

CRAIGSVILLE PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

DATE OF CLOSING: JULY 11, 2005

BOND TRANSCRIPT

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CRAIGSVILLE PUBLIC SERVICE DISTRICT

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(West Virginia Infrastructure Fund)**

BOND TRANSCRIPT

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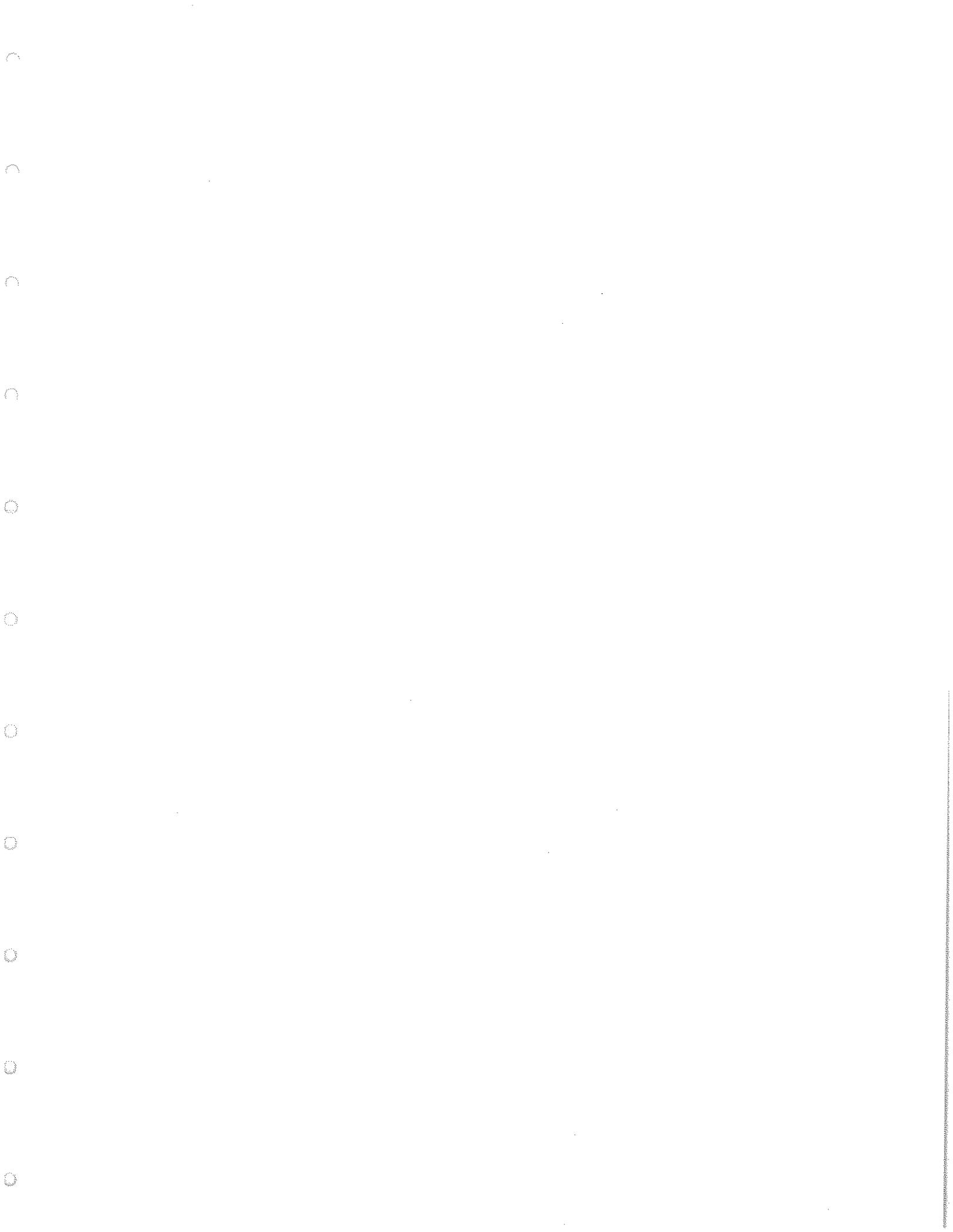
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CRAIGSVILLE PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,272,440 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CRAIGSVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Craigsville Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Nicholas and Webster Counties of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments, improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of upgrading the existing treatment plant and collection system serving approximately 950 customers in the Craigsville and Camden-on-Gauley areas of Nicholas and Webster Counties and extending lines to serve approximately 20 new customers (collectively, the "Project") (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than \$1,272,440 (the "Series 2005 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2005 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2005 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2005 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2005 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1986 A, dated February 18, 1986, issued in the original aggregate principal amount of \$650,000 (the "Prior Bonds").

Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2005 A Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2005 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 A Bonds or such final order will not be subject to appeal.

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A 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 Bondholders of any and all of such Series 2005 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A 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 and Registered Owner of the Series 2005 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

"Bond 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, collectively, the Series 2005 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2005 A Bonds for all or a portion of the proceeds of the Series 2005 A Bonds from the Authority.

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

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

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"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" or "Board" means the public service board of the Issuer, as it may now or 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.

"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.

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means Craigsville Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Nicholas and Webster Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2005 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2005 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"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 Depository Bank, the Registrar and the Paying Agent (all as herein after 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.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2005 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 A , as described in Section 1.02G hereof.

"Prior Resolution" means resolution adopted by the Issuer, as supplemented by the supplemental resolution of the Issuer, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.02(B) hereof.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC 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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolution and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2005 A Bonds and Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2005 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund previously established by the Prior Resolution and continued hereby.

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

"Series 2005 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) authorized to be issued hereby.

"Series 2005 A Bonds Construction Trust Fund" means the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 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 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2005 A Bonds and the Prior Bonds.

"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 or resolutