

Under the rates previously approved for the District's earlier project, the District will receive combined revenues of \$615,051. After paying operation and maintenance expenses of \$177,380, annual debt service of \$327,443, coverage expense of \$98,233, and taxes of \$9,535, the District should realize a cash surplus of \$2,460. The rates and charges designed to generate this level of revenues and cash surplus are set forth in Appendix B to this order. Based upon his review of the application and upon all other information contained in the case-file; the Hearing Examiner finds and concludes:

1. That there exists a public need for the proposed system;
2. That the public convenience and necessity will be best served by the issuance of a certificate of convenience and necessity to the Applicant for the proposed project;

3. That since 50% of the people who would be affected by this project did not oppose the proposed financing, the provisions of West Virginia Code §16-13A-25 do not prohibit the approval of said project;

4. That the proposed financing of the project is reasonable, and should be approved;

5. That the proposed rates and charges are just and reasonable and are not unduly discriminatory, and therefore should be approved;

6. That good cause has been shown for waiving a formal hearing on this matter, pursuant to West Virginia Code §24-2-11;

7. That the issuance of a certificate should be valid for the project as proposed, and any significant changes in the scope of this project, including project planning factors, and/or funding, after bids are received, will require prior Commission approval; and

8. That the District should apply to the Commission for a review of its rates, by means of an appropriate proceeding, one year after the date all construction certificated by this proceeding or by Case No. 81-458-S-CN shall be completed.

ORDER

IT IS, THEREFORE, ORDERED:

1. That formal hearing be waived, and that the Crab Orchard-MacArthur Public Service District be, and hereby is, granted a certificate ~~of convenience and necessity to construct, install and maintain~~ a sewage collection system in and near the communities of Harper Heights, Cabell Heights and Mt. Tabor, Raleigh County, as the same as set forth and proposed in its application.

2. That the proposed financing for this project be approved.

3. That the rates and charges contained in Appendix B of this order be approved for use upon the completion of the proposed project.

4. That the District file a proper tariff with the Commission setting forth its rates, charges and other tariff provisions hereby authorized and approved within thirty (30) days of the date of this order.

5. That, if any significant changes in the scope of this project, including project planning factors, and/or funding becomes necessary, the Crab Orchard-MacArthur Public Service District shall apply to this Commission for prior approval of same.

6. That the District shall apply to the Commission for a review of its rates, by means of an appropriate proceeding, one year after the date all construction certified by this proceeding or by Case No. 81-458-S-CN shall be completed.

7. That the District shall keep the Commission's Engineering Division informed as to the progress of the construction of the project certificated herein and by Case No. 81-458-S-CN, in writing, on a bi-monthly basis.


Mark T. Aliff
Hearing Examiner

APPENDIX A

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT
CASE NO. 83-418-S-CN
CASH FLOW ANALYSIS

Operating Revenue	<u>\$615,051</u>
Application of Revenue	
Operation and maintenance expenses	\$177,380
Annual debt service	327,443
Payment of coverage	98,233
Other taxes	<u>9,535</u>
Total Application of Revenue	<u>\$612,591</u>
Cash Surplus	<u>\$ 2,460</u>

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT
CASE NO. 83-418-S-CN
RATES

Crab Orchard-MacArthur Public Service District

A public corporation, Crab Orchard, West Virginia. Applicable in entire-territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE - METERED WATER USERS

First	2,000 gallons used per month	\$4.80 per 1,000 gallons
Next	3,000 gallons used per month	\$4.65 per 1,000 gallons
Next	10,000 gallons used per month	\$4.60 per 1,000 gallons
Next	15,000 gallons used per month	\$4.50 per 1,000 gallons
Over	30,000 gallons used per month	\$4.40 per 1,000 gallons

Sewer service charges shall be based upon the volume of water delivered to the customer's property. This volume is measured by the water meter serving the premises. In cases where a significant volume of the water delivered to the premises is not returned to the sanitary sewer system or water from another source is discharged to the sanitary sewer system, the customer may request, or the PSD may require, special flow measuring devices to properly measure the volume of wastewater entering the sanitary sewer system. Such special flow measuring devices shall be furnished, installed and maintained by and at the expense of the customer with the approval of the PSD. In some situations suitable formulae may be used to determine wastewater flow in lieu of special metering devices. Such formulae shall be approved by both the customer and the PSD and subject to the approval of the West Virginia Public Service Commission.

Unmetered residential users will be charged a flat rate of \$19.83 per month based on an estimated consumption of 4,200 gallons per month, that the PSD may allow a lower flat rate on a case-by-case basis but never less than \$9.60 (2,000 gallons), if it concludes that such a lower rate is justified.

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT
CASE NO. 83-418-S-CN
RATES

All other unmetered water users must make application to the PSD. The PSD will decide whether to allow the above flat rate of \$19.83 or whether to require the user to install a meter. Such meter would have to be approved by the PSD, and the cost of the meter, installation and ~~maintenance would have to be paid by the user.~~

MINIMUM CHARGE

No bill will be rendered for less than \$9.60 per month (2,000 gallons).

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the date of bill, ten percent (10%) will be added to net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Nonpayment within sixty (60) days from the due date will result in the Crab Orchard-MacArthur Public Service District effecting such legal remedies as may be available for the collection of the delinquent account.

SERVICE CONNECTION FEE (A) \$50.00

To apply to all users who apply for service before sewer line is completed adjacent to applicant's premises. After contractor passes the applicant's premises, Service Connection Fee (B) applies.

SERVICE CONNECTION FEE (B) \$150.00

To apply where an opening must be made by the District in its collector sewer, and a service line laid from such opening to the owner's property line.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, at the Capitol in the City of Charleston on the 6th day of December, 1983.

CASE NO. 83-418-S-CN

CRAB ORCHARD-MACARTHUR PUBLIC
SERVICE DISTRICT

Application for a certificate of convenience and necessity to establish rates and operate and maintain a sewage collection system at Crab Orchard, MacArthur, Mt. Tabor, Cabell Heights, Harper Heights and surrounding areas located in Raleigh County.

SUPPLEMENTAL ORDER

On October 14, 1983, a Hearing Examiner issued a Final Order granting a certificate of public convenience and necessity for the Northern RS-2 area of the Crab Orchard-MacArthur Public Service District (hereinafter District). Included in that Order, inter alia, was the approval of the sale of \$3,200,000 of sewer revenue bonds to the Water Department Authority (hereinafter WDA), an agency of the State of West Virginia. The \$3,200,000 in revenue bonds entailed a total approved bond sale for both sections of the District, the Southern RS-2 section having been previously approved by Order in Case No. 81-458-S-CN, entered August 12, 1982.

In approving the sale of the revenue bonds, the Hearing Examiner also approved a total funding package for the project, and a sewer rate per thousand gallons that would apply equally to both sections of the total project. The Order also required the District to apply to the

Commission for prior approval of any significant changes in the funding or planning factors of the project.

By letters of October 26 and November 17, 1983, counsel for the District notified the Commission of three changes in Northern RS-2 project funding. These changes amounted to approximately a \$47,000 decrease in EPA grant commitments, an increase of \$20,000 in the County Commission grant, and a requirement imposed by the WDA that an additional \$270,000 in sewer revenue bonds be issued. The District offered no supporting documentation for any of these changes except for a revised Engineering Report and the District's assurances that the changes would have no impact on the rates approved in the October 14, 1983 Order. The November 17, 1983 letter by counsel for the District stated that the rates ". . . which were submitted to the Commission and approved in the final order of October 14 anticipated the larger level of borrowing and adequately provide for operation and maintenance expenses, debt service and a reserve or coverage factor required by the Water Development Authority's loan program." Counsel went on to state that the additional borrowing was necessary for the District to qualify for the full \$1,000,000 in WDA Hardship Grant Funds.

The Commission's Staff has reviewed the information submitted by the District. Based upon its analysis, the Staff questions whether the District's cash flow would be sufficient, if approval were granted, to meet WDA coverage and renewal and replacement fund requirements. In particular, the Staff analysis reflects that the District's increased interest expense, without an increase in operating revenues, would

erode the 130% coverage provided in the October 14, 1983 Order resulting in coverage of only 121% and a surplus of \$2,051.

However, the Commission's Staff has been advised by a letter dated December 1, 1983 from Edgar N. Henry, Director of the Water Development Authority, that the 130% coverage requirement is currently under review. The letter states that WDA is in the process of reducing its coverage requirement to 120% concurrent with the next bond issue sold by WDA. Based on these representations, the Staff has recommended that the District's request be granted.

The Commission is of the opinion that based on the representations concerning a reduction in the WDA's coverage requirements to 120%, the application by the District should be approved.

IT IS, THEREFORE, ORDERED that the request by the District to amend the October 14, 1983 Order to authorize the sale of \$3,470,000 in revenue bonds to the Water Development Authority be, and it hereby is, approved.

A TRUE COPY

TESTE:


HOWARD M. CUNNINGHAM
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 28, 1986

CASE NO. 83-418-S-CN

CRAB ORCHARD-MacARTHUR PUBLIC
SERVICE DISTRICT

Application for a certificate of convenience and necessity to establish rates and operate and maintain a sewage collection system at Crab Orchard, MacArthur, Mt. Tabor, Cabell Heights, Harper Heights and surrounding areas located in Raleigh County.

ORDER APPROVING CHANGE IN FINANCING

On October 14, 1983, a Commission Hearing Examiner issued a Final Order granting a certificate of public convenience and necessity for the Northern RS-2 area of the Crab Orchard-MacArthur Public Service District (District). Included in that Order, inter alia, was the approval of the sale of \$3,200,000 of sewer revenue bonds to the Water Development Authority (WDA), an agency of the State of West Virginia. The \$3,200,000 in revenue bonds entailed a total approved bond sale for both sections of the District's project, the Southern RS-2 section having been previously approved by Order entered in Case No. 81-458-S-CN, entered August 12, 1982.

In approving the sale of the revenue bonds, the Hearing Examiner also approved a total funding package for the project, as well as a sewer rate per thousand gallons that would apply equally to both sections of the total project. The Order also required the District to apply to the Commission for prior approval of any significant changes in the funding or planning factors of this project.

By letters dated October 26 and November 17, 1983, counsel for the District notified the Commission of several changes in the Northern RS-2 project funding. As a result of these changes in information supplied to the District, as well as the Commission Staff, the District applied to the Commission for an amendment to the approved project funding makeup. The Commission Staff reviewed the information submitted by the District, performed its own investigation, and recommended approval of the change. Therefore, by Supplemental Order entered December 6, 1983, the District was authorized to proceed with the sale of \$3,470,000 in revenue bonds to the Water Development Authority.

On April 28, 1986, the Commission received a written communication from counsel for the District, David T. Kennedy. In his letter, Mr. Kennedy requests on behalf of the District that it be authorized to increase the amount of revenue bonds that it may sell to the Water Development Authority. He points out that in the District's initial processing of this case, it published and gave notice to the public that it intended to issue bonds up to the aggregate amount of \$4,000,000. The District is requesting it be allowed to increase its previously authorized issuance limit but still stay within the level initially anticipated.

Pursuant to standard Commission policy, this request was submitted to the Commission's various operating divisions for their respective review and recommendations. In his memorandum dated May 22, 1986, Brian Donat of the Commission's Finance and Special Studies Division, entered that Division's recommendations. In his memorandum, Mr. Donat confirmed that the District's initial notice to the public informed the potential customers that the District intended to issue bonds up to \$4,000,000. The District is presently authorized to sell bonds in the amount of

\$3,470,000. It is indicated that the District will be receiving the benefit of interest rates and coverage requirements lower than those initially anticipated. Thus, the District will not need a rate adjustment in order to fund this level of debt.

Apparently, the District also needs approval of this request to allow it to cover unanticipated engineering and administrative costs, as well as the loss of revenues, due to the failure of certain contractors in meeting their contracted completion dates. The District has initiated action to recover some of these costs but these amounts, if recovered, will not allow the District to avoid a shortfall in its note payments on June 1, 1986.

Based upon the information provided to his Division, Mr. Donat finds that the District should be able to meet its principal and interest payment with the coverage of 114%. Staff recommends that the District be allowed to increase its authorized issuance of revenue bonds to the amount of \$3,954,772. The Commission's Legal and Engineering Divisions defer to the recommendations of the Finance and Special Studies Division.

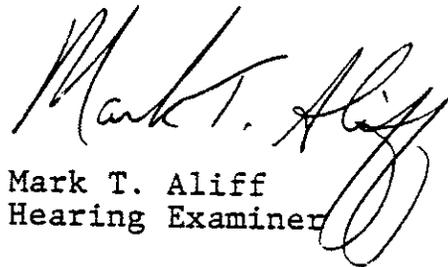
Upon consideration of all the foregoing and all matters contained in the case file, the Hearing Examiner is of the opinion and finds that the request of the Crab Orchard-MacArthur Public Service District to authorize it to sell \$3,954,772 in revenue bonds to the West Virginia Water Development Authority is reasonable and should be approved.

IT IS, THEREFORE, ORDERED that the request by the Crab Orchard-MacArthur Public Service District to amend the Commission's Supplemental Order of December 6, 1983, to authorize it to sell \$3,954,772 in revenue bonds to the Water Development Authority be, and it hereby is, approved, as the sale applies to this application.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon the Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.


Mark T. Aliff
Hearing Examiner

MTA:mal



J. Steven Hunter,
General Counsel

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

(304) 340-0317
Writer's Direct Call: 340-

May 30, 1986

WV Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Steptoe & Johnson
715 Charleston National Plaza
Charleston, WV

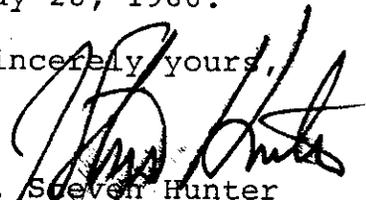
Re: Case No. 83-418-S-CN
Crab Orchard/MacArthur PSD

Gentlemen:

Please be advised that the Staff of the Public Service Commission of West Virginia has reviewed the order entered by Hearing Examiner Mark T. Aliff on May 28, 1986, authorizing the Crab Orchard/MacArthur PSD to sell \$3,954,772 in revenue bonds to the WV Water Development Authority.

After our review of the order, it has been determined that there will be no Petition for Reconsideration of that said order and further, that no appeal will be taken by the Staff of the Public Service Commission of West Virginia as to that order entered on May 28, 1986.

Sincerely yours,


J. Steven Hunter
General Counsel

JSH/jm



CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and JOSEPH L. WITHROW, Chairman of the Public Service Board of Crab Orchard-MacArthur Public Service District (the "Governmental Agency"), hereby certify as follows:

1. On the 29th day of May, 1986, the Authority received the entire original issue of \$3,846,865 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the Governmental Agency Bonds"), issued as a single Bond of each Series, numbered AR-1 and BR-1, respectively, and both dated May 29, 1986, the Series A Bond being in the principal amount of \$3,685,177 and the Series B Bond being in the principal amount of \$161,688.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by Joseph L. Withrow, as Chairman of the Public Service Board of the Governmental Agency, by his manual signature, and by David W. Fink, as Secretary of the Public Service Board of the Governmental Agency, by his manual signature, and the official seal of the Governmental Agency had been affixed upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of the proceeds of the Series A Bonds in the amount of \$3,685,177 (100% of par), there being no interest accrued thereon. Proceeds of the Series B Bonds in the amount of \$161,688 (100% of par), are expected to be received within 30 days of the date hereof.

IN WITNESS WHEREOF, DANIEL B. YONKOSKY duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT has caused this receipt to be executed by its Chairman, as of this 29th day of May, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Its Secretary-Treasurer

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

By Joseph L. Withrow
Chairman

05/29/86
CROR4-G



CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 A, dated May 29, 1986, in the principal amount of \$3,685,177, and Bond No. BR-1, constituting the entire original issue of Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 B, dated May 29, 1986, in the principal amount of \$161,688 (collectively, the "Governmental Agency Bonds") executed by the Chairman and Secretary of the Public Service Board of Crab Orchard-MacArthur Public Service District (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond Resolution and Supplemental Bond Resolution duly adopted by the Governmental Agency (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Governmental Agency Bond issue, duly certified by the Secretary of the Governmental Agency;

(3) Executed counterparts of the loan agreement dated May 22, 1983, the loan agreement dated May 29, 1986, and the supplemental loan agreement dated May 29, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Governmental Agency Bonds.

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the

account of the Governmental Agency of the sum of \$3,685,177, representing the agreed purchase price of the Series 1986A Bonds, there being no accrued interest thereon (proceeds of the Series 1986B Bonds are expected to be received in approximately 30 days). Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental Agency Bonds to be authenticated by an authorized officer, as Governmental Agency Bonds Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 29th day of May, 1986.

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE
DISTRICT

By

Joseph L. Withers
Chairman

05/29/86
CROR4-H

(SPECIMEN BOND)

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 A

No. AR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Raleigh County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1986. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of, and upon the terms and conditions prescribed by, the Authority.

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This Bond is issued (i) to refund and pay a portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Issuer (the "Notes") issue to finance part of the costs of acquisition and construction of certain new sewerage treatment, collection and transportation facilities of the Issuer (the "Project") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the _____ day of _____, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$_____, which Series 1986 B Bonds are junior and subordinate with respect to lien and sources of and security for payment to the Bonds of this series (the "Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year

of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in any fiscal year, and the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

06/17/86
CROR4-U

(SPECIMEN BOND)

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 B

No. BR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Raleigh County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of, and upon the terms and conditions prescribed by the Authority.

This Bond is issued (i) to refund and pay a portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Issuer (the "Notes") issued to finance part of the costs of acquisition and construction of certain new sewerage treatment, collection and transportation facilities of the Issuer (the "Project") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and

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statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 27th day of May, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this Series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the 1986 Series A Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the 1986 Series A Bonds and on a parity with the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds, an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds and the 1986 Series B Bonds in any fiscal year and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond

Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Notes and the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a

part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

06/17/86
CROR4-V

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

May 29, 1986

CHARLESTON

CHARLES W. YEAGER

CARL F. STUCKY, JR.

OTIS L. O'CONNOR

WAYNE A. SINCLAIR

JAMES R. WATSON

DANIEL R. SCHUDA

SPRAGUE W. HAZARD

HERSCHEL H. ROSE III

CHRISTOPHER P. BASTIEN

STEVEN R. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.

EDWARD W. EARDLEY

EUGENE G. EASON

WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to Crab Orchard-MacArthur Public Service District (the "Governmental Agency"), a public service district and a public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of two loan agreements, dated May 22, 1985 and May 29, 1986, respectively (collectively, the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated May 29, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$3,685,177, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1986, at the rate of 9.75% per annum, and with principal installments payable on October 1 in each of the years 1987 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, the Local Statute, for the purposes of (i) refunding a

portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Governmental Agency (the "Notes") issued to finance part of the costs of acquisition and construction of new sewage treatment, collection and transportation facilities (the "Project") pending issuance of the Local Bonds and receipt of certain grant proceeds, (ii) paying additional costs of acquisition and construction of the Project, and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Governmental Agency Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the

Local Bonds and the Local Act, and the Local Bonds have been duly issued and delivered to the Authority.

6. The Local Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and interest on the Local Bonds is exempt from personal income taxes imposed directly thereon by the State of West Virginia. Under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

7. The Order of the Public Service Commission of West Virginia entered May 28, 1986 (Case No. 83-418-S-CN) approving the proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or any other person who was not a party to the original application, and the Public Service Commission of West Virginia has waived its rights of appeal thereof.

We have reviewed the provisions of H.R. 3838, the "Tax Reform Act of 1985," as adopted by the United States House of Representatives on December 17, 1985, and a joint statement issued by the chairmen and ranking minority members of the Ways and Means Committee of the United States House of Representatives and the Finance Committee of the United States Senate, together with the Secretary of the United States Treasury Department, endorsing the postponement of the effective date of certain provisions of H.R. 3838. It is our opinion that the Local Bonds are of the type entitled to such effective date postponement and that, based upon such joint statement, except as set forth below, none of the provisions of H.R. 3838 which may be applicable to the Local Bonds are in effect as of the date hereof, nor will any of such provisions be retroactively applied, and therefore interest on the Local Bonds would be exempt from federal income taxation under H.R. 3838 as adopted by the United States House of Representatives with effective dates modified in accordance with the joint statement referred to above.

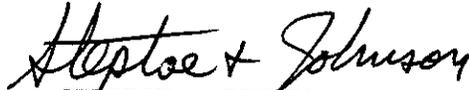
Please be advised that under H.R. 3838, the interest on the Local Bonds may, with respect to property and casualty insurance companies, be subject to an alternative minimum tax during taxable years beginning after 1987.

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

West Virginia Water Development Authority
Page 4

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

Very truly yours,


STEPTOE & JOHNSON

06/17/86
CROR4-I

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

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CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

May 29, 1986

CLARKSBURG

RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE

CHARLESTON

CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.
EDWARD W. EARDLEY
EUGENE G. EASON
WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to Crab Orchard-MacArthur Public Service District (the "Governmental Agency"), a public service district and a public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated May 29, 1986 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated May 29, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$161,688, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1988 through 2025, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated May 29, 1986, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to

the bonds issued pursuant to the Loan Agreement and pursuant to the loan agreement dated May 22, 1985, also between the Governmental Agency and the Authority (the "Local Bonds") which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, the Local Statute, for the purposes of (i) refunding a portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Governmental Agency (the "Notes") issued to finance part of the costs of acquisition and construction of new sewage treatment, collection and transportation facilities (the "Project") pending issuance of the Supplemental Bonds and receipt of certain grant proceeds, (ii) paying additional costs of acquisition and construction of the Project, and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively enacted and adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, junior and subordinate to that created for the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, under the Local Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

8. The Order of the Public Service Commission of West Virginia entered May 28, 1986 (Case No. 83-418-S-CN) approving the charges and proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or any other person who was not a party to the original application and the Public Service Commission of West Virginia has waived its rights of appeal thereof.

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,


STEPTOE & JOHNSON



STEPTOE & JOHNSON

ATTORNEYS AT LAW

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May 29, 1986

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DANIEL R. SCHUDA

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OF COUNSEL

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WRITER'S DIRECT DIAL NUMBER

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GORDON H. COPLAND

RANDALL C. LIGHT

RICHARD M. YURKO, JR.

GARY W. NICKERSON

W. RANDOLPH FIFE

Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$3,685,177 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A (the "Governmental Agency Bonds") of Crab Orchard-MacArthur Public Service District (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Chairman of the Public Service Board of the Governmental Agency on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and Treasury Regulations promulgated thereunder, particularly Sections 1.103-13, 1.103-14 and 1.103-15, to support the conclusion that the Governmental Agency bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect the representations made in said Certificate.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Governmental Agency Bonds are not "arbitrage bonds" as so defined.

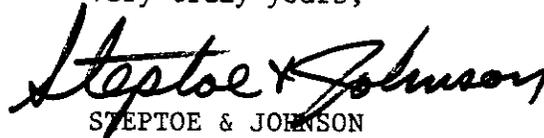
We have reviewed the provisions of H.R. 3838, the "Tax Reform Act of 1985," as adopted by the United States House of Representatives on December 17, 1985, and a joint statement issued by the chairmen and ranking minority members of the Ways and Means Committee of the United States House of

West Virginia Water Development Authority
Page 2

Representatives and the Finance Committee of the United States Senate, together with the Secretary of the United States Treasury Department, endorsing the postponement of the effective date of certain provisions of H.R. 3838. It is our opinion that the Local Bonds are of the type entitled to such effective date postponement and that, based upon such joint statement, except as set forth below, none of the provisions of H.R. 3838 which may be applicable to the Local Bonds are in effect as of the date hereof, nor will any of such provisions be retroactively applied, and therefore interest on the Local Bonds would be exempt from federal income taxation under H.R. 3838 as adopted by the United States House of Representatives with effective dates modified in accordance with the joint statement referred to above.

Please be advised that under H.R. 3838, the interest on the Local Bonds may, with respect to property and casualty insurance companies, be subject to an alternative minimum tax during taxable years beginning after 1987.

Very truly yours,


STEPTOE & JOHNSON

05/29/86
CROR4-K

LAW OFFICES
THORNHILL, KENNEDY & VAUGHAN

MEZZANINE SUITE
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P. O. DRAWER 1008
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W. A. THORNHILL (1903-1966)
W. A. THORNHILL III
DAVID T. KENNEDY
JAMES F. VAUGHAN, JR.
THOMAS K. PATTERSON

PHONE (304) 252-6311

May 29, 1986

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Steptoe & Johnson
Union National Center East, 6th Floor
Post Office Box 2190
Clarksburg, West Virginia 26302-2190

Re: Crab Orchard-MacArthur Public Service District
Sewer Revenue Bonds, Series 1986 A and Series 1986 B

Gentlemen:

We are counsel to Crab Orchard-MacArthur Public Service District, in Raleigh County, West Virginia (the "Governmental Agency"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement dated May 22, 1985, a loan agreement dated May 29, 1986, and a supplemental loan agreement dated May 29, 1986, all by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds (the "Bonds") of the Governmental Agency. Terms used in said opinions, Local Act and Loan Agreement and Supplemental Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Governmental Agency and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Governmental Agency in accordance with its terms.
2. The members of the Public Service Board of the Governmental Agency have been duly and properly appointed, have taken the requisite oaths and are authorized to act on behalf of the Governmental Agency.

THORNHILL, KENNEDY & VAUGHAN

West Virginia Water Development
Authority, et al
Page 2
May 29, 1986

3. The Local Act has been duly adopted by the Governmental Agency and is in full force and effect.

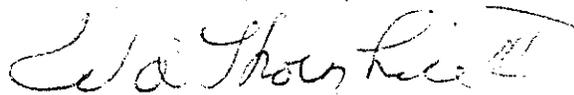
4. The execution and delivery of the Governmental Agency Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any agreement or other instrument to which the Governmental Agency is a party or any existing law, regulation, court order or consent decree to which the Governmental Agency is subject.

5. The Governmental Agency has received all the permits, licenses, approvals and authorizations necessary for the issuance of the Governmental Agency Bonds, to construct the Project and impose rates and charges, and has taken any other action required for the imposition of such rates and charges, including, without limitation, adoption of a resolution setting such rates and charges and the obtaining of all requisite orders and approvals from the Public Service Commission of West Virginia.

6. While there are various court actions pending against our client for complaints about damages by reason of construction of the sewer lines, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or the validity of the Governmental Agency Bonds or the collection or pledge of the Net Revenues.

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

Very truly yours,



W. A. Thornhill III

WAT/w



CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. GOVERNMENTAL AGENCY BONDS PROCEEDS
15. PUBLICATION AND POSTING OF NOTICE OF BORROWING AND PETITION
16. SPECIMEN GOVERNMENTAL AGENCY BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Crab Orchard-MacArthur Public Service District in Raleigh County, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with the \$3,846,865 aggregate principal amount Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Governmental Agency adopted May 27, 1986, and a Supplemental Bond Resolution adopted concurrently therewith (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, receipt of the Grant Receipts or Net Revenues, or in any way contesting or affecting the validity of the Governmental Agency Bonds or the Grants or any proceedings of the

Governmental Agency taken with respect to the issuance or sale of the Governmental Agency Bonds, the pledge or application of any moneys or security provided for the payment of the Governmental Agency Bonds or the existence or the powers of the Governmental Agency insofar as they relate to the authorization, sale and issuance of the Governmental Agency Bonds, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection or pledge of the Net Revenues.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Governmental Agency Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Governmental Agency since the approval and execution and delivery by the Governmental Agency of the Loan Agreement. There are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System, except the Sewerage System Refunding and Construction Refunding Notes, Series 1986, dated May 29, 1986, in the aggregate principal amount of \$230,893, which are secured by and payable in part from the Net Revenues, but junior and subordinate to the lien and pledge thereon in favor of the holders of the Governmental Agency Bonds.

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

Order of County Commission creating Public Service District.

Orders of County Commission appointing current members to Public Service Board.

Certified copies of oaths of office of current members of Public Service Board.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Petition Form.

Bond Resolution.

Supplemental Bond Resolution.

Minutes on 1986 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

Supplemental Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

ARC Grant Agreement.

West Virginia Partnership Grant Agreement.

Raleigh County Commission Grant Agreement.

Public Service Commission Final Orders entered October 14, 1983, December 6, 1983, and May 28, 1986.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is "Crab Orchard-MacArthur Public Service District" and it is a public service district duly created by The County Commission of Raleigh County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Governmental Agency is its Public Service Board consisting of 3 members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Joseph L. Withrow	December, 1984	December, 1990
Mason B. Lilly	November, 1980	December, 1986
David W. Fink	December, 1984	December, 1988

The names of the duly elected, qualified and acting members of the Public Service Board of the Governmental Agency for the calendar year 1986 are as follows:

Chairman	-	Joseph L. Withrow
Secretary/Treasurer	-	David W. Fink

The duly appointed and acting Attorney for the Governmental Agency is Warren A. Thornhill, III of Beckley, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Governmental Agency in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Governmental Agency duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act.

10. GRANTS: As of the date hereof, the EPA has committed to the Governmental Agency the approximate amount of \$11,266,613. Said commitment of EPA is as of this date is still in force and effect. The Other Grants are committed to the Issuer and as of this date remain in force and effect.

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

12. RATES: The Governmental Agency has received an Order of the Public Service Commission of West Virginia entered October 14, 1983, approving rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Governmental Agency Bonds of the aforesaid issue, all dated May 29, 1986, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Governmental Agency to be imprinted upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority the agreed purchase price of the Series A Bonds, being \$3,685,177 (100% of par value), and anticipates receipt of the proceeds of the Series B Bonds, being \$161,688 (100% of par value), within 30 days, there being no interest accrued on either series.

15. PUBLICATION AND POSTING OF NOTICE OF BORROWING AND PETITION: The Governmental Agency has published and posted a notice with respect to the acquisition and construction of the Project and issuance of the Governmental Agency Bonds and has provided a petition form permitting registered voters who may be opposed to such acquisition and construction or borrowing to sign such petition, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended. Less than 50% of the registered voters in the area to be served by the Project have signed such petition.

16. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith are true and accurate specimens of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT on this 29th day of May, 1986.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

_____	Chairman
_____	Secretary
_____	Attorney for Governmental Agency

06/17/86
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16. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith are true and accurate specimens of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT on this 29th day of May, 1986.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
<u>Joseph F. Vitrown</u>	Chairman
<u>David N. Link</u>	Secretary
<u>W. A. Thom Hill III</u>	Attorney for Governmental Agency

06/17/86
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CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CERTIFICATE AS TO ARBITRAGE

I, JOSEPH L. WITHROW, Chairman of the Public Service Board of Crab Orchard-MacArthur Public Service District, in Raleigh County, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$3,685,177 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Governmental Agency, dated May 29, 1986 (the "Series 1986 A Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Income Tax Regulations (the "Regulations") promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended ("Section 103(c)"). I am one of the officers of the Governmental Agency charged with the responsibility of issuing the Governmental Agency Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Governmental Agency.

2. This certificate may be relied upon as the certificate of the Governmental Agency.

3. The Governmental Agency has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Governmental Agency or that there is any disqualification of the Governmental Agency by the Internal Revenue Service because a certification made by the Governmental Agency contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on May 29, 1986, the date on which the Series 1986 A Bonds and the Sewer Revenue Bonds, Series 1986 B, of the Governmental Agency, dated May 29, 1986 (the "Series 1986 B Bonds"), are to be physically delivered in exchange for the issue price thereof (the Series 1986 A Bonds and Series 1986 B Bonds are collectively called herein the "Governmental Agency Bonds"), and to the best of my knowledge and belief, the expectations of the Governmental Agency set forth herein are reasonable.

5. In the Local Act pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to make no use of the proceeds of the Governmental Agency Bonds which would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Regulations or Section 103(c).

6. The Governmental Agency Bonds were sold on May 29, 1986, to the West Virginia Water Development Authority (the "Authority") for a purchase price of \$3,685,177 (100% of par).

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) refunding a portion of the Sewerage System Refunding and Construction Notes, Series 1983, of the Governmental Agency (the "Notes") issued to finance part of the costs of acquisition and construction of certain new sanitary sewage facilities (the "Project") and (ii) paying additional costs of acquisition and construction of the Project. The remainder of such costs are expected to be paid from a grants from the United States Environmental Protection Agency ("EPA") in the amount of \$11,266,613 and other grants in the amount of \$1,830,000 (total of \$13,096,613).

8. The Governmental Agency has, prior to delivery of the Governmental Agency Bonds, entered into agreements which require the Governmental Agency to expend in excess of \$100,000 on the Project. The Governmental Agency expects that acquisition, construction and equipping of the Project will proceed with due diligence to completion, and that all of the proceeds from the sale of the Governmental Agency Bonds will be spent on or before August 1, 1986.

9. The total cost of the Project is estimated at \$18,478,702. The amount of Project costs not expected to be reimbursed or paid from the EPA grant or other grants is estimated to be at least \$5,382,089. Except for the proceeds of the grants described in paragraph 7 above, tap fees estimated in the amount of \$124,033 and interest earnings and other revenues in the amount of \$1,411,190, no other funds of the Governmental Agency will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1986 A Bonds Sinking Fund, and within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account; and

(5) Series 1986 B Bonds Sinking Fund, and within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Governmental Agency Bonds will be deposited as follows:

(1) From proceeds of the Governmental Agency Bonds the sum of \$3,685,177 shall be deposited in the Notes Debt Service Fund established by the Indenture pursuant to which the Notes were issued, and applied to payment of the Notes.

(2) The balance of the proceeds of the Governmental Agency Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including issuance and related costs and payment of the Refunding Notes.

12. All moneys in the Sinking Funds (including any income earned thereon) will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

13. Except for the Sinking Funds (including the Reserve Accounts established therein), there are no other funds or accounts established or held by the Governmental Agency which are reasonably expected to be used to pay debt service on the Governmental Agency Bonds or which are pledged as collateral for the Governmental Agency Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Governmental Agency Bonds, if the Governmental Agency encounters financial difficulties.

The net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA on the date of the Loan Agreement.

14. The Governmental Agency expects that no part of the Project financed by the Bonds will be sold prior to the last maturity date of the Governmental Agency Bonds.

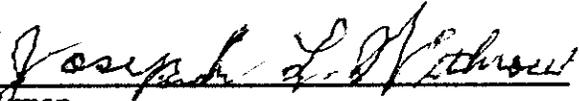
15. At least 85% of the spendable proceeds of the Governmental Agency Bonds will be expended on the Project within 36 months from the date of issuance thereof.

16. Any money deposited in a sinking funds for payment of the principal of or interest on the Governmental Agency Bonds (other than the Reserve Accounts) will be spent within a 13-month period beginning on the date of receipt.

17. The original proceeds of the Governmental Agency Bonds will not exceed the amount necessary for the purposes of the issue.

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

IN WITNESS WHEREOF, I have set my hand this 29th day of May, 1986.


Chairman

05/29/86
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CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ENGINEER'S CERTIFICATE

I, EDWARD L. SHUTT, Registered Professional Engineer, West Virginia License No. 7314 of Stafford Consultants Incorporated, Consulting Engineers, Princeton, West Virginia, subconsultant to and on behalf of Gates Engineering Company, of Beckley, West Virginia, hereby certify as follows:

1. Gates Engineering Company is engineer for the construction and acquisition of certain public service properties for the collection and transportation of sewage and industrial wastes (the "Project") for Crab Orchard - MacArthur Public Service District in Raleigh County, West Virginia (the "Governmental Agency"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency ("EPA") and others.

2. The undersigned hereby certifies that (i) the Project has been and will be constructed in accordance with the approved plans, specifications and designs prepared by Gates Engineering Company, as described in the Applications submitted to the West Virginia Water Development Authority (the "Application") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Crab Orchard - MacArthur Public Service District; (ii) the Project is adequate for the purpose for which it was designed; and (iii) Gates Engineering Company has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and otherwise compatible with the plan of financing described in the Application and Gates Engineering Company has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and has verified such insurance policies or binders and such bonds for accuracy and completeness; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project, including permits from the EPA and the West Virginia Department of Natural Resources; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the

useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the Governmental Agency comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement [including subsection 4.1(b)(iii) or (ii), as the case may be, thereof] by and between West Virginia Water Development Authority and the Governmental Agency; and (viii) the net proceeds of the Governmental Agency Bonds, together with all moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay in full the Notes and the remaining costs of acquisition and construction of the Project as set forth in the Application.

WITNESS my signature on this 29th day of May, 1986.

GATES ENGINEERING COMPANY,

By STAFFORD CONSULTANTS INCORPORATED,
subconsultant to Gates Engineering
Company

By *Edward R. Skell*

05/27/86
CROR1-A

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DONALD R. HOLCOMB
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 491
PINEVILLE, W.V. 24874

May 29, 1986

Crab Orchard-MacArthur Public Service District
Sewer Revenue Bonds,
1986 Series A and Series B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as approved by the Public Service Commission of West Virginia in Case No. 83-418-S-CN and projected operation and maintenance expenses as furnished to me by Stafford Consultants, Incorporated, and based upon the projected revenues furnished to me by the District, it is my opinion that such schedule of rates and charges will be sufficient to provide revenues which, together with other revenues of the District, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the bonds to be issued to Water Development Authority and all of the obligations secured or payable from the revenues of the project prior to all parity with the Water Development Authority Bonds.

Very truly yours,



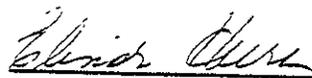
Donald R. Holcomb
Certified Public Accountant

DRH/pjs

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh
County, do hereby certify that the foregoing is a true and correct
copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix
the official seal of this Court, at Beckley this the 3rd day
of August 1932



Clerk

WEST VIRGINIA:

At a regular session of the County Court of Raleigh County, West Virginia, held on the 13th day of November, 1962 in the County Courtroom of the Court House.

P R E S E N T: John C. Ward, President
H. G. Farmer, Commissioner.

IN RE: CREATION OF THE PROPOSED CRAB ORCHARD-MACARTHUR
PUBLIC SERVICE DISTRICT.

This being the date fixed by prior action of the County Court for conducting a public hearing on the creation of the proposed Crab Orchard-MacArthur Public Service District contemplated and provided for in an order heretofore passed by this Court on the 11th day of October, 1962, the President announced that all persons residing in, or owning, or having any interest in property in such proposed public service district desiring to be heard for or against the creation would be heard, and all such interested persons desiring to be heard were given full opportunity. Among those present at the meeting were Mr. G. Fortney, Chief Engineer with the State Health Department, W. Beverly Hume, County Engineer, Raleigh County, Dennis M. Leary, Jr., Engineer, W. H. File, Jr., Attorney, and several residents and property owners from the proposed district. Mr. Fortney said his department was "very happy" to see the people take it upon themselves to rid their communities of hazards such as inadequate sewers.

The County Court, having further discussed and considered the feasibility of the creation of the proposed district, is of the opinion that in the public interest, the district should be created.

Thereupon, H. G. Farmer, Commissioner, moved the passage of the following resolution and order, which motion was duly seconded by John C. Ward, President, in the absence of J. Lilly, Commissioner, and passed unanimously by said Court:

WHEREAS, the County Court of Raleigh County, West Virginia, did heretofore, by an order passed on the 11th day of October, 1962, fix a date for a public hearing on the creation of the proposed Crab Orchard-MacArthur Public Service District, and in said order, provide that all persons residing in or owning, or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Article 13a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district, and said County Court has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It Resolved and Ordered by the County Court of Raleigh County, West Virginia, as follows:

Section 1. That a public service district within Raleigh County, West Virginia, is hereby created, and such district shall have the following described boundaries:

Beginning at the intersection of West Virginia State Route 18 and West Virginia State Route 25; thence in a southwesterly direction and with West Virginia State Route 25 approximately 3/4 mile to its intersection with a point of latitude and longitude N 37° 43' 15", W 81° 11' 00"; thence in a due west course approximately 3 1/2 miles to a position of latitude and longitude N 37° 43' 15", W 81° 15' 00"; thence in a northerly direction approximately 1 1/2 miles to a point of latitude and longitude N 37° 44' 40", W 81° 15' 30", said point being the intersection of West Virginia State Route 54 and West Virginia State Route 18/3; thence with said State Route 18/3 in a general northerly direction approximately 1 1/4 miles to its intersection with West Virginia State Route 18; thence with West Virginia State Route 18 in a northwesterly direction approximately 1 mile to its intersection with West Virginia State Route 17/6; thence in a northwesterly direction approximately 3/4 mile to a position of latitude and longitude N 37° 48' 15", W 81° 15' 00"; thence in a northeasterly direction approximately .4 mile to a point of latitude and longitude N 37° 48' 30", W 81° 14' 40", said point being approximately .3 mile north of West Virginia State Route 3; thence in a general southeasterly direction approximately 2 3/4 miles and parallel with West Virginia State Route 3 to a point .3 mile north and east of West Virginia State Route 3 to the northwest corporate line of the City of Beckley; thence in a southwesterly direction approximately 1.1 miles to the southwesternmost point on the corporate line to the City of Beckley; thence continuing with said corporation line in a

line to the City of Beckley; thence continuing with said corporation line in a southeasterly direction .4 mile to the common corner of the City of Beckley and the Town of Mabscott, said corner being at the intersection of West Virginia State Route 3/21; thence continuing in a general southeasterly direction approximately 3/4 mile and with the westernmost corporate line of the Town of Mabscott and West Virginia State Route 3/21 to its intersection of West Virginia State R 3/18; thence with the corporate line of the Town of Mabscott approximately 1 mile and with West Virginia State Route 3/18 to its point of intersection with the north westernmost corner of the Shady Spring Public Service District # 1; thence continuing in a general southeasterly direction and with the western boundary of of the Shady Spring Public Service District # 1 approximately 4 1/2 miles to the point of beginning.

Reference for the above description was taken from a map of Raleigh County, revised January 1, 1957, published by the State Road Commission of West Virginia.

"All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Raleigh County will conduct a public hearing on the 13th day of November, 1962, at 1:30 o'clock p.m. in the County Courtroom in the Court House at Beckley, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district. By order of the County Court this 11th day of October, 1962.

ATTEST: C. O. Smith, Jr.
Clerk of the County Court of
Raleigh County, West Virginia

of West Virginia State R 3/18; thence with the corporate line of the Town of Mabscott approximately 1 mile and with West Virginia State Route 3/18 to its point of intersection with the north westernmost corner of the Shady Spring Public Service District #1 approximately 4 1/2 miles to the point of beginning.

Reference for the above description was taken from a map of Raleigh County, revised January 1, 1957, published by the State Road Commission of West Virginia.

*c) The purpose of said public service district shall be to construct or acquire by purchase or otherwise and maintain, operate and improve and extend properties supplying sewerage or water services or both within such territory.

*d) The territory described above does not include within its limits the territory of any public service district organized under Article 13A of Chapter 16, Code of West Virginia, nor does such territory include within its limits any city, incorporated town, other municipal corporation, or any part thereof.

"Section 3. That on the 13th day of November, 1962, at the hour of 1:30 P.M. this County Court shall meet in the County Courtroom in the courthouse at Beckley, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district, at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear and shall have an opportunity to be heard for and against the creation of said district, and, at such hearing, the County Court shall consider and determine the feasibility of the creation of the proposed public service district.

"Section 4. That the Clerk of this Court is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on October 25, 1962, in The Beckley Post-Herald, a newspaper of general circulation published in Raleigh County."

"NOTICE OF PUBLIC HEARING ON CREATION OF CRAB ORCHARD-
MacARTHUR PUBLIC SERVICE DISTRICT

"Notice is hereby given that deeming it to be in the public interest the County Court of Raleigh County, West Virginia, on its own motion, has proposed the creation of a public service district within Raleigh County for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation and extension of public service properties supplying sewerage or water services or both within the district hereinafter described, to be named Crab Orchard-MacArthur Public Service District and having the following description:

Beginning at the intersection of West Virginia State Route 18 and West Virginia State Route 25; thence in a southwesterly direction and with West Virginia State Route 25 approximately 3/4 mile to its intersection with a point of latitude and longitude N 37° 43' 15" W 81° 11' 00"; thence in a due west course approximately 3 1/2 miles to a position of latitude and longitude N 37° 43' 15" W 81° 15' 00"; thence in a northerly direction approximately 1 1/2 miles to a point of latitude and longitude N 37° 44' 40" W 81° 15' 30", said point being the intersection of West Virginia State Route 54 and West Virginia State Route 12/3, thence with said State Route 12/3 in a general northerly direction approximately 1 1/4 miles to its intersection with West Virginia State Route 18; thence with West Virginia State Route 18 in a northwesterly direction approximately 1 mile to its intersection with West Virginia State Route 17/6; thence in a northwesterly direction approximately 3 miles to a position of latitude and longitude N 37° 48' 15" W 81° 15' 00"; thence in a northeasterly direction approximately .4 mile to a point of latitude and longitude N 37° 48' 30" W 81° 14' 40", said point being approximately .3 mile north of West Virginia State Route 3; thence in a general southeasterly direction approximately 2 3/4 miles and parallel with West Virginia State Route 3 to a point .3 mile north and east of West Virginia State Route 3 to the northwest corporate line of the City of Beckley; thence in a southwesterly direction approximately 1.1 miles to the south westernmost point on the corporate

STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 3rd day of August, 1932

Elinor Hurt

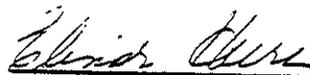
Clerk

STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 3rd day of August, 1982



Clerk

WEST VIRGINIA:

At a regular meeting of the County Commission of Raleigh County, West Virginia, held in the County Courtroom of the Courthouse, on the 27th day of December, 1984.

P R E S E N T: Paul H. Flanagan, President
Sterling T. Lewis, Commissioner
Vernon Barley, Commissioner

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IN RE: APPOINTMENT OF MEMBER TO THE CRAB ORCHARD-
MACARTHUR PUBLIC SERVICE DISTRICT BOARD.

Commissioner Lewis moved that David Fink be appointed to the Crab Orchard-MacArthur Public Service District Board replacing O. V. Lilly. Motion duly seconded and carried. Mr. Fink's term will expire December 14, 1988.

-o-

IN RE: REAPPOINTMENT OF JOSEPH WITHROW TO THE
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE
DISTRICT BOARD.

Commissioner Barley moved that Joseph Withrow be reappointed to the Crab Orchard-MacArthur Public Service District Board for another six year term. Motion duly seconded and carried.

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STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 6 day of August, 1996

Elinor Hurt
Clerk

WEST VIRGINIA:

At a regular meeting of the County Commission of Raleigh County, West Virginia, held on the 14th day of December, 1982 in the County Courtroom of the Court House.

P R E S E N T: Jack Roop, President
Sterling T. Lewis, Commissioner
Paul Flanagan, Commissioner

.....

IN RE: WILL OF LENA HUNTER, DECEASED, PROBATED AND APPOINTMENT OF EXECUTOR OF SAID ESTATE.

This day there was presented for probate a certain paper Writing purporting to be the Last Will and Testament of Lena Hunter, deceased, said Writing bearing date on the 28th day of January, 1982 and subscribed to by Sara Meador and Kimberly Cadle as subscribing witnesses thereto; there is attached to said purported Will an affidavit signed by the said Sara Meador and Kimberly Cadle setting forth all the legal requirements necessary for the execution of said Will, said affidavit bearing date on the 28th day of January and acknowledged before Helen Sydnor, a Notary Public of Raleigh County, West Virginia.

Whereupon, there being no Will of later date presented for probate, it is adjudged that said Writing is the Last Will and Testament of Lena Hunter, deceased, and the same is admitted to record as such.

Thereupon, Edward H. Hunter, the Executor named in said Will, declined to serve as such Executor, and upon the motion of the said Edward H. Hunter, husband of Lena Hunter, deceased, Donald P. Hunter is appointed Administrator with Will annexed of the estate of Lena Hunter, deceased, and qualified as such Administrator by executing a bond in the penal sum of One Hundred Dollars, conditioned according to law with Edward H. Hunter as surety thereon, and by taking the oath as required by law.

Howard Wiseman, Jr., Paul Holstein and Damon Snuffer are appointed to appraise the estate of Lena Hunter, deceased.

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IN RE: NOTARIES PUBLIC APPLICATIONS.

Commissioner Flanagan moved that the following names be forwarded to the Governor of West Virginia for commissions as Notaries Public:

- Betty L. Shaffer - \$500.00 bond - Teddy L. Shaffer surety.
- Betty F. Weatherford - \$500.00 - C. Berk Lynch, surety.
- Susan K. Anderson - \$500.00 bond - Robert A. Kaufman, surety.
- Donna Honaker - \$500.00 bond - Elizabeth Bailey, surety.
- Judie Church - \$500.00 bond - Western Surety Company, surety

-o-

IN RE: FINAL SETTLEMENT OF THE ACCOUNTS OF
MARGIE B. WILLIAMS, EXECUTRIX OF THE ESTATE OF
EMORY E. WILLIAMS DECEASED.

This day came Margie B. Williams, Executrix of the estate of Emory E. Williams deceased, and moved the Commission that Margie B. Williams and her bondsmen be discharged pursuant to the provision of Chapter 44, Article 2, Section 1 of the Code of West Virginia, as amended by the 1977 Legislature.

It appearing to the Commission that said personal representative was appointed by order of this Commission made and entered on the 11th day of September 1982, that said personal representative recorded with the Clerk of this Commission an Appraisement of said estate showing its value to be Ten Thousand (\$10,000.00) Dollars or less; that said personal representative did on the 1st day of October 1982, and with two months from the date of recordation of said appraisement, record with the Clerk of this Commission his report of receipts, disbursements, distribution and affidavit of satisfaction of claims; that thirty days have now elapsed since the first publication of the "Notice of Filing of Estate Accounts" and that no creditor or heir did within thirty days after the first publication of said notice show good cause why the report is not correct.

Whereupon, it is accordingly found that the provisions of the aforesaid section of the Code of West Virginia having been fully complied with, proceeding before a commissioner of accounts in reference to said estate are not necessary, and that said personal representative together with her bondsmen, should be and is hereby discharged.

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IN RE: NUCLEAR FREEZE RESOLUTION.

John Cline, Lee Adler, David Morris, David Stanley and Robert Daniels appeared before the Commission relative to the Commission adopting or endorsing a nuclear freeze resolution. After considerable discussion both pro and con - Commissioner Flanagan moved that the Commission not adopt the Bilateral Nuclear Weapons Freeze. Commissioner Lewis seconded said motion. Motion carried.

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IN RE: REQUEST FROM RALEIGH COUNTY COMMUNITY ACTION ASSOCIATION REQUEST.

Norma Jesee from the Raleigh County Community Action Association, requested \$7,500 to help defray costs of a cheese and butter give away next month. If the money is made available for distribution costs by the Commission, it will be refunded to the Commission when federal monies are received by Raleigh County Community. The Commission took the matter under consideration.

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IN RE: CRAB ORCHARD - MACARTHUR PUBLIC SERVICE DISTRICT.

Commissioner Lewis moved that O. V. Lilly be reappointed for another term on the Crab Orchard-MacArthur Public Service District. Commissioner Flangan seconded the motion. Motion carried.

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IN RE: COOLRIDGE - FLAT TOP PUBLIC SERVICE DISTRICT.

Commissioner Flanagan moved that M. B. Roberts be appointed to the Coolridge Flat Top Public Service District. Motion seconded by Commissioner Lewis and said motion carried.

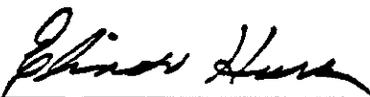
Mr. Roberts replaces Alvah Sweeney, resigned.

STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 28th day of November, 1983



Clark

WEST VIRGINIA:

At an adjourned meeting of the County Commission of Raleigh County, West Virginia held at the Courthouse in the County Courtroom thereof, on the 13th day of November, 1986

P R E S E N T: H. K. Manning, President
Jack Roop, Commissioner
Sterling T. Lewis, Commissioner

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IN RE: REAPPOINTMENT OF MASON LILLY TO CRAB ORCHARD PUBLIC SERVICE DISTRICT.

The Commission by unanimous consent re-appointed Mason Lilly to the Crab Orchard Public Service District. His term of office will expire December 1, 1986.

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WEST VIRGINIA:

At a regular meeting of the County Commission of Raleigh County, West Virginia, held at the Courthouse in the County Courtroom thereof, on the 24th day of October, 1978.

P R E S E N T: Minor L. Scott, President
Jack Roop, Commissioner

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IN RE: RESIGNATION OF ROBERT F. WOOD AS
MEMBER OF THE CRAB ORCHARD MACARTHUR PUBLIC SERVICE DISTRICT.

Robert F. Wood submitted his letter of resignation as a member of the Crab Orchard-MacArthur Public Service District which resignation was accepted.

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IN RE: APPOINTMENT OF O. V. LILLY TO CRAB ORCHARD-
MACARTHUR PUBLIC SERVICE DISTRICT AND REAPPOINTMENT
OF JOSEPH L. WITHEROW AS A MEMBER.

O. V. Lilly of MacArthur was appointed to the Crab Orchard-MacArthur Public Service District to fill the unexpired term of Robert F. Wood. Mr. Lilly's term will expire December 1, 1982. Mr. Joseph Withrow, whose term will expire as a member of the Crab Orchard-MacArthur Public Service District December 1, 1978, was reappointed for a term to expire December 1, 1984.

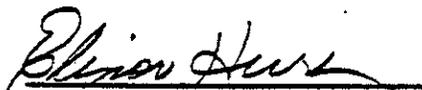
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STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 10 day of August, 1982


Clerk

OATH

OF WEST VIRGINIA }
OF RALEIGH } ss.

Joseph Withrow do solemnly swear that I will support the constitution of the United States
constitution of this State and that I will faithfully discharge the duties of my office of *Crab Orchard - Mac Art.*
S. D.

of my skill and judgment, so help me God.

Joseph L. Withrow

scribed and sworn to before the undersigned, this the *5th* day of *Feb*, 19*55*

Elin Huse

Clerk County Commission, Raleigh County, W

OATH

OF WEST VIRGINIA }
Y OF RALEIGH } ss.

David Fink do solemnly swear that I will support the constitution of the United
constitution of this State and that I will faithfully discharge the duties of my office of *Crab Orchard - Mac Art.*
P. S. D

est of my skill and judgment, so help me God.

David F. Fink Sr

ubscribed and sworn to before the undersigned, this the *5th* day of *Feb*, 19*55*

Elin Huse

Clerk County Commission, Raleigh County.

OATH

10

STATE OF WEST VIRGINIA }
COUNTY OF RALEIGH }

ss.

I, Maxon B. Lilly, do solemnly swear that I will support the constitution of the
and the constitution of this State and that I will faithfully discharge the duties of my office of.....

Cook Richard MacArthur Public Service District

(1984)
to the best of my skill and judgment, so help me God.

Maxon B. Lilly

Subscribed and sworn to before the undersigned, this the 17th day of February

Elmer T. ...

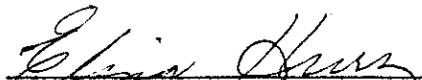
Clerk County Commission, Raleigh C

STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, SS:

I, ELINOR HURT, Clerk of the County Commission of Raleigh County, do hereby certify that the foregoing is a true and correct copy from the records of my office.

IN TESTIMONY WHEREOF, I hereunto place my hand and affix the official seal of this Court, at Beckley this the 7 day of August, 1986



Clerk

RULES OF PROCEDURE

CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT

ARTICLE I

Name and Place of Business

Section 1. Name: Crab Orchard-MacArthur PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at MacArthur, West Virginia

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Crab Orchard-MacArthur Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

Purpose

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

ARTICLE III

Membership

Section 1. The members of the Public Service Board of this District shall be those persons appointed by the County Commission of Raleigh County, who shall serve for such terms as may be specified in the order of the County Commission.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County

Commission and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission of the pending termination and request the County Commission to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

Meetings of the Public Service Board

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the first Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Notice to members by letter or telephone shall be required for regular meetings. Notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least three (3) days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Public Notice of Meetings

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such public service board, and the time, place and purpose of all special sessions of such public service board shall be made available to the public and news media as follows:

A. A notice shall be posted by the Secretary of the public service board of such Public Service District at the front door of the Raleigh County Courthouse of the time and place fixed and entered of record by the public service board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front door of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the public service board at the front door of the Raleigh County Courthouse at least twenty-four hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front door of the Courthouse as soon as feasible after such cancellation has been determined upon. In the event of an emergency requiring immediate official action, the foregoing procedure for calling a special meeting may be dispensed with.

C. The form of notice for posting as to a special session may be generally as follows:

CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT

Notice of Special Session

The public service board of Crab Orchard-MacArthur Public Service District will meet in special session on _____, _____, 19____, at _____ .m. E T, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of _____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

Officers

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of each year. The Officers so elected shall serve until the next

annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

Duties of Officers

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these by-laws, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

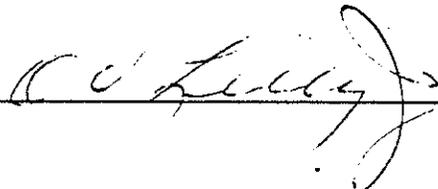
ARTICLE VII

Amendments to Rules of Procedure

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members

when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

I hereby certify that I am Secretary of Crab Orchard-MacArthur Public Service District and that the foregoing is a correct copy of the Rules of Procedure adopted at a meeting of the Board of Directors of the Crab Orchard-MacArthur Public Service District held on Aug 18, 1982.



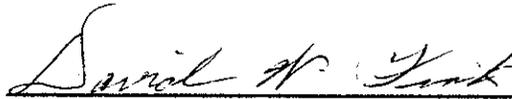
MINUTES OF ORGANIZATIONAL MEETING FOR CURRENT YEAR

On January 8, 1986, a meeting was held at Crab Orchard, West Virginia, to nominate and reelect officers for the year 1986 for Crab Orchard-^{MacArthur} Public Service District Board.

The meeting was called to order by Chairman, Withrow, and the following people were nominated and elected to the following offices:

Chairman	-	<u>Joseph L. Withrow</u>
Secretary	-	<u>David W. Fink</u>
Treasurer	-	<u>Mason B. Lilly</u>

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.


Secretary, Public Service Board
Crab Orchard- Public Service District
MacArthur

02/19/86
HOLD-H

DATED: AUGUST 15, 1983

PUBLIC NOTICE

CRAB ORCHARD-MacARTHUR P.S.D. WASTEWATER SYSTEM

\$4,000,000.00 Sewer Revenue Bonds and
\$10,000,000.00 Sewerage System Refunding and Construction Notes

The Crab Orchard-MacArthur Public Service District proposes to acquire, construct, operate and maintain certain public service properties described below (the "Project") in Crab Orchard-MacArthur Public Service District, and will seek approval from the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity to construct the Project and for approval of the rates and proposed financing arrangements set forth herein.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of approximately Four Million Dollars (\$4,000,000.00) (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 15 years, and in part from a grant from the United States Environmental Protection Agency and other grants.

Prior to issuance of the Bonds, the District contemplates the issuance of its Sewerage System Refunding and Construction Notes in the aggregate principal amount of approximately Ten Million Dollars (\$10,000,000.00) (the "Notes") bearing interest at a rate not to exceed 12% per annum, and with maturities not to exceed 36 months.

Public service properties to be acquired and constructed are approximately 61 miles of sanitary sewers and appurtenances, 5 wastewater pump stations, and a secondary wastewater treatment plant at a cost of \$16,217,208.00.

The anticipated rates to be charged by the District for sewer service are:

0 - 2,000 gallons	\$4.80/1,000 gallons
2,001 - 5,000 gallons	4.65/1,000 gallons
5,001 - 15,000 gallons	4.60/1,000 gallons
15,001 - 30,000 gallons	4.50/1,000 gallons
Over 30,000 gallons	4.40/1,000 gallons

Residents of that portion of the public service district to be served by the Project who wish to register opposition to the issuance of the Bonds or the Notes may do so by signing a form available for that purpose, which will be maintained for a period of thirty (30) days from the date hereof in the office of the Clerk of the County Commission of Mingo County, West Virginia, and in the office of Crab Orchard-MacArthur Public Service District, Route 16, MacArthur, West Virginia.

Dated: August 15, 1983

NOTICE

**CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT
RALEIGH COUNTY, WEST VIRGINIA**

**\$4,000,000.00 Sewer Revenue Bonds and
\$10,000,000.00 Sewerage System Refunding and Construction Notes**

NOTICE IS HEREBY GIVEN to the residents of Crab Orchard-MacArthur Public Service District, Raleigh County, West Virginia, that Crab Orchard-MacArthur Public Service District intends to acquire, construct, operate and maintain certain public service properties described below (the "Project") in Crab Orchard-MacArthur Public Service District, and will seek approval from the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity to construct the Project and for approval of the rates and proposed financing arrangements set forth herein.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of approximately Four Million Dollars (\$4,000,000.00) (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, and in part from a grant from the United States Environmental Protection Agency and other grants.

Prior to issuance of the Bonds, the District contemplates the issuance of its Sewerage System Refunding and Construction Notes in the aggregate principal amount of approximately Ten Million Dollars (\$10,000,000.00) (the "Notes") bearing interest at a rate not to exceed 12% per annum, and with maturities not to exceed 36 months.

Public service properties to be acquired and constructed are approximately 61 miles of sanitary sewers and appurtenances, 5 wastewater pump stations, and a secondary wastewater treatment plant at a cost of \$16,217,208.00.

The anticipated rates to be charged by the District for sewer service are:

0 - 2,000 gallons	\$4.80/1,000 gallons
2,001 - 5,000 gallons	4.65/1,000 gallons
5,001 - 15,000 gallons	4.60/1,000 gallons
15,001 - 30,000 gallons	4.50/1,000 gallons
Over 30,000 gallons	4.40/1,000 gallons

The minimum monthly bill based on 2000 gallons consumption would be \$9.70. The average monthly residential bill based on 4200 gallons consumption would be \$20.04.

Unmetered residential users will be charged a flat rate of \$19.83 per month. The Public Service District may allow a lower flat rate on a case by case basis if it concludes that such a lower rate is justified, but never less than \$9.60 per month.

For other unmetered users, the Public Service District will determine whether to allow the flat rate of \$19.83 or to require the installation of a meter.

Residents of that portion of the Public Service District to be served by the Project who wish to register opposition to the issuance of the Bonds or the Notes may do so by signing a form available for that purpose, which will be maintained for a period of 30 days from the date hereof in the office of the Clerk of the County Commission of Raleigh County and in the office of Crab Orchard-MacArthur Public Service District, MacArthur, West Virginia.

23

C E R T I F I C A T E

STATE OF WEST VIRGINIA,
COUNTY OF RALEIGH, TO WIT:

The undersigned, being all of the Board members of the Crab Orchard-MacArthur Public Service District, do certify as follows:

1. Once a week for two successive weeks, commencing August 15, 1983 and ending August 22, 1983, a notice was published in the Raleigh Register, a newspaper of general circulation in Raleigh County, concerning the petition of the said District to the Public Service Commission for a Certificate of Convenience and Necessity to construct the Crab Orchard-MacArthur Sewer Project and for approval of the rates and financial arrangements as set forth in the said advertisement. An Affidavit of Publication is attached to and made a part of this certificate.

2. From August 15, 1983 through September 14, 1983, there was available at the office of the District and at the office of the Clerk of the County Commission of Raleigh County petition forms as required by Section 16-13A-25 of the West Virginia Code. During the said period, as will be shown by the petitions themselves, which are attached hereto and made a part hereof, no one signed the petitions opposing the project.

3. A notice entitled "NOTICE CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT RALEIGH COUNTY, WEST VIRGINIA", dated August 15, 1983, a copy of which is attached hereto and made a part hereof, was posted in the following locations in the District: Crab Orchard-MacArthur Public Service District Office, Raleigh County Courthouse, Crab Orchard Post Office, Crab Orchard Water Company, Thompson's Drug Store, Crab Orchard Planning Mill, Sureway Market, Little General Store, MacArthur Post Office, Pleasant Hills Grocery, Community Building on Old Eccles Road, Everette's Barber Shop, Laspina's Market, Harper Heights Gas Company, Cabell Water Company, and Beckley Veterinary Hospital. The said notice remained posted at the said locations from August 15, 1983 through September 14, 1983.

Joseph L. Withrow
Joseph L. Withrow

Mason B. Lilly
Mason B. Lilly

O. V. Lilly, Jr.
O. V. Lilly, Jr.

Taken, subscribed and sworn to before the undersigned authority this the 19 day of Sept, 1983.

My commission expires: Oct 12 - 1993.

Ellis Riffe
Notary Public

The Crab Orchard - MacArthur

PUBLIC SERVICE DISTRICT

JOSEPH L. WITHROW, Chairman
MASON B. LILLY, Vice-Chairman
DAVID W. FINK, Sec. / Tres.

P. O. Drawer 278
Crab Orchard, WV 25827
304/252-0604

Minutes of

Notice of Special Meeting

Tuesday, May 27, 1986

The Special Meeting of the Crab Orchard-MacArthur Public Service District was called to order by the Chairman, Mr. Joseph L. Withrow at 4:43 p.m. in the Public Service District's Office.

In attendance were Mr. Joseph L. Withrow, Mr. Mason B. Lilly and Mr. David W. Fink -- P.S.D. Board Members; Mr. Jack E. Bazzarre -- P.S.D. Employee; Mr. Vince Collins -- Steptoe and Johnson.

The purpose of the meeting was to pass a Bond Resolution to borrow and provide finances to secure the permanent financing for the Sewage Treatment System not to exceed \$4,000,000.00.

The Bond Resolution for Sewer Revenue Bond Series 1986 A and Series 1986 B. This resolution is for permanent finances of Sewage Treatment System.

The Supplemental Bond Resolution is to borrow additional money that is needed.

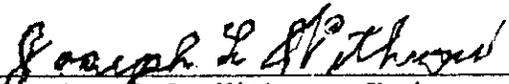
The Supplemental Refunding Notes Resolution is to use our letter of credit to borrow money to pay off the Short Term Note until funds are received from E.P.A. for 05 final payment.

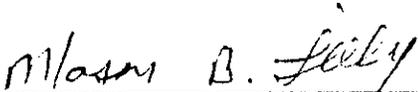
Mr. Vince Collins of Steptoe & Johnson reviewed the Bonds Resolution with the Board Members present. The Chairman, Mr. Joseph L. Withrow asked for a motion to accept the Bond Resolution. Mr. David W. Fink made the motion and was passed by the quorum of the Board.

The Closing of the W.D.A. Bonds will be Thursday, May 29, 1986 at 3:00 p.m. at the W.D.A. Office in Dunbar, West Virginia. The Chairman, Mr. Joseph L. Withrow and the Secretary, Mr. David W. Fink need to be present. Mr. Mason B. Lilly was invited to attend; however, it is not necessary that he does.

Mr. Vince Collins discussed with the Board the letter of October 18, 1983. No additional charges for permanent finances other than expenses. Mr. Vince Collins said he had put a lot of work and effort into the closing of the Bonds. The normal fee for closing of Bonds is \$19,800.00, but Mr. Vince Collins said he would accept half of the amount if we wish to agree to waiver the previous agreement made in October 1983. The Board will let Mr. Vince Collins know their decision at a later date.

There being no additional business, the meeting was adjourned at 5:30 p.m.


Mr. Joseph L. Withrow, Chairman


Mr. Mason B. Lilly, Vice-Chairman

JLW:MBL/nma

Copies:

Mr. Robert C. Byrd, Senator of West Virginia

Mr. Warren A. Thornhill, Attorney for P.S.D.

Mr. Ed Shutt, Stafford Consultants, Inc.

Mr. Paul A. Flanagan, President of Raleigh County Commission

Mr. Vince Collins, Steptoe & Johnson



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 REGION III
 6TH AND WALNUT STREETS
 PHILADELPHIA, PENNSYLVANIA 19106

AUG 8 - 1982

CERTIFIED MAIL

Re: C-540191-03
 Crab Orchard-MacArthur PSD

Mr. Joseph L. Withrow, Chairman
 Crab Orchard-MacArthur PSD
 P. O. Box 637
 Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

You were advised by mailgram on July 29, 1982, that the bidding procedures for Contract Numbers 5 and 6 of the referenced project were approved and that the contracts could be awarded to the low responsive bidders as indicated by the proposals you had submitted.

In addition, EPA Form 5780-1B is approved with the following revisions:

<u>Item</u>	<u>For Grant Participation</u>
A. Construction	
1. Contract #5	\$ 496,991 <u>1/</u>
2. Contract #6	1,919,385
B. Technical Services	240,129 <u>2/</u>
C. Legal and Fiscal	2,753 <u>2/</u>
D. Administrative	29,428 <u>3/</u>
E. Contingency	120,826 <u>4/</u>
F. Appalachian Power & Raleigh Co. PSD Water Line	<u>106,388</u>
G. Total	\$2,915,900

- 1/ Rounded off.
- 2/ Math error.
- 3/ Per EPA and DNR eligibility decisions.
- 4/ Adjusted to approximately 5% of eligible construction costs while maintaining the total eligible costs in \$100 increments.

As the revised eligible project cost is \$2,915,900, the grant will be decreased with the concurrence of the West Virginia Department of Natural Resources in the near future to an amount not to exceed \$2,290,780. The grant is equivalent to 78.56% of the eligible project costs as allowed under the Federal Water Pollution Control Act, as amended and the Clean Water Act.

25

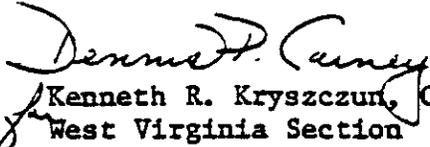
When the contracts have been awarded, one executed copy of the construction agreements, MBE subcontracts, performance and payment bonds and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Grant Agreement for the project has as conditions at certain payment intervals, the submission of documents to meet operation and maintenance and plan of operation requirements. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in accordance with the Grant Agreement.

We are enclosing informational sheets outlining procedures to be followed in making contract modifications and for submitting partial payment requests.

Please note that this project is being assigned to the Corps of Engineers for Phase 3 delegation. You will be further advised concerning this delegation.

Sincerely yours,


Kenneth R. Kryszczun, Chief
West Virginia Section

Enclosures

cc: Mr. Warren Means, DNR
Gates Engineering Co.
Mr. Edgar Henry, WDA
Mr. Wesley King, COE
Ms. Margaret Neary, ARC

R A F T - Part B Approval

CERTIFIED MAIL

Re: C- 540191-03

Crab Orchard - MacArthur PSD

(Applicant)

Mr. Joseph L. Withrow, Chairman

Crab Orchard - MacArthur Public Service District

P. O. Box 637

Crab Orchard, W. Va. 25827

Note: Circle appropriate paragraph numbers and add or revise wording to fit the situation. One of the optional paragraphs from each section should be chosen, unless it is not applicable.

Dear Mr. Withrow:

① You were advised by (telegram, mailgram) on July 29, 1982, that the bidding procedures for Contract Number 5 and 6

_____ of the referenced project were approved and that the contract (s) could be awarded to the low responsive bidder (s) as indicated by the proposal (s) you submitted.

1A. You are hereby advised that the bidding procedures for Contract Number(s) _____ of the referenced project are approved and that the contract(s) may now be awarded to the low responsive bidder(s) as indicated by the proposal(s) you submitted.

② In addition, *EPA Form 5780-1B is approved

A. as submitted. (To be used when no revisions were made by the State or EPA continue paragraph with Section 3.)

B. as submitted, with the exception of the adjustment to Contingency to \$ _____. This is approximately five percent of the eligible construction cost while maintaining the total project cost in \$100 increase

C with the following revisions:

<u>Item</u>	<u>For Grant Participation</u>	
A. Construction		
1. <u>Contract #5</u>	<u>496,991.</u>	<u>1</u>
2. <u>Contract #6</u>	<u>1,919,385.</u>	
3.		
4.		
5.		
6.		
7.		
B. Technical Services	<u>240,129.</u>	<u>2</u>
C. Legal and Fiscal	<u>2753.</u>	<u>2</u>
D. Administrative	<u>29,427.</u>	<u>3</u>
E. Contingency	<u>120,826</u>	<u>4</u>
F. Other <u>Appalachian Power & Raleigh Co. PSD water line</u>	<u>106,388</u>	
G. Other		
H. Total	<u>2,915,900</u>	

(Describe reason for each change)

1/ rounded off

2/

2/ MATH ERROR

3/ per EPA and DNR eligibility decisions

4/ adjusted to approximately 5% of eligible construction costs while maintaining the total eligible costs in \$100 increments

(For multiple Part B project, this section may be unnecessary)

3. As the revised eligible project cost is \$ 2,915,900, the grant has ^{will} been ~~increased~~, decreased with the concurrence of the West Virginia Dept. of Natural Resources (State Agency) ^{in the near future} to an amount not to exceed \$ 3,290,714

78.56%

The grant is equivalent to ~~75%~~ of the eligible project cost as allowed under the Federal Water Pollution Control Act, as amended and the Clean Water Act.

The original and one copy of the Grant Amendment reflecting the ~~(increase,~~ decrease) in Federal obligation ~~(, together with a revised payment schedule,)~~

are enclosed. Please execute the Amendment and return the original, within twenty-one days of your receipt, to ~~(appropriate State Section Chief)~~ Mr. Frank Snock, Chief, Grants Mgmt Section.

The copy may be retained for your files. ~~(**PL 92-500 and PL 95-217 projects only)~~

3A The Federal share in the project remains at \$ _____ with the latest estimate of eligible project cost of \$ _____.

4. When the contract(s) have ~~(has)~~ been awarded, one executed copy of the construction agreement(s), ^{M&E subcontracts} performance and payment bonds, and the Notice(s) to Proceed should be promptly submitted to this office, and one similar set forwarded to the ^{Department of Natural Resources} ~~(State Agency)~~. Payments will not be made by this office for construction until our receipt of these items.

(Check file for prior submittal)

5. The Grant Agreement for the project has as conditions at certain payment intervals the submission of documents to meet operation and maintenance, ~~(infiltration/ Inflow), 1/ (user charge, industrial cost recovery), 2/ (municipal pre-treatment)~~ and ^{plan of operation} ~~sewer use ordinance~~ requirements. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in accordance with the Grant Agreement. ~~(See below)~~

- 1/ Check Step III grant conditions
- 2/ Not applicable for Step III awards after June 30, 1979
- 3/ Step III, II + III grants awarded after October 1, 1979, as per 40 CFR 401

5A. The Grant Agreement for the project has as a condition the submission, prior to final inspection, of an acceptable plan for providing proper and efficient operation and maintenance of the facilities to be constructed. It is requested that three copies of this plan be submitted to the State Agency for approval as soon as possible in order that our review may be made prior to your request for final inspection. (See # below)

* On Step III grants, add the following sentence to one of the above paragraphs: "In addition, you are requested to provide this office with the name and qualifications of the treatment plant operator prior to your request for a fifty (50) percent payment.

6. We are enclosing informational sheets outlining procedures to be followed in making contract modifications and for submitting partial payment requests.

7. (Also enclosed, Enclosed) is (are) (an) approved (copy, copies) of (Addendum Addenda) Number(s) _____ to Contract Number(s) _____. This constitutes full approval of the plans and specifications for these contracts.

Add paragraph re. assignment to COE

Please note this project is being assigned to the Corps of Engineers Sincerely, for Phase 3 Allocation You will be in the (Greene A. Jones) (Sandra ...)

(Enclosures)

cc: State Agency *Wanda Means, DNR*
Consulting Engineer *Gates Engineering*
Wes King, Corps of Engineers (w/encl. - A/E Agreement, Proposals, Part 3, Grant Agreement)
Margaret Neary, ARC ; Esyde Heney, WDA
bcc: *Bob Worth*, EPA, Region III, Water Division
Jim Newsum

* Should be changed to Part B of the Offer and Acceptance Document for older projects
** Case of no grant increase/decrease

Grant Amendment Information

① GRANT DECREASE = $\$ -43,765$ ← $\$410,250$ Basic Funds → $\$3515$ Innovative Funds

② Revised Table C of grant agreement as follows:

	Basic (75%)	Innovative (10%)
1. Administration	\$29,428	\$10,482
4. A/E Basic Fees	43,900	15,637
5. Other A/E Fees	71,108	25,329
6. Project Inspector	125,121	44,568
11. Construction	2,522,764	898,608
13. Miscellaneous (Legal/Fiscal)	2753	981
18. Contingencies	120,826	43,038
19. Total	\$2,915,900	1,038,643
20. EPA share	2,186,920	103,864 ⁰

$\$2,290,784^0 = 78.56\%$
 EPA sh

② Treatment Codes for grant agreement

- Part 1 - Item 21
- a) 4 c) F
 - b) NEW d) 6

	Basic	Innovative
1	29428	10482
4	43900	15637
5	71108	25329
6	125121	44568
11	2522764	898608
13	2753	981
18	120826	43038
19	2915900	1038643
20	2186920	103864
Total	2290784	103864

1st: revised outlay input schedule dated 7/14/82 by adding \$10,890.01 to last Qtr. pymt.
 Therefore 11/84 - 3/31/84 = 378,784



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

OCT 05 1982

CERTIFIED MAIL

Re: C-540191-05
Crab Orchard MacArthur PSD

Mr. Joseph L. Withrow, Chairman
Crab Orchard MacArthur PSD
P.O. Box 637
Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

We are pleased to inform you of the award of a Step 3 Federal grant for the construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$4,917,370, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR, Parts 30 and 35, are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

The Huntington District U.S. Army Corps of Engineers will be assisting both the State and this office in administering Step 3 program activities of this grant. Should you desire to communicate with the Corps, you may reach Mr. Wes King at 304/529-5282.

Sincerely yours,


Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR
Mr. Edgar Henry, WDA
Mr. Wes King, COE
Gates Engineering

U.S. ENVIRONMENTAL PROTECTION AGENCY
 EPA ASSISTANCE PROGRAMS/AGREEMENTS/AMENDMENTS
 PART I - ASSISTANCE PROGRAMS/AGREEMENTS/AMENDMENTS INFORMATION

6-540101-05-0
 DATE OF AWARD
 SEP 28 1982

Three-C-
 4 MONTHS DATE
 OCT 05

5. AGREEMENT TYPE		6. PAYMENT METHOD	
Cooperative Agreement		<input type="checkbox"/> Advance	<input type="checkbox"/> Reimbursement
Grant Agreement	X	Send Payment Request To:	
Assistance Amendment		Grants Management Section	7. TYPE OF ACTION
			Continuation

8. RECIPIENT	Crab Orchard-MacArthur PSD P.O. Box 637 Crab Orchard, West Virginia 25827	9. PAYEE	Crab Orchard-MacArthur PSD P.O. Box 637 Crab Orchard, West Virginia 25827
	EIN NO.		CONGRESSIONAL DISTRICT
			4

10. RECIPIENT TYPE	Public Service District
11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
Joseph L. Withrow Chairman 304/253-2701	Gates Engineering Company P.O. Drawer AF Beckley, West Va. 25801 304/253-2701

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	Dennis P. Carney Team Leader, West Virginia Section 215/597-8324

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	15. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT C Only)
Patricia Gaskins 202/382-5184	N/A	N/A	III
19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
Clean Water Act	40 CFR Part 35	a. Treatment Level	1
		b. Project Type	NEW
		c. Treatment Process	N
		d. Sludge Design	8

22. PROJECT TITLE AND DESCRIPTION
 This Step 3 project consists of a sewage collection system to serve the Northern RS-2 a of the Crab Orchard-MacArthur Public Service District, Raleigh County, West Virginia. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Areas Impacted by Project)			
City/Place	County	State	Congressional District
Crab Orchard	Raleigh	WV	4
24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD	
66.418	9/82 - 9/85	N/A	
27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST	
3,384	N/A	\$6,556,500	

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		4,917,370	4,917,370
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		6,556,500	6,556,500

39. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deblig. Amount
	GHQW80	78R	68X0103.A	W78204	FGHQ036006	41.11	\$ 23,138
	GDJW80	81C	68X0103.D	W12016	FGDJ036006	41.11	\$4,894,232

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- c. Payments shall be made in accordance with 40 CFR 35.2300.
- d. The grantee may submit requests for payment certifying that allowable costs have been incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Amount</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	9/83	\$ 69,288	\$ 69,288
2	10/83	123,038	192,326
3	11/83	213,412	405,738
4	12/83	288,412	694,150
5	1/84	183,412	877,562
6	2/84	175,912	1,053,474
7	3/84	250,912	1,304,386
8	4/84	609,300	1,913,686
9	5/84	609,300	2,522,986
10	6/84	609,300	3,132,286
11	7/84	609,300	3,741,586
12	8/84	609,300	4,350,886
13	9/84	566,484	4,917,370

Continued on Page 3a

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 9/30/84. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of this grant award (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-ways are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

6. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.

6. Subagreements and Contracts (Cont'd)

- c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

7. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Assistance Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

10. Award Restrictions

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607 (a) of Public Law 96-74.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION III

6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

AUG 24 1982

CERTIFIED MAIL

Re: C-540191-02
Crab Orchard-MacArthur PSD

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

You were advised by mailgram on July 29, 1982, that the bidding procedures for Contract Numbers 1, 2, 3, and 4 of the referenced project were approved and that the contracts could be awarded to the low responsive bidders as indicated by the proposals you had submitted.

In addition, EPA Form 5780-1B is approved with the following revisions:

<u>Item</u>	<u>For Grant Participation</u>
A. Construction	
1. Contract #1	\$1,381,718 <u>1/</u>
2. Contract #2	1,247,628 <u>1/</u>
3. Contract #3	1,543,294 <u>1/</u>
4. Contract #4	1,486,088
B. Technical Services	491,174 <u>1/</u>
C. Legal and Fiscal	6,997 <u>2/</u>
D. Administrative	67,962 <u>3/</u>
E. Contingency	<u>282,939</u> <u>4/</u>
F. Total	\$6,507,800

- 1/ Rounded off.
- 2/ Math error.
- 3/ Per EPA and DNR eligibility determinations.
- 4/ Adjusted to approximately 5% of the eligible construction costs while maintaining total eligible costs in \$100 increments.

As the revised eligible project cost is \$6,507,800, the grant has been increased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed \$4,880,850. The grant is equivalent to 75 percent of the eligible project cost as allowed under the Federal Water Pollution Control Act, as amended and the Clean Water Act.

The original and one copy of the Assistance Amendment reflecting the increase in Federal obligation are enclosed. Please execute the Amendment and return the original, within twenty-one days of your receipt, to Mr. Frank Snock, Chief, Grants Management Section. The copy may be retained for your files.

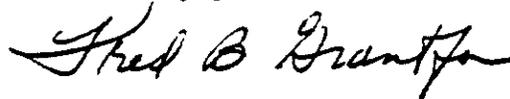
When the contracts have been awarded, one executed copy of the construction agreements, MBE subcontracts, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Grant Agreement for the project has as conditions at certain payment intervals, the submission of documents to meet operation and maintenance and plan of operation requirements. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in accordance with the Grant Agreement.

We are enclosing informational sheets outlining procedures to be followed in making contract modifications and for submitting partial payment requests.

Please note that this project is being assigned to the Corps of Engineers for Phase 3 delegation. You will be further advised concerning this delegation.

Sincerely yours,



Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, DNR
Gates Engineering Co.
Mr. Edgar Henry, WDA
Mr. Wesley King, COE
Ms. Margaret Neary, ARC

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

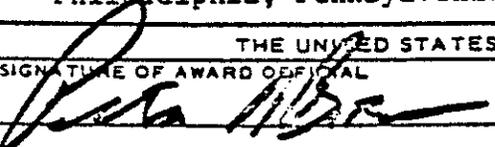
OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Crab Orchard-MacArthur PSD

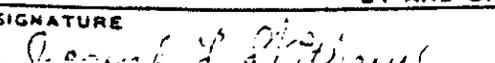
for 75 % of all approved costs incurred up to and not exceeding \$ 4,917,370

for the support of approved budget period effort described in application (including all application modifications) C-540191-05 Crab Orchard-MacArthur PSD included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY		
SIGNATURE OF AWARD OFFICIAL 	TYPED NAME AND TITLE Peter N. Bibko Regional Administrator	DATE SEP 28 1982

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION		
SIGNATURE 	TYPED NAME AND TITLE JOSEPH L. WITHROW, CHAIRMAN	DATE 10/7/1982

Federal Grant Payments Under the Federal Water
Pollution Control Act, as Amended
Construction Projects (Step III)

I. Purpose

This guide outlines the method to be used by grantee requesting Federal Construction Grant payments, under the Federal Water Pollution Control Act, as amended.

II. Accounting Standards

It is important that the grantee's financial management system record and provide all supporting documents needed to prepare the SF271 and costs claimed. The system should differentiate between eligible and ineligible, allowable and unallowable, and direct and indirect costs.

III. Payment Frequency

Payments are made periodically in accordance with the Part III, Special Conditions contained in the Grant Agreement/Amendment and in conformance with current regulations. Grantees should familiarize themselves with the Special Conditions and the regulations.

IV. Changes of Authorized Representative and Address

Whenever the authorized representative and/or the mailing address is no longer correct, the grantee must submit to EPA an adopted resolution authorizing a specific representative to execute EPA documents and/or a notification indicating the change of address.

V.

Documentation

The following documents and data pertaining to the project shall be submitted in support of each request for partial payment. The portion of eligible work is that work described in the Grant Agreement/Amendment.

A. All partial payment requests must be accompanied by the following information:

1. A completed and executed copy of the Outlay Report and Request for Reimbursement for Construction Grant Programs, EPA Standard Form 271 (copy attached) indicating eligible cost only.

2. 50% Payment 80% Payment Over 90% Payment

Draft of the O & M Manual --- Approved O & M Manual

Operator's Name & Qualifications ---

Plan of Operation Approval of Sewer Use Ordinance

B. Final Payment and Inspection Requests:

1. At the 90% payment, EPA will advise the grantee where the final payment request should be submitted. This submission will be to the Agency performing final on-site inspection and recommending final payment action to EPA.

2. The State/Corps of Engineers will notify you of information needed for final inspection and payment recommendation.

VI. Adjustment and Withholding

Grantees are advised that payments shall be subject to adjustment when the related requests are found to include ineligible or unallowable costs. Any payment may be reduced for prior overpayment, or increased for prior under-payment. All payment requests are subject to inspection and audit by EPA and the Comptroller General of the United States, prior to, during and subsequent to, construction for verification of the costs incurred and compliance with the Special Conditions and Regulations.

The grantee is further advised that payments may be withheld if the project is found to be in non-conformance with any payment schedules and/or special conditions (for example: Operation and maintenance requirements, user charge, sewer use ordinances, and sewer system evaluation and rehabilitation work.

VII Submittal of Payment Requests

Requests (except finals) should be addressed to the following:

Mr. Francis R. Snock, Chief
Grants Management Section
Financial Management Branch
U.S. Environmental Protection Agency, Region III
Curtis Building, 6th & Walnut Streets
Philadelphia, Pennsylvania 19106

Final payments should be addressed to the designated agency responsible for on-site inspection.

OUTLAY REPORT AND REQUEST FOR REIMBURSEMENT FOR CONSTRUCTION PROGRAMS

(See instructions on back)

Approved by Office of Management and Budget, No. 80-RO181 PAGE OF PAGES

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

EPA-Region III

1. TYPE OF REQUEST

FINAL PARTIAL

2. BASIS OF REQUEST

CASH ACCRUAL

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

C-420981-01

5. PARTIAL PAYMENT REQUEST NO.

Two

6. EMPLOYER IDENTIFICATION NUMBER
N/A

7. RECIPIENT ACCOUNT OR OTHER IDENTIFYING NUMBER
N/A

PERIOD COVERED BY THIS REPORT

FROM (Month, day, year)
10/01/74

TO (Month, day, year)
10/03/74

9. RECIPIENT ORGANIZATION

Name : Municipal Authority of Grantsville

No. and Street : P. O. Box 201

City, State and ZIP Code : Grantsville, Pennsylvania 16085

Name :

No. and Street :

City, State and ZIP Code :

10. PAYEE (Where check should be sent if different than item 9)

CLASSIFICATION	STATUS OF FUNDS			TOTAL
	PROGRAMS—FUNCTIONS—ACTIVITIES			
	(a)	(b)	(c)	
a. Administrative expense	\$	\$	\$	\$ 2,015.00
b. Preliminary expense (Included in d)				-0-
c. Land, structures, right-of-way N/E				-0-
d. Architectural engineering basic fees				200,212.00
e. Other architectural engineering fees (i.e. O & M Manual)				1,000.00
f. Project inspection fees				26,280.00
g. Land development N/E				
h. Relocation expense N/A				
i. Relocation payments to individuals and businesses N/A				
j. Demolition and removal				
k. Construction and project improvement cost				1,250,016.00
l. Equipment (All equipment in construction contracts)				
m. Miscellaneous cost N/A				
n. Total cumulative to date (sum of lines a thru m)				1,479,523.00
o. Deductions for program income				-0-
p. Net cumulative to date (Line n minus line o)				1,479,523.00
q. Federal share to date 75%				1,109,642.25
r. Rehabilitation grants (100% reimbursement)				
s. Total Federal share (sum of lines q and r) (Round to lowest \$100 except Final)				1,109,600.00
t. Federal payments previously requested				678,600.00
u. Amount requested for reimbursement	\$	\$	\$	\$ 431,000.00
v. Percentage of physical completion of project		%	%	27 %

12. CERTIFICATION

I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with the terms of the project and that the reimbursement represents the Federal share due which has not been previously requested and that an inspection has been performed and all work is in accordance with the terms of the award.

a. RECIPIENT	SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL <i>John J. Doe, Jr.</i>	DATE REPORT SUBMITTED 5/26/77
	TYPED OR PRINTED NAME AND TITLE John J. Doe, Jr. Chairman	TELEPHONE (Area code, number and extension) 717-781-5210
b. Representative certifying to line 11v.	SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE SIGNED
	TYPED OR PRINTED NAME AND TITLE	TELEPHONE (Area code number and extension)

271-101 N/A - Generally non-applicable unless instructed differently by EPA.
N/E - Not eligible for EPA participation.

CONTRACT MODIFICATIONSI. PURPOSE

The purpose of this guide is to outline the procedure to be used in contract modifications.

II. DEFINITION

A contract modification occurs when, after a construction contract has been awarded, the contractor and the Grantee agree to an amendment of the construction plans and specifications or other contract documents.

III. APPROVAL OF CONTRACT MODIFICATIONS

- A. All contract modifications must be approved by the State Water Pollution Control Agency and the EPA Regional Office.
- B. Approval of contract modifications by EPA shall not be construed as approval for additional Federal grant funds.

IV. MODIFICATIONS REQUIRING PRIOR APPROVAL

Grantee must obtain the prior approval of the State Water Pollution Control Agency and EPA before authorizing the following type of changes in the contract:

- A. Changes which substantially alter the design and scope of the project.
- B. Changes which alter the type of treatment to be provided by the project.
- C. Changes which omit or substantially alter the location, size, or capacity of any item of major equipment.
- D. Changes which increase the cost of work covered by the construction plans and specifications (all construction contracts) to a sum greater than that approved for construction contracts and contingencies in Section 6 of EPA Form 5780-1B (Part B).

V. MODIFICATIONS NOT REQUIRING PRIOR APPROVAL

It will not be necessary for the Grantee to obtain prior approval from EPA before authorizing the contractor to proceed with changes described below, unless the Grantee is otherwise instructed. When changes are so authorized, the Grantee shall immediately notify EPA.

- A. Changes to correct errors, discrepancies, or omissions in the construction plans and specifications, provided the design is not affected;
- B. Emergency changes to protect life or property; and
- C. Minor changes in quantity for items bid on a unit price basis.

VI. PROCEDURE FOR PROCESSING MODIFICATIONS

When contract modifications are required the Grantee must forward to the Regional Office through the State Water Pollution Control Agency a request for approval to modify the contract, or for approval of a modification already made, if prior approval is not required, and the following data:

- A. Two copies of a statement showing the necessity or desirability of the modification;
- B. Four copies of proposed or actual contract modifications with any pertinent drawings and specifications to show extent and nature of modifications; and
- C. Two copies of the contractor's proposal for the modification including a complete itemization of the proposal indicating separately: (1) quantities of materials, (2) unit costs, (3) labor charges, (4) contractor's profit and overhead. When it is necessary to authorize a modification on a "time and material price to be determined later basis", an estimate of cost should be submitted indicating the probable change in the total cost of the project. The exact cost should be determined as soon as the work has been completed and a proposal submitted with a complete itemization as described above.

VII. DOCUMENTING CONTRACT MODIFICATIONS WITH CHANGE ORDERS

All contract modifications shall be covered by a Change Order signed by the Grantee and the contractor and approved by the State Water Pollution Control Agency and EPA.

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO. +0191-02-1	2. LOG NUMBER Three-C-
3. DATE OF AWARD AUG 24 1982	4. MAILING DATE AUG 24 1982

5. AGREEMENT TYPE		6. PAYMENT METHOD	
<input type="checkbox"/> Cooperative Agreement	<input type="checkbox"/> Advance	<input checked="" type="checkbox"/> Reimbursement	<input type="checkbox"/> Letter of Credit
<input type="checkbox"/> Grant Agreement	Send Payment Request To:		7. TYPE OF ACTION
<input checked="" type="checkbox"/> Assistance Amendment	Grants Management Section		Augmentation - Increase

RECIPIENT ORGANIZATION	8. RECIPIENT	9. PAYEE
	Crab Orchard-MacArthur PSD P. O. Box 637 Crab Orchard, West Virginia 25827	Crab Orchard-MacArthur PSD P. O. Box 637 Crab Orchard, West Virginia 25827

EIN NO.	CONGRESSIONAL DISTRICT	10. RECIPIENT TYPE
	4	Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
Joseph L. Withrow Chairman 304/252-1559	Gates Engineering Company 201 N. Kanawha Street Beckley, West Virginia 25801 304/253-2701

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	Dennis P. Carney, Team Leader West Virginia Section 215/597-8324

16. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Helga Butler - 202/755-0488			III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
		a. Treatment Level	4
		b. Project Type	New
		c. Treatment Process	F
		d. Sludge Design	6

22. PROJECT TITLE AND DESCRIPTION
No change in scope of project.

23. PROJECT LOCATION (Areas Impacted by Project)			
City/Place	County	State	Congressional District
Crab Orchard	Raleigh	WV	4

24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	9/79 - 4/84	N/A

27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
4,500	N/A	\$6,507,800

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TO AL
30. EPA Amount This Action	\$4,287,600	\$593,250	\$4,880,850
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost	\$5,716,800	\$791,000	\$6,507,800

39. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deadlig. Amount
	GHPW80	79R	68X0103.B	WV7906	FGHP036006	41.11	\$593,250

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)TOTAL APPROVED ALLOWABLE
BUDGET PERIOD COST

1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	N/A
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient: _____ % Federal: _____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	N/A
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient: _____ % Federal: _____ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

1. ADMINISTRATION EXPENSE	
2. PRELIMINARY EXPENSE	67,962
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	60,895
5. OTHER ARCHITECTURAL ENGINEERING FEES	68,486
6. PROJECT INSPECTION FEES	361,793
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	5,658,728
12. EQUIPMENT	
13. MISCELLANEOUS (Legal/Fiscal)	6,997
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	282,939
19. TOTAL (Share: Recipient) <u>25</u> % Federal <u>75</u> %	6,507,800
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$ 4,880,850

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS:

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

All other terms and conditions remain unchanged.

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers ~~assistance~~ amendment to the Crab Orchard-MacArthur PSD

for 75 % of all approved costs incurred up to and not exceeding \$4,880,850

for the support of approved budget period effort described in application (including all application modifications)

C-540191-02 Crab Orchard-MacArthur PSD included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL <i>Peter N. Bibko</i>	TYPED NAME AND TITLE Peter N. Bibko, Regional Administrator	DATE AUG 24 1982
--	--	---------------------

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE <i>Joseph L. Withrow</i>	TYPED NAME AND TITLE	DATE 9/24/82
---------------------------------------	----------------------	-----------------

Revised
order
part B

AC

old {
5206240.00+
2332768.00+
4917370.00+
03
12456378.00*

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OCT 05 1982

RECEIVED

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 05 1982	
FBI - [illegible]	
9258-B	

CERTIFIED MAIL

Re: C-546191-05
Crab Orchard MacArthur PSD

Mr. Joseph L. Withrow, Chairman
Crab Orchard MacArthur PSD
P.O. Box 637
Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

We are pleased to inform you of the award of a Step 3 Federal grant for the construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$4,917,370, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR, Parts 30 and 35, are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

The Huntington District U.S. Army Corps of Engineers will be assisting both the State and this office in administering Step 3 program activities of this grant. Should you desire to communicate with the Corps, you may reach Mr. Wes King at 304/529-5282.

Sincerely yours,

Greene A. Jones, Director
Water Management Division

Enclosures

- cc: Mr. Warren Means, WVDNR
- Mr. Edgar Henry, WDA
- Mr. Wes King, COE
- Gates Engineering

5. AGREEMENT TYPE		6. PAYMENT METHOD	
Assistance Agreement		<input type="checkbox"/> Advance	<input type="checkbox"/> Reimbursement
Assistance Amendment	X	<input type="checkbox"/> Letter of Credit	
		Send Payment Request To:	7. TYPE OF ACTION
		Grants Management Section	Continuation

8. RECIPIENT	9. PAYEE
Crab Orchard-MacArthur PSD P.O. Box 637 Crab Orchard, West Virginia 25827	Crab Orchard-MacArthur PSD P.O. Box 637 Crab Orchard, West Virginia 25827

10. RECIPIENT TYPE
Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
Joseph L. Withrow Chairman 304/253-2701	Gates Engineering Company P.O. Drawer AF Beckley, West Va. 25801 304/253-2701

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	Dennis P. Carney Team Leader, West Virginia Section 215/597-8324

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Patricia Gaskins 202/382-5184	N/A	N/A	III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
		a. Treatment Level	1
		b. Project Type	NEW
		c. Treatment Process	N
Clean Water Act	40 CFR Part 35	d. Sludge Design	8

PROJECT TITLE AND DESCRIPTION
 This Step 3 project consists of a sewage collection system to serve the Northern RS-2 area of the Crab Orchard-MacArthur Public Service District, Raleigh County, West Virginia. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Areas Impacted by Project)			
City/Place	County	State	Congressional District
Crab Orchard	Raleigh	WV	4
ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD	
66.418	9/82 - 9/85	N/A	
COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST	
3,384	N/A	\$6,556,500	

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action		4,917,370	4,917,370
EPA In-Kind Amount			
Unexpended Prior Year Balance			
Other Federal Funds			
Recipient Contribution			
State Contribution			
Local Contribution			
Other Contribution			
Allowable Project Cost -		6,556,500	6,556,500

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GHQW80	78R	68X0103.A	W78204	FGHQ036006	41.11	\$ 23,138
GDJW80	81C	68X0103.D	W12016	FGDJ036006	41.11	\$4,894,232

PERSONNEL
 FRINGE BENEFITS
 TRAVEL
 EQUIPMENT
 SUPPLIES
 CONTRACTUAL
 CONSTRUCTION
 OTHER
 TOTAL DIRECT CHARGES
 INDIRECT COSTS: RATE % BASE
 TOTAL (Share: Recipient: % Federal %)

TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION
 (Non-construction)

N/A

TOTAL (Share: Recipient: % Federal %)

TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE C - PROGRAM ELEMENT CLASSIFICATION
 (Construction)

ADMINISTRATION EXPENSE
 PRELIMINARY EXPENSE
 LAND STRUCTURES, RIGHT-OF-WAY
 ARCHITECTURAL ENGINEERING BASIC FEES
 OTHER ARCHITECTURAL ENGINEERING FEES
 PROJECT INSPECTION FEES
 LAND DEVELOPMENT
 RELOCATION EXPENSES
 RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES
 DEMOLITION AND REMOVAL
 CONSTRUCTION AND PROJECT IMPROVEMENT
 EQUIPMENT
 MISCELLANEOUS
 TOTAL (Lines 1 thru 13)
 ESTIMATED INCOME (If applicable)
 NET PROJECT AMOUNT (Line 14 minus 15)
 LESS: INELIGIBLE EXCLUSIONS
 ADD: CONTINGENCIES

63,330

54,441
72,102
316,570

5,762,078

287,979

TOTAL (Share: Recipient: 25 % Federal 75 %)

6,556,500

TOTAL APPROVED ASSISTANCE AMOUNT

\$ 4,917,370

GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart 1, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- c. Payments shall be made in accordance with 40 CFR 35.2300.
- d. The grantee may submit requests for payment certifying that allowable costs have been incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Amount</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	9/83	\$ 69,288	\$ 69,288
2	10/83	123,038	192,326
3	11/83	213,412	405,738
4	12/83	288,412	694,150
5	1/84	183,412	877,562
6	2/84	175,912	1,053,474
7	3/84	250,912	1,304,386
8	4/84	609,300	1,913,686
9	5/84	609,300	2,522,986
10	6/84	609,300	3,132,286
11	7/84	609,300	3,741,586
12	8/84	609,300	4,350,886
13	9/84	566,484	4,917,370

Continued on Page 3a

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 9/30/84. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of this grant award (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-ways are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

6. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.

6. Subagreements and Contracts (Cont'd)

- c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

7. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Assistance Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

10. Award Restrictions

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607 (a) of Public Law 96-74.

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA. Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/award to the Crab Orchard-MacArthur PSD for 75% of all approved costs incurred up to and not exceeding \$4,917,370

for the support of approved budget period effort described in application (including all application modifications) C-540191-05 Crab Orchard-MacArthur PSD

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	Environmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY	DATE
Regional Administrator	SEP 28 1992

Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance provisions. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of the agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee to repay amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION	DATE
Regional Administrator	



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION III

6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

NOV 23 1983

Re: C-540191-05
Crab Orchard-Mac Arthur PSD

Mr. Joseph L. Withrow, Chairman
Crab Orchard-Mac Arthur Public Service District
P. O. Drawer 278
Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

This is to confirm what has already been informally communicated to you concerning your September 19, 1983 request for a deviation from 40 CFR 35.2212(b), "Project Initiation and Completion" for the referenced project.

Your request for a two (2) month time extension until November 28, 1983 is hereby approved based on the justification that you have submitted.

Should you have any questions, please contact Mr. Kenneth C. Pantuck at (215) 597-9090.

Sincerely yours,


Greene A. Jonas, Director
Water Management Division

cc: Warren Means, DNR
Ed Henry, WDA
Milan/BCM Engineering, Inc.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 REGION III
 6TH AND WALNUT STREETS
 PHILADELPHIA, PENNSYLVANIA 19106

CERTIFIED MAIL

Re: C-540191-05
 Crab Orchard-MacArthur PED

NOV 22 1983

Mr. Joseph L. Withrow, Chairman
 Crab Orchard-MacArthur Public
 Service District
 P. O. Drawer 278
 Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

You were advised by mailgram on November 8, 1983 that the bidding procedures for Contract Numbers 1, 2, 3 and 4 of the referenced project were reviewed and approved and that they could be awarded to the low responsive bidders: Valley Development of West Virginia, Inc., Erps Construction Co., Inc., Nicassio Enterprises, Inc. and Graceland Construction, Inc., respectively. Additionally approved is the use of the Appalachian Power Company to provide the electrical hook-ups for the project.

In addition, EPA Form 5780-1B is revised as noted:

<u>Item</u>	<u>For Grant Participation</u>
A. Construction	\$
Contract No. 1	1,024,913.00
Contract No. 2	1,748,368.45
Contract No. 3	1,619,265.00
Contract No. 4	378,616.00
Electrical Service	10,000.00
B. Technical Services	440,822.00 <u>1/</u>
C. Legal & Fiscal	10,000.00
D. Administrative	64,844.00 <u>2/</u>
E. Contingency	<u>238,471.55</u> <u>3/</u>
F. Total	\$5,535,300.00

1/ Adjusted to reflect actual agreements to date.

2/ Pro-rated by applying eligible construction costs to total construction costs.

3/ Contingency established at 5% of eligible construction costs.

Since the revised eligible project cost is \$5,535,300, the grant has been decreased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed \$4,151,470. The original and one copy of the Assistance Amendment reflecting the decrease in Federal obligation, together with a revised payment schedule, are enclosed. Please execute the Amendment and return the original, within twenty-one days of your receipt, to Mr. Frank Snock, Chief, Grants Management Section. The copy may be retained for your files.

When the contracts have been awarded, one executed copy of the construction agreements, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Assistance Agreement for the project has conditions which require the submission and approval of certain documents to satisfy regulatory requirements of the program and which are enforced through the grant payment process. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in advance of the payment milestone specified in the Assistance Agreement.

We are enclosing informational sheets outlining procedures to be followed in making contract modifications and for submitting partial payment requests.

Sincerely yours,


Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Mean, WVDNR
Mr. Edgar Henry, WDA
Gatas Engineering, Co.

5. AGREEMENT TYPE		6. PAYMENT METHOD	
Cooperative Agreement	<input type="checkbox"/>	<input type="checkbox"/> Advance	<input checked="" type="checkbox"/> Reimbursement
Grant Agreement	<input type="checkbox"/>	Send Payment Request To:	7. TYPE OF ACTION
Assistance Amendment	<input checked="" type="checkbox"/>	Grants Management Section	Augmentation - Decrease

8. RECIPIENT	9. PAYEE
Crab Orchard-MacArthur Public Service District P. O. Drawer 278 Crab Orchard, West Virginia 25827	Crab Orchard-MacArthur Public Service District P. O. Drawer 278 Crab Orchard, West Virginia 25827

EIN NO.	CONGRESSIONAL DISTRICT	10. RECIPIENT TYPE
	4th	Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
Joseph L. Withrow Chairman 304/253-2701	Gates Engineering Company P. O. Drawer AF Beckley, West Virginia 25801 304/253-2701

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	Kenneth Pantuck Project Officer West Virginia Section 215/597-9090

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT Only)
Patricia Gaskins - 202/382-5184		N/A	III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
Clean Water Act	40 CFR Part 35	a. Treatment Level	1
		b. Project Type	NEW
		c. Treatment Process	N
		d. Sludge Design	8

2. PROJECT TITLE AND DESCRIPTION
This amendment is based on the revised eligible project cost as submitted on EPA Form 5780-1B.

23. PROJECT LOCATION (Area Impacted by Project)			
City/Place	County	State	Congressional District
Crab Orchard	Raleigh	WV	4th

24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	9/82 - 9/85	N/A
27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
3,384	N/A	\$5,535,300

FUNDS	FEDERAL AWARD	THIS ACTION	AMENDED TOTAL
1. EPA Amount This Action	\$4,917,370	-\$765,900	\$4,151,470
2. EPA In-Kind Amount			
3. Unexpended Prior Year Balance			
4. Other Federal Funds			
5. Recipient Contribution			
6. State Contribution			
7. Local Contribution			
8. Other Contribution			
9. Allowable Project Cost	\$6,556,500	-\$1,021,200	\$5,535,300

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GDJW80	81-C	68X0103.D	W12016	FGDJ036006	41.11	-\$765,900

1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient _____% Federal _____%)	

12. TOTAL APPROVED ASSISTANCE AMOUNT	\$	N/A
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TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient _____% Federal _____%)	

13. TOTAL APPROVED ASSISTANCE AMOUNT	\$	N/A
--------------------------------------	----	-----

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

1. ADMINISTRATION EXPENSE		84,844.00
2. PRELIMINARY EXPENSE		
3. LAND STRUCTURES, RIGHT-OF-WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES		440,822.00
5. OTHER ARCHITECTURAL ENGINEERING FEES		
6. PROJECT INSPECTION FEES		
7. LAND DEVELOPMENT		
8. RELOCATION EXPENSES		
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT		4,781,162.45
12. EQUIPMENT		
13. UNRECOVERABLE Legal and Fiscal		10,000.00
14. TOTAL (Lines 1 thru 13)		
15. ESTIMATED INCOME (If applicable)		
16. NET PROJECT AMOUNT (Line 14 minus 15)		
17. LESS: INELIGIBLE EXCLUSIONS		
18. ADD: CONTINGENCIES		238,471.55
19. TOTAL (Share: Recipient <u>25</u> % Federal <u>75</u> %)		5,535,300.00

20. TOTAL APPROVED ASSISTANCE AMOUNT	\$	4,151,470.00
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1. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

2. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

A. Part III, Special Condition Number 1-d, Schedule of Grant Payments, is hereby deleted in its entirety and the following is substituted in lieu thereof:

"1-d. Revised Schedule of Grant Payments

The grantee may submit requests for payments for allowable costs incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1 through 7 previously paid		\$	\$ 37,600
8	12/83	410,970	448,570
9	1/84	410,970	859,540
10	2/84	410,969	1,270,509
11	3/84	410,969	1,681,478
12	4/84	410,969	2,092,447
13	5/84	410,969	2,503,416
14	6/84	410,969	2,914,385
15	7/84	410,969	3,325,354
16	8/84	410,969	3,736,323
17	9/84	415,147	4,151,470"

All other terms and conditions remain unchanged.

SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers ~~reference~~/amendment to the Crab Orchard-MacArthur Public Service District

75 % of all approved costs incurred up to and not exceeding \$ 4,151,470

for the support of approved budget period effort described in application (including all application modifications) C-540191-05 - Crab Orchard-MacArthur PSD included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WMOO) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY		
SIGNATURE OF AWARD OFFICIAL 	TYPED NAME AND TITLE Greene A. Jones, Director, Water Management Division	DATE NOV 22 1983

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned presents that he is duly authorized to act on behalf of the recipient organization, and (2, the recipient agrees) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee at the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION		
SIGNATURE	TYPED NAME AND TITLE	DATE

RECEIVED

JAN 23 1980

WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

BASIC GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS): COUNTY: Raleigh

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25801

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25801

3. GRANT PAYEE (NAME AND ADDRESS):

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25801

4. APPROVED AMOUNT OF GRANT: \$ 100,000

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1980, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

The Step III project consists of the construction of a gravity collection system with one pump station and related force main to service the Southern RS-2 area of the Crab Orchard-MacArthur PSD.

7. TOTAL COSTS	\$ <u>6,693,100</u>
ELIGIBLE COSTS	\$ <u>5,716,800</u>
FEDERAL (EPA) GRANT AMOUNT (% OF ELIGIBLE COSTS <u>75</u>)	\$ <u>4,287,600</u>
STATE (WDA) BASIC GRANT AMOUNT (% OF ELIGIBLE COSTS <u>2.5</u>)- Basic limit set at \$100,000	\$ <u>142,320*</u>

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A BASIC GRANT TO Crab Orchard-MacArthur PSD, SUCH GRANT NOT TO EXCEED \$ 100,000 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS OR SERVICE CHARGES DUE THE WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT WHICH BECOMES THE OBLIGATION OF THE OTHER PARTY UNDER THE PROVISIONS OF THIS AGREEMENT SHALL BE REPAYED IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540191-02 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Crab Orchard-MacArthur PSD OFFERED ON September 27, 1979, AND ACCEPTED ON October 2, 1979.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: Edgar N. Henry
DATE: January 16, 1980

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 16th DAY OF January,
1980.

NOTARY: Babara A. Butcher

COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Joseph L. Withrow

TITLE: Chairman

SIGNATURE: Joseph L. Withrow

DATE: Jan 21, 1980

STATE OF WEST VIRGINIA, COUNTY OF Raleigh.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 21st DAY OF January,
1980.

NOTARY: Rebecca L. Hurler

COMMISSION EXPIRES: August 29, 1984

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

WDA-5

NO: C-540191-03

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Raleigh

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

3. GRANT PAYEE (NAME AND ADDRESS):

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

4. APPROVED AMOUNT OF GRANT: \$ 562,294.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1983, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a lift station with force main and a wastewater treatment plant utilizing innovative technology.

7. TOTAL COSTS	\$ <u>3,640,300</u>
ELIGIBLE COSTS	\$ <u>3,462,900</u>
FEDERAL (EPA) GRANT AMOUNT (% OF ELIGIBLE COSTS <u>75</u>)	\$ <u>2,704,549</u>
STATE (WDA) HARDSHIP GRANT AMOUNT (% OF ELIGIBLE COSTS <u>16</u>)	\$ <u>562,294</u>

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Crab Orchard-MacArthur PSD, SUCH GRANT NOT TO EXCEED \$ 562,294.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS OR SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540191-03 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Crab Orchard-MacArthur PSD OFFERED ON 9-30-81 AND ACCEPTED ON 10-13-81.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: *Edgar N. Henry*
DATE: August 20, 1982

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 20th DAY OF August,
1982.

NOTARY: *Barbara C. Butcher*
COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Joseph L. Withrow
TITLE: Chairman, Crab Orchard-MacArthur PSD
SIGNATURE: *Joseph L. Withrow*
DATE: 8/23/82

STATE OF WEST VIRGINIA, COUNTY OF Raleigh.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 23rd DAY OF August,
1982.

NOTARY: *Steve H Church*
COMMISSION EXPIRES: January 21, 1983

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

RECEIVED

FEB 24 1981

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

WATER DEVELOPMENT AUTHORITY

INCENTIVE GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Raleigh

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25801

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25801

3. GRANT PAYEE (NAME AND ADDRESS):

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25801

4. APPROVED AMOUNT OF GRANT: \$ 185,840

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1981, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a gravity collection system with one pump station and related force main.

ENLUMBERED

01281

FILED

7. TOTAL COSTS

ELIGIBLE COSTS

\$ 6,693,100

FEDERAL (EPA) GRANT AMOUNT
(% OF ELIGIBLE COSTS 75)

\$ 5,716,800

STATE (WDA) INCENTIVE GRANT AMOUNT
(% OF ELIGIBLE COSTS 5)

\$ 4,287,600

\$ 285,840*

*Less basic grant for \$100,000

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS AN INCENTIVE GRANT TO Crab Orchard-MacArthur PSD SUCH GRANT NOT TO EXCEED \$ 185,840 FOR SUPPORT OF COSTS DESCRIBED IN THIS AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS OR SERVICE CHARGES DUE THE WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION: THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT WHICH BECOMES THE OBLIGATION OF THE OTHER PARTY UNDER THE PROVISIONS OF THIS AGREEMENT SHALL BE REPAYED IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540191-02 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Crab Orchard-MacArthur PSD OFFERED ON 9-27-79 AND ACCEPTED ON 10-02-79

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

NUMBER
01201

IN THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: Edgar N. Henry
DATE: February 13, 1981

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 13th DAY OF February, 1981.

NOTARY: Barbara A. Butcher
COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Joseph L. Withrow
TITLE: Chairman
SIGNATURE: Joseph L. Withrow
DATE: February 17, 1981

STATE OF WEST VIRGINIA COUNTY OF Raleigh

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 17th DAY OF February, 1981.

NOTARY: Donna C. Perberis
COMMISSION EXPIRES: October 20, 1987

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

BASIC GRANT AGREEMENT

WATER DEVELOPMENT AUTHORITY

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Raleigh

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

3. GRANT PAYEE (NAME AND ADDRESS):

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

4. APPROVED AMOUNT OF GRANT: \$ 14,160.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1983, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a lift station with force main and a wastewater treatment plant utilizing innovative technology.

ENCLOSURE

7-20-83

7-20-83

7. TOTAL COSTS \$ 3,640,300

ELIGIBLE COSTS \$ 3,462,900

FEDERAL (EPA) GRANT AMOUNT \$ 2,704,549
(% OF ELIGIBLE COSTS 75)

STATE (WVA) BASIC GRANT AMOUNT \$ 173,145*
(% OF ELIGIBLE COSTS 5)

*Maximum grant \$300,000 less.
Previous grant 285,840 equals
Increase grant \$ 14,160

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A BASIC GRANT TO Crab Orchard-MacArthur PSD, SUCH GRANT NOT TO EXCEED \$ 14,160 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS OR SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540191-03 CONSULATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Crab Orchard-MacArthur PSD OFFERED ON 9-30-81 AND ACCEPTED ON 10-13-81.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

093010013
08.09.74

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: [Signature]
DATE: June 25, 1982

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA
TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 25th DAY OF June
1982.

NOTARY: [Signature]
COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT
ORGANIZATION REPRESENTATIVE: Mr. Joseph L. Withrow
TITLE: Chairman, Crab Orchard-MacArthur PSD
SIGNATURE: [Signature]
DATE: 6/30/82

STATE OF WEST VIRGINIA, COUNTY OF Raleigh
TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 30th DAY OF June
1982.

NOTARY: [Signature]
COMMISSION EXPIRES: January 21, 1983

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.
ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

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WEST VIRGINIA WATER POLLUTION CONTROL BOARD

BASIC GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Raleigh

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

3. GRANT PAYEE (NAME AND ADDRESS):

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

4. APPROVED AMOUNT OF GRANT: \$ 14,160.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WOA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1983, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a lift station with force main and a wastewater treatment plant utilizing innovative technology.

09301013

08.02.74

Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

October 6, 1983

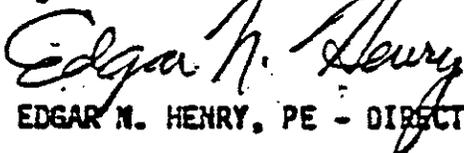
CERTIFIED MAIL

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

The West Virginia Water Development Authority (WDA) is pleased to make a hardship grant available to the Crab Orchard-MacArthur PSD. The WDA hardship grant will normally be paid in a manner similar to EPA grant payments which are based essentially on completion of work. However, hardship grant funds may be made available at the time of repayment of the WDA loan(s) by the entity.

If for some reason your project does not proceed into construction, the hardship grant may be terminated. In this case, your project would be held in abeyance awaiting future activity.

The WDA hardship grant is to be for an amount not to exceed \$137,706 and is subject to the conditions set forth in the grant agreement and Administrative Regulations. If you desire to participate in the hardship grant program, please sign the enclosed agreement and forward the original and first copy to this office. Also, a copy of the resolution designating the signee of the agreement must be returned.


EDGAR N. HENRY, PE - DIRECTOR

c Senators
Delegates
Water Resources Division
Regional Planning Council
Economic & Community Development
Environmental Health Services
Consulting Engineer

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

RECEIVED

HARDSHIP GRANT AGREEMENT

OCT 17 1983

WATER DEVELOPMENT AUTHORITY
Raleigh

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY:

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

3. GRANT PAYEE (NAME AND ADDRESS):

Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

4. APPROVED AMOUNT OF GRANT: \$ 137,706.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 19 84, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

The project consists of a sewage collection system to serve the Northern RS-2 area of the PSD.

7. TOTAL COSTS	\$ <u>6,556,500</u>
ELIGIBLE COSTS	\$ <u>6,556,500</u>
FEDERAL (EPA) GRANT AMOUNT (% OF ELIGIBLE COSTS <u>75</u>)	\$ <u>4,917,370</u>
STATE (WDA) HARDSHIP GRANT AMOUNT (% OF ELIGIBLE COSTS <u>--</u>)	\$ <u>1,000,000*</u>

*Less previous agreements for \$362,294

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Crab Orchard-MacArthur PSD, SUCH GRANT NOT TO EXCEED \$ 137,706.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS OR SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

SPECIAL PROVISION. THE GRANT RECIPIENT AGREES TO THE FOLLOWING:

Crab Orchard-MacArthur PSD, DURING THE CONSTRUCTION OF ITS SEWER FACILITY, WILL PROVIDE AND MAINTAIN COMPETENT AND ADEQUATE ENGINEERING AND OVERSEEING SERVICES SATISFACTORY TO THE AUTHORITY COVERING THE SUPERVISION AND INSPECTION OF THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT AND BEARING THE RESPONSIBILITY FOR ENSURING THAT CONSTRUCTION CONFORMS WITH THE APPROVED FINANCING ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS AND CERTIFYING TO THE AUTHORITY, DURING AND AT COMPLETION OF CONSTRUCTION, THAT FINANCING AND CONSTRUCTION IS IN ACCORDANCE WITH APPROVED FINANCIAL ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS OR APPROVED AMENDMENTS THERETO.

THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540191-05 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Crab Orchard-MacArthur PSD OFFERED ON 9-28-82 AND ACCEPTED ON 10-07-82

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: *Edgar N. Henry*
DATE: October 6, 1983

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 6th DAY OF October
1983.

NOTARY: *Barbara A. Butcher*

COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT
ORGANIZATION REPRESENTATIVE: Mr. Joseph L. Withrow
TITLE: Chairman
SIGNATURE: *Joseph L. Withrow*
DATE: 10/12/83

STATE OF WEST VIRGINIA, COUNTY OF Raleigh

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 12 DAY OF Oct-1983
1983.

NOTARY: *Ellis Ruffe*

COMMISSION EXPIRES: Oct 12, 1992

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.



DEC 17 1982

CERTIFIED MAIL

Re: C-540191-02
Crab Orchard-MacArthur
Public Service District

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur Public
Service District
P. O. Drawer 278
Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

We are pleased to inform you that a grant increase of \$325,390 is approved for the Crab Orchard-MacArthur Public Service District, under the provisions of Section 214 of the Appalachian Regional Development Act of 1965, for the referenced project.

The grant supplements all previous awards made under the provisions of the Clean Water Act. The total grant for the project, therefore, is \$5,206,240. You are reminded that the assurances given in accepting the original offer also apply to this supplemental grant.

The original and a copy of Assistance Amendment Number Two are enclosed. The original copy of the Amendment should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, DNR
Mr. Edgar Henry, WDA
Mr. Wesley King, COE ✓
Ms Judy Powell, ARC
Gates Engineering Company

1982 AUG 16 AM 9:21

9 AUG 1982

RECEIVED

1.	For Information
2. <i>Stallone</i>	Up
3. <i>Stallone</i>	Return To
4.	Send Comments To
5.	Prepare Reply
6.	Request Status By
	Exception
	Library
	File

Honorable John D. Rockefeller IV
 Governor of West Virginia
 State Capital
 Charleston, West Virginia 25305

Re: Crab Orchard-Reedthar Public
 Service District, Raleigh
 County (WV-8447-C2-I-214-
 0597)

Dear Governor Rockefeller:

Enclosed is a copy of the Appalachian Regional Commission's approval of a grant for the referenced project dated August 5, 1982.

Appalachian Regional Commission funds in the amount of \$367,378 have been made available to the Administrator, Environmental Protection Agency.

Sincerely yours,

61
 FRANCIS E. MORAVITZ
 Executive Director

Enclosure

cc: State Alternate
 Kiara Smith Stanley
 Fred Cutlip
 Miles Dean
 WPalmer/HLRoesch
 Files

PEM/DPG/bs 8/5/82

RECEIVED

AUG 12 1982

COMMUNITY DEVELOPMENT

Mr. Alexander J. Green, Director
 Grants Administration Division
 Office of Administration
 Environmental Protection Agency
 W437E P.M.-216
 401 N Street, S. W.
 Washington, D. C. 20460

The Appalachian Regional Commission has approved a project for assistance under the Appalachian Regional Development Act of 1965 as amended, as follows:

Crab Orchard-MacArthur Public Service District Sewage System, Raleigh County, West Virginia (WV-8447-82-I-214-0607)

Funding

	<u>Collection</u>	<u>%</u>	<u>Treatment</u>	<u>%</u>	<u>Totals</u>	<u>%</u>
EPA	\$4,620,850	75.0	\$2,290,784	78.6	\$7,171,634	76.1
Section 214	325,390	5.0	41,988	1.4	367,378	3.9
N-F (State & Local)	<u>1,301,560</u>	<u>20.0</u>	<u>583,128</u>	<u>20.0</u>	<u>1,884,688*</u>	<u>20.0</u>
Total Eligible Cost	6,507,800	100.0	2,915,900	100.0	9,423,700	100.0
Ineligible Project Cost	<u>663,100</u>		<u>62,785</u>		<u>725,885</u>	
Total Project Cost	\$7,170,900		\$2,978,685		\$10,149,585	

* Includes State WDA basic grant of \$300,000, State WDA hardship grant of \$62,294, and State partnership grant of \$232,622.

- If Section 201, 202, 211b or 214 funding is specified, the following apply as appropriate:
 - Section 201 assistance is limited to the lesser of the amount specified above or 60% of the eligible cost.
 - Section 202 assistance for equipment purchased can not exceed 80% of the total eligible equipment cost. When the final Financial Status Report is submitted by the grantee, the amount of the federal outlays for equipment and the amount of the non-federal equipment cash match shall be specified separately.
 - Section 211b assistance for the construction or equipment of any component of an education demonstration project shall not exceed 80% of the total eligible cost.
 - Section 214 assistance is limited to the lesser of: (1) the amount specified above, or (2) the difference between the actual eligible project costs and the sum of the actual non-ARC basic grant(s) and the non-federal funds specified above.

APPROVED: _____

August 5, 1982

Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

July 21, 1982

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur PSD
P. O. Box 637
Crab Orchard, WV 25827

It has been determined that grant levels from various sources have either been committed or are in process for the Crab Orchard-MacArthur PSD sewer system. The grant status at this time is as follows:

EPA	\$7,143,588	Adjustments which result in this level are in process at DNR.
ARC	600,000	It is understood that this value may be adjusted to meet certain ARC requirements; however, the total commitment would remain at \$600,000 through commitment of funds at other sources.
County Commission	50,000	This level is considered firm.
Tap Fees	80,000	This level is considered firm.
WDA Basic Grant	300,000	This level is firm. Grant award has been consummated.
WDA Hardship Grant	562,294	This amount is firm; funds are available to award the grant.
Total Grants	\$8,735,882	

Based on the total grant level shown, the user charge level which was subject to hearing before the Public Service Commission is met. These grant funds, along with the local share to be obtained through the issuance of bond anticipation notes, completes funding of the project. The investment banking firms associated with the Crab Orchard-MacArthur PSD indicate that marketing of the notes is on schedule.

Mr. Joseph L. Withrow, Chairman
Page Two
July 21, 1982

If you have any questions or if we can be of service in this matter, please let us know.

COPIES FORWARDED BY

EDGAR N. HENRY

EDGAR N. HENRY, PE - DIRECTOR

bb

c Senators

Delegates

Water Resources Division

Regional Planning Council

Economic & Community Development (Marsha Krull & Ralph Goolsby)

Environmental Health Services

Consulting Engineer

Public Service Commission (Greg Curry)

Senator Robert C. Byrd

Congressman Nick Joe Rahall

ASSISTANCE AMENDMENT
(Optional)

(Please read instructions on reverse)

C-540191-03

AMENDMENT NO.

2

NOTE: The original Amendment with one copy must be executed and returned to the Grants Administration Division for Headquarters assistance awards and to the Grants Administration Branches for State and local assistance awards within 3 weeks after receipt or within any extension of time as may be granted in writing by EPA. Except as may be otherwise provided, no costs as a result of the Amendment may be incurred prior to the execution of the Assistance Amendment by the parties thereto.

Receipt of a written refusal, or failure to receive the properly executed document within the prescribed time will result in the termination of consideration of the Assistance Amendment by EPA.

GENERAL INFORMATION

APPROPRIATION AND ACCOUNTING DATA

APPROPRIATION NUMBER 68-11X0090	ACCOUNT NUMBER HZ6U036006	OBJECT CLASS CODE 41.11
------------------------------------	------------------------------	----------------------------

DESCRIPTION OF AMENDMENT: PURSUANT TO EPA ASSISTANCE REGULATION 40 CFR 30.900 "PROJECT CHANGES AND ASSISTANCE MODIFICATIONS" AND 40 CFR 30.900-1 "FORMAL ASSISTANCE AMENDMENTS," THE ABOVE NUMBERED ASSISTANCE AGREEMENT IS AMENDED AS FOLLOWS:

Increase grant amount by \$41,988, from \$2,290,780 to \$2,332,768, due to a supplemental increase of ARC funds.

Funding

EPA	\$2,290,780	78.6%
ARC - Section 214	41,988	1.4
Non-Federal (State & Local)	<u>583,132</u>	<u>20.0</u>
Total Eligible Project Cost	\$2,915,900	100.0%

Section 214 assistance is limited to the lesser of: (1) the amount specified above, or (2) the difference between the actual eligible project costs and the sum of the actual non-ARC basic grant(s) and the non-Federal funds specified above.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

AWARD APPROVAL OFFICE		ISSUING OFFICE	
ORGANIZATION Water Management Division (3WM00)		ORGANIZATION Grants Management Section (3PM32)	
ADDRESS Environmental Protection Agency Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106		ADDRESS Environmental Protection Agency Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	
RECIPIENT ORGANIZATION			
NAME Crab Orchard-MacArthur Public Service District		ADDRESS P. O. Drawer 278 Crab Orchard, WV 25827	

Except as provided herein all terms and conditions of the basic assistance agreement, including prior amendments, remain unchanged and in full force and effect and subject to all applicable provisions of 40 CFR Chapter 1, Subpart B.

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL 	TYPED NAME AND TITLE Peter N. Bibko, Regional Administrator	DATE DEC 17 1982
BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION		
SIGNATURE 	TYPED NAME AND TITLE JOSEPH L. KITHROW - CHAIRMAN CRAB ORCHARD - MACARTHUR P S D	DATE 12-23-82

NOTE: The original Amendment with one copy must be executed and returned to the Grants Administration Division for Headquarters assistance awards and to the Grants Administration Branches for State and local assistance awards within 3 weeks after receipt or within any extension of time as may be granted in writing by EPA. Except as may be otherwise provided, no costs as a result of the Amendment may be incurred prior to the execution of the Assistance Amendment by the parties thereto.

Receipt of a written refusal, or failure to receive the properly executed document within the prescribed time will result in the termination of consideration of the Assistance Amendment by EPA.

GENERAL INFORMATION

APPROPRIATION AND ACCOUNTING DATA

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Increase grant amount by \$325,390, from \$4,880,850 to \$5,206,240, due to a supplemental increase of ARC funds.

Funding

EPA	\$4,880,850	75.0%
ARC - Section 214	325,390	5.0
Non-Federal (Local & State)	<u>1,301,560</u>	<u>20.0</u>
Total Eligible Project Cost	\$6,507,800	100.0%

Section 214 assistance is limited to the lesser of: (1) the amount specified above, or (2) the difference between the actual eligible project costs and the sum of the actual non-ARC basic grant(s) and the non-Federal funds specified above.

Part III, Special Conditions, is hereby amended by adding the following:

"13. Award Restrictions

The grantee agrees that no portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 USC Section 1913 or Section 607(a) of Public Law 96-74".

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

AWARD APPROVAL OFFICE		ISSUING OFFICE	
ORGANIZATION Water Management Division (3WM00)	ORGANIZATION Grants Management Section (3PM32)	ADDRESS Environmental Protection Agency Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ADDRESS Environmental Protection Agency Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106
RECIPIENT ORGANIZATION			
NAME Crab Orchard-Mac Arthur Public Service District	ADDRESS P. O. Drawer 278 Crab Orchard, West Virginia 25827		

Except as provided herein all terms and conditions of the basic assistance agreement, including prior amendments, remain unchanged and in full force and effect and subject to all applicable provisions of 40 CFR Chapter 1, Subpart B.

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARDING OFFICIAL <i>Peter N. Bibko</i>	TYPED NAME AND TITLE Peter N. Bibko, Regional Administrator	DATE DEC 17 1992
BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION		
SIGNATURE	TYPED NAME AND TITLE	DATE



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 REGION III
 6TH AND WALNUT STREETS
 PHILADELPHIA, PENNSYLVANIA 19106

Grant

DEC 17 1982

CERTIFIED MAIL

Re: C-540191-03
 Crab Orchard-MacArthur
 Public Service District

Mr. Joseph L. Withrow, Chairman
 Crab Orchard-MacArthur Public
 Service District
 P. O. Drawer 278
 Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

We are pleased to inform you that a grant increase of \$41,988 is approved for the Crab Orchard-MacArthur Public Service District, under the provisions of Section 214 of the Appalachian Regional Development Act of 1965, for the referenced project.

The grant supplements all previous awards made under the provisions of the Clean Water Act. The total grant for the project, therefore, is \$2,332,768. You are reminded that the assurances given in accepting the original offer also apply to this supplemental grant.

The original and a copy of Assistance Amendment Number Two are enclosed. The original copy of the Amendment should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

Greene A. Jones, Director
 Water Management Division

Enclosures

- cc: Mr. Warren Means, DNR
- Mr. Edgar Henry, WDA
- Mr. Wesley King, COE
- Ms. Judy Powell, ARC
- Gates Engineering Company ✓

RECEIVED

1982 DEC 27 PM 1:15

GATES ENGINEERING COMPANY

		For Information
	<i>Stafford</i>	Up
	<i>Smith</i>	Down To
<i>CD</i>	<i>ART</i>	Send copies To
	<i>Osley</i>	Prepare Reply
		Printed By
		Reception
		Library
		File





STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

September 6, 1983

Dear Mr. Withrow,

Based upon my recent review, I am pleased to advise you that I am committing \$150,000 from the Community Partnership Grant Program to the Crab Orchard-MacArthur Public Service District for construction of a sanitary sewer system.

This commitment is based upon the merits of the project, its readiness to go to construction, and its contribution to the long-term growth and development of the area.

You should note that the project must be underway within twelve months to avoid loss of these funds. Representatives of my Office of Economic and Community Development will be contacting you regarding the necessary procedures for funding this project.

Please let me know if I can be of any additional assistance in the future.

Sincerely,



John D. Rockefeller IV

Mr. Joseph L. Withrow
Chairman
Crab Orchard-MacArthur Public
Service District
Post Office Drawer 278
Crab Orchard, West Virginia 25827

September 6, 1983

Mr. Ed Shutt
Gates Engineering Company
Post Office Drawer AF
Beckley, West Virginia 25801

Dear Ed

Enclosed is a copy of the Governor's commitment to the Crab Orchard-MacArthur Public Service District for the construction of a sanitary sewer system.

The Governor is committing \$150,000 from the Community Partnership Grant Program.

Please let me know if I can be of any additional assistance.

Sincerely

Jack E. Bazzarre /ms.

Jack E. Bazzarre
Project Coordinator

JEB:ass

cc: Warren A. Thornhill, III
Sterling Lewis
File ✓
Gary Cottrill



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

July 30, 1982

Dear Mr. Withrow,

Based upon my recent review, I am pleased to advise you that I am committing \$232,522 from the Community Partnership Grant program to Crab Orchard-MacArthur Public Service District for construction of a wastewater treatment plant, two lift stations, and a sewage collection system for the southern portion of the public service district.

This commitment is based upon the merits of the project, its readiness to go to construction, and its contribution to the long-term growth and development of the area.

You should note that the project must be underway within twelve months to avoid loss of these funds. Representatives of my Office of Economic and Community Development will be contacting you regarding the necessary procedures for funding this project.

Please let me know if I can be of any additional assistance in the future.

Sincerely,

John D. Rockefeller IV

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur Public
Service District
Post Office Box 637
Crab Orchard, West Virginia 25827

PURCHASE ORDER

File: BB 10-82
 Date: 10-82
 Fiscal Year: 1983
 Pages: 1
 State Acct. No.: 5206
 B.R. Acct. No.: 222 1210 15 025 61

OR: COECD

Vendor Name & Address:
 Crab Orchard-MacArthur PSD
 Box 637
 Crab Orchard, WV 25827

F.E.I.N.
 000-001-249-2

Ship To:
 Governor's Office of Economic & Community Development
 W/ 144 State Capitol
 Charleston, West Virginia 25305

Invoice in Quintuplicate To:
 Same as above

O. Date: 10-82 sk Terms: F.O.B. Shipping Date:

Item No.	Quantity	Description	Unit Price	Amount
AGREEMENT				
<p>This Agreement constitutes the acceptance of contract made by and between the State of West Virginia by the Commissioner of Finance and Administration for and on behalf of the Governor's Office of Economic and Community Development and the Crab Orchard-MacArthur PSD, for construction of a waste water treatment plant, lift stations, and collection system for the southern portion of the PSD.</p> <p>Service beginning <u>July 30</u>, 19 <u>82</u> and extending until <u>June 30</u>, 19 <u>83</u>. All in accordance with standard form of agreement attached hereto as a part hereof.</p> <p>SCHEDULE OF PAYMENT</p> <p>\$ _____ per _____</p> <p style="text-align: right;"> FEE: \$ <u>232,622.00</u> TRAVEL EXPENSE: \$ _____ OTHER EXPENSE: \$ _____ TOTAL: \$ <u>232,622.00</u> </p> <p style="text-align: right;"> STATE OF WEST VIRGINIA Department of Finance and Administration Arnold T. Margolin <i>Mark A. Clauson</i> Commissioner </p> <p>APPROVED AS TO FORM THIS <u>30</u> DAY OF <u>November</u>, 19 <u>82</u> BY <u>Chauncey H. Browning, Jr.</u> Attorney General <i>Chauncey H. Browning, Jr.</i> Assistant Attorney General </p> <p style="text-align: right;"> STATE OF WEST VIRGINIA Department of Finance and Administration PURCHASING DIVISION </p>				

SEE TERMS AND CONDITIONS ON BACK

232,622.00

TOTAL AMOUNT OF THIS PURCHASE ORDER \$ 232,622.00
Donald H. Hall

Director, Purchasing Division

COMMUNITY PARTNERSHIP GRANT

C O N T R A C T

Between

GOVERNOR'S OFFICE OF ECONOMIC AND
COMMUNITY DEVELOPMENT

And

THE CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT

THIS AGREEMENT, entered into this 30th day of July, 1982 by the West Virginia Department of Finance and Administration on behalf of the Governor's Office of Economic and Community Development, hereinafter called the "GOECD," and the Crab Orchard-MacArthur Public Service District and its authorized officers, agents, and representatives hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the GOECD has promised and agreed to assist the Grantee to perform such tasks hereafter described in the scope of services, which is to be partially financed by funds made available through the Community Partnership Grants and Loan Program.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Assistance of the Grantee. The GOECD hereby agrees to assist the Grantee including all authorized officers, agents, and representatives, to perform such tasks and functions as set forth below in the scope of services.

2. Scope of Services. The Grantee, or its designated agent, shall do, perform and carry out in a satisfactory and proper manner as determined by the GOECD all duties, tasks, and functions necessary to construct a wastewater treatment plant, two lift stations, and a sewage collection system for the southern portion of the Public Service District.

3. Personnel. The Grantee represents that it has or will secure at its own expense personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with GOECD.

4. Time of Performance. The Grantee will commence its duties under this Contract on July 30, 1982 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in the light of the purpose of the Contract, but in any event, all of the services required hereunder shall be completed by June 30, 1983. Completion date of this Contract may only be extended by mutual written agreement of both parties dependent on the re-appropriation of funds under the Community Partnership Grants and Loan Program.

5. Compensation. In consideration of the services rendered by the Grantee, the GOECD agrees to pay the Grantee the sum of \$232,622. This amount constitutes complete compensation for all the services rendered. In no instances shall the agreed upon compensation exceed \$232,622 without the written consent of the Governor of the State of West Virginia.

6. Method of Payment. To be eligible for any and all payments up to ninety percent (90%) of the grant amount, the Grantee shall submit a letter of request along with invoices detailing each segment of work completed under this contract. The remaining ten percent (10%) shall be made available upon submission of certification of completion and acceptance of the project by the Grantee, and submission of the project audit report completed in compliance with item #20 of this contract.

7. Termination of Contract for Cause. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner his obligations under

this Contract, or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the GOECD shall thereupon have the right to terminate this Contract by giving written notice to the Grantee of such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the GOECD for damages sustained by the GOECD by virtue of any breach of the Contract by the Grantee and the GOECD may withhold any payments to the Grantee for the purpose of set-off until such time as the exact amount of damages due the GOECD from the Grantee is determined.

8. Termination for Convenience of GOECD. The GOECD may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the GOECD as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

9. Termination by the Grantee. The Grantee may unilaterally rescind this agreement at any time prior to the commencement of the project. After project commencement, this agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the GOECD makes any expenditure or incurs any obligation with respect to the project.

10. Changes. The GOECD and the Grantee may, from time to time, require changes in the scope of the services of the work to be performed hereunder.

12.10.82

Such changes, including any increase or decrease in the amount of the grantee's compensation and work to be performed, which are mutually agreed upon by and between the GOECD and the Grantee, shall be incorporated in written amendments to this Contract.

11. Equal Employment Opportunity. With respect to employment in carrying out the program objectives, the Grantee agrees:

a. That it will not discriminate against any employee or applicant for employment because of race, color, age, religion, sex, national origin, or the physically handicapped;

b. That it shall take affirmative action to ensure that all contractors employed during this project treat all their employees, without regard to race, color, age, religion, sex, national origin, or the physically handicapped; and that such affirmative action shall include, but not be limited to the following: employment, upgrading, demotions, transfers, recruitment, or recruitment of compensation, selection for training, including apprenticeship, and participation in recreational and educational activities, in all solicitations or advertisements for employees placed by or on behalf of the Grantee, state that all qualified applicants will receive consideration for employment without regard to race, color, age, religion, sex, national origin, or the physically handicapped, shall cause the provisions of this nondiscrimination clause to be inserted in all subcontracts for any work covered by this

notice of grant award so that such provisions will be binding upon each subcontractor and shall keep such records and submit such reports concerning the racial and ethnic origin of employees and applicants for employment as the GOECD may require, and

The Grantee shall cause any contractors and/or any subcontractors it engages on this project to comply with Title VI and Title VII of the Civil Rights Act of

1964, as amended (42 U.S.C. 2000d et. seq.), Presidential Executive Order 11246 as amended by Presidential Executive Order 11375, as well as the provisions of the West Virginia Human Rights Act as amended (Section 5-11-1 of the Code of West Virginia).

12. Project Wage Rates. No contract involving construction, reconstruction, demolition, improvement, enlargement, painting, decoration, alternation, and/or repair work which involves the employment of an "outside" contractor and/or subcontractors shall be awarded through funds provided under this agreement which does not comply with the West Virginia Act on Wages on Construction of Public Improvements (Article 5A, Chapter 21 of the West Virginia Code). Such provisions shall include the payment of the Fair Minimum Wage Rates as determined by the West Virginia Commissioner of Labor for each craft or classification of all workmen needed to perform the contract in the locality in which the public work is performed. Projects involving federal funds which are covered by the provisions of the Davis Bacon Act (40 U.S.C. 276-a 276a-5) the Grantee shall cause the contractor and/or subcontractors to pay the higher wage rate, federal or state.

Further the Grantee shall cause these wage rates as determined to be printed on all bidding blanks and attention should be specifically noted to these facts within the body of the advertisement for bids. The Grantee shall, also, have available upon request for review by the GOECD or its designated representative bid documents and other evidence of compliance including copies of contractor's payrolls.

13. Competitive Bid Procedures. The Grantee shall solicit sealed bids for all construction related contracts or supplies related to this project which have an estimated value of over Two Thousand Dollars. Any attempts by the Grantee to segregate the project into sections having an estimated value of less

than \$2,000 may be cause for termination of an agreement under the provisions of Paragraph 7.

These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the two newspapers with the largest circulation serving the general area twice within fourteen days next preceding the final date of submitting bids. The Grantee, shall, also, where feasible solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, and by posting notice on a bulletin board in a public place. The Grantee shall have available upon request for review by the GOECD or its designated representative bid documents and other evidence of compliance with these procedures.

14. Bonding and Insurance. Except as otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the grantee to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the contract or subcontract exceeds \$100,000. If the contracts or subcontracts exceed \$100,000 the minimum bonding and insurance requirements shall be as follows:

- (A) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(B) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(C) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment as required by law of all persons supplying labor or materials in the execution of the work provided for in the contract.

15. Facilities Accessible To The Handicapped. The Grantee shall require any facilities constructed under the auspices of this Contract to be designed to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by the Physically Handicapped," Number All7.1-1961, as modified (41CFR101-17.1703) and (13CFR309.14). The Grantee shall be responsible for conducting inspections to insure compliance with these specifications.

16. Facilities Operation. The Grantee shall operate and maintain all facilities constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable federal, state and local statute, law, ordinance or regulation as to actual construction procedures, as well as maintenance and operation of such facilities upon completion.

17. Interest Of Members Of GOECD And Others. No officer, member or employee of the GOECD or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which affects his personal interest or the interest of

10.10.00

any corporation, partnership, or association in which he is directly or indirectly interested or have any personal or pecuniary interest nor shall any officer, member of, or employee of, the Grantee or any member of its governing body, or officer, member, or employee of the Contractor have any interest, direct or indirect, in this Contract or the proceeds thereof.

18. Officials Not To Benefit. No member of or Delegate to the Legislature of the State of West Virginia, or individual performing a service for the Grantee in connection with this project, shall be admitted to any share thereof or to any benefit to arise from this agreement.

19. Inspections of Project Records. At any time during normal business hours and as often as the GOECD or its designated representative may deem necessary, there shall be made available to the GOECD or its designated representative, for examination all of its records with respect to all matters covered by this Contract and permit the GOECD or its designated representative, to audit, examine and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records and personnel, conditions of employment and other data relating to all matters covered by this Contract during the entire time period beginning with project approval and ending three years after the final disbursement of grant funds.

20. Project Audits. All grantees receiving more than \$25,000 in Community Partnership Grants and Loan funds shall, at their own expense, engage an independent auditor to perform an audit in conformance with General Acceptable Accounting Procedures. A certified audit proposal by an independent auditor must be submitted by the Grantee to GOECD at 50 percent of project completion. Failure to submit such an audit proposal in a timely manner may be reason for the GOECD to withhold further payments to the Grantee.

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In the case where the project is also being assisted through a Federal and/or State Grant Program which requires a comprehensive independent audit of all project funds, this audit may be accepted by GOECD in lieu of a separate audit of the Community Partnership Grant and Loan funds, as long as this independent audit is performed in conformance with generally accepted auditing standards.

21. Reporting. The Grantee shall submit any reports requested by the GOECD concerning financial status and program progress. Failure to provide such reports as required by GOECD in a timely manner shall be cause for termination of this Contract under the terms of Paragraph 7.

22. Fiscal Management. The Grantee shall be responsible for establishing and maintaining adequate procedures and internal financial controls governing the management and utilization of funds provided under this Contract, as well as funds provided as the Grantee's matching share.

23. Political Activity. No officer or employee of the Grantee whose principal employment is in connection with any activity which is financed in whole or in part pursuant to this agreement shall take part in any of the activities expressly prohibited by the Hatch Act.

24. Construction Within Twelve Months. The Grantee shall have the project under construction within twelve months after execution of this agreement by both parties. The Grantee further understands that if the project is not under construction within a twelve month period that it must resubmit its application at which time the GOECD will reevaluate its obligation to provide funds for the project.

25. Signing. This Contract shall be signed by the Director of the Governor's Office of Economic and Community Development and by the Chairman of Crab Orchard-MacArthur PSD upon authorization of the governing body of the Crab Orchard-MacArthur PSD by adoption and passage of a resolution, motion or similar official action.

ITEM #10 OF THE AGENDA: THE GOVERNOR OF THE STATE OF W. VA., IN A LETTER DATED JULY 30, 1982, COMMITTED \$232,622.00 FROM THE COMMUNITY PARTNERSHIP GRANT PROGRAM FOR CONSTRUCTION OF A WASTEWATER TREATMENT PLANT, TWO LIFT STATIONS AND A COLLECTION SYSTEM FOR THE SOUTHERN PORTION OF THE PUBLIC SERVICE DISTRICT.

THE CRAB ORCHARD-MACARTHUR PSD DESIRES TO ACCEPT THIS GRANT IN THE AMOUNT OF \$232,622.00 FROM THE COMMUNITY PARTNERSHIP GRANT PROGRAM.

THE BOARD THEN ON MOTION DULY MADE BY MASON LILLY AND SECONDED BY O. V. LILLY AND UNANIMOUSLY CARRIED, AUTHORIZED ITS CHAIRMAN, MR. JOSEPH WITHROW TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO ACCEPT THIS GRANT FOR THE PUBLIC SERVICE DISTRICT.

ITEM #11 OF THE AGENDA: ALL PAY REQUEST TO GRANTORS WILL BE PREPARED AND FORWARDED BY THE FIRST WEEK OF EACH MONTH. WHERE NECESSARY PAY REQUEST WILL BE DISPATCHED BY PUROLATOR RATHER THAN BY U. S. MAIL TO CUT DOWN TURN AROUND TIME. EPA HAS INFORMED GATES ENGINEERING THAT IF THE REQUEST ARE RECEIVED THE FIRST OF EACH MONTH, THEY SHOULD BE ABLE TO PROCESS THE REQUEST AND MAKE PAYMENT WITHIN 30-45 DAYS. BY EXPEDITING THE DELIVERY OF THE PAY REQUEST, THIS SHOULD PROVIDE MAXIMUM INVESTMENT TIME OF THE CONSTRUCTION NOTE FUNDS.

ITEM #12 OF THE AGENDA: EPA WILL REFUND TO THE PSD 75% OF ALL REASONABLE COST OF SENDING ANY OR ALL OF THE PSD OR ITS PROJECT MANAGER TO A SEMINAR IN WASHINGTON D. C. DURING OCT. 1982. THE POSSIBILITY OF THE BOARD SENDING SOMEONE TO THIS SEMINAR WILL BE DISCUSSED AT THE NEXT SCHEDULED MONTHLY MEETING. EPA WILL PAY 75% OF COST TO ANY APPROVED SEMINAR.

ITEM #13 OF THE AGENDA: MR. THORNHILL STATE THERE WERE 7 OR 8 CONDEMNATIONS OUTSTANDING. IF A CONDEMNATION WAS PENDING, THE PSD OR ITS AGENTS HAS THE RIGHT-OF-ENTRY UPON THE PROPERTY AS NECESSARY.

THERE BEING NO ADDITIONAL ITEMS ON THE AGENDA THE MEETING WAS ADJOURNED AT 12:00 P.M.

THE FINANCIAL AUDIT OF THE CRAB ORCHARD-MAC ARTHUR PSD BY MASON & BASHAW, CERTIFIED PUBLIC ACCOUNTANTS WAS RECEIVED ON SEPTEMBER 22, 1982. A COPY OF THE AUDIT WAS PRESENTED TO MR. WARREN THORNHILL, PSD ATTORNEY; THE RALEIGH COUNTY COMMISSION AND A COPY WAS MAILED TO THE SECRETARY, W. VA. PUBLIC SERVICE COMMISSION BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED ON SEPTEMBER 24, 1982.

MINUTES TAKEN BY,

ENCLOSURE

O. V. Lilly, Jr.
O. V. LILLY, JR. - SEC./TRES.

12 10 82

Joseph L. Withrow
JOSEPH L. WITHROW, CHAIRMAN

ENCLOSURES

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STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

July 30, 1982

Dear Mr. Withrow,

Based upon my recent review, I am pleased to advise you that I am committing \$232,622 from the Community Partnership Grant program to Crab Orchard-MacArthur Public Service District for construction of a waste-water treatment plant, two lift stations, and a sewage collection system for the southern portion of the public service district.

This commitment is based upon the merits of the project, its readiness to go to construction, and its contribution to the long-term growth and development of the area.

You should note that the project must be underway within twelve months to avoid loss of these funds. Representatives of my Office of Economic and Community Development will be contacting you regarding the necessary procedures for funding this project.

Please let me know if I can be of any additional assistance in the future.

Sincerely,

John D. Rockefeller IV

093001013

08-01-82

Mr. Joseph L. Withrow, Chairman
Crab Orchard-MacArthur Public
Service District
Post Office Box 637
Crab Orchard, West Virginia 25827



County Commission of Raleigh County

Beckley, West Virginia 25801

May 18, 1982

Mr. Joseph L. Withrow, Chairman
Crab Orchard/MacArthur Public
Service District
P. O. Box 637
Crab Orchard, West Virginia 25827

Dear Mr. Withrow:

This is to confirm that the Raleigh County Commission
has allocated \$60,000.00 to the Crab Orchard/MacArthur
Public Service District for expenses incurred toward the
installation of the Crab Orchard/MacArthur PSD sewer
system.

Sincerely yours,

Jack J. Roop
Jack J. Roop, President
RALEIGH COUNTY COMMISSION

JJR:vlk



County Commission of Raleigh County

Post Office Drawer AN

Beckley, West Virginia 25801



September 16, 1983

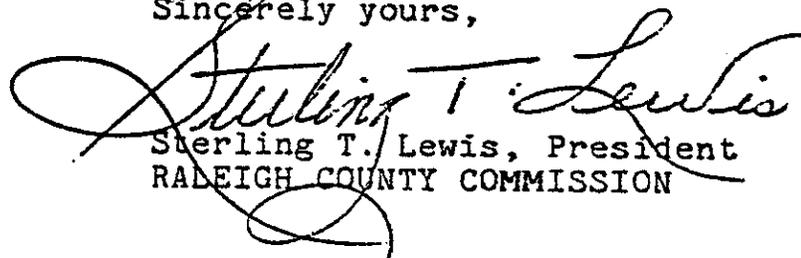
Mr. Joseph Withrow
Chairman
Crab Orchard/MacArthur Public
Service District
Box 637
Crab Orchard, West Virginia 25827

Dear Joe:

Please accept this letter as confirmation that the Raleigh County Commission has committed \$20,000 to the Crab Orchard/MacArthur Public Service District on September 13, 1983.

If I can be of service to you, please do not hesitate to contact me.

Sincerely yours,


Sterling T. Lewis, President
RALEIGH COUNTY COMMISSION

STL:vlk



CRAB ORCHARD - MacARTHUR PUBLIC SERVICE DISTRICT

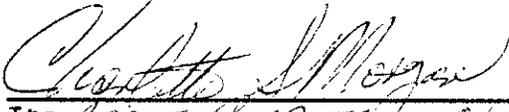
Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, N.A., a national banking association with principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Crab Orchard - MacArthur Public Service District Sewer Revenue Bonds, Series 1986 A and Series 1986 B, both dated May 29, 1986, in the aggregate principal amount of \$3,846,865 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

KANAWHA VALLEY BANK, N.A.

By


Its Assist. Corp. Treas. Officer

05/29/86
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CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

Raleigh County National Bank, a national banking association with principal office in the City of Beckley, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Crab Orchard-MacArthur Public Service District adopted May 27, 1986, authorizing issuance of Crab Orchard-MacArthur Public Service District Sewer Revenue Bonds, Series 1986 A and Series 1986 B, dated May 29, 1986, in the aggregate principal amount of \$3,846,865 (the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in said Resolution.

RALEIGH COUNTY NATIONAL BANK

By

Its

William D. Sullivan
VP & T

05/29/86
CROR4-Q



CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN Assist. Corp. Trust Officer of Kanawha Valley Bank, N.A., as Registrar under the Local Act and Registrar's Agreement providing for the \$3,846,865 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of Crab Orchard-MacArthur Public Service District (the "Governmental Agency"), hereby certify that on the 29th day of May, 1986, (i) the single fully registered Series A Bond of the Governmental Agency in the principal amount of \$3,685,177 designated "Sewer Revenue Bond, Series 1986 A," numbered AR-1, and dated on the date hereof and (ii) the single fully registered Series B Bond of the Governmental Agency in the principal amount of \$161,688, designated "Sewer Revenue Bond, Series 1986 B," numbered BR-1 and dated on the date hereof were both registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 29th day of May, 1986.

KANAWHA VALLEY BANK, N.A.

By Charlotte S. Morgan
Its Assist. Corp. Trust Officer

05/29/86
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REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of May, 1986, by and between CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$3,846,865 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, in fully registered form (the "Governmental Agency Bonds"), pursuant to a Bond Resolution and a Supplemental Bond Resolution both adopted May 27, 1986 (collectively, the "Local Act");

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

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar for the Governmental Agency Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Governmental Agency Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the

Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

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

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

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

ISSUER: Crab Orchard-MacArthur Public Service District
Post Office Drawer 278
Crab Orchard, West Virginia 25827

AGENT: Kanawha Valley Bank, N.A.
One Valley Square
Post Office Box 1793
Charleston, West Virginia 25301
Attention: Paying Agency Department

9. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CRAB ORCHARD-MacARTHUR PUBLIC SERVICE DISTRICT

By Joseph L. Withrow
Chairman

KANAWHA VALLEY BANK, N.A.

By Charlotte Morgan
Its ASSIST. CREDIT TELLER

05/28/86
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EXHIBIT A

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the Sewer Revenue Bond, Series 1986 A, of the Ohio County Public Service District in the principal amount of \$3,685,177, No. AR-1, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: May 29, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

05/28/86
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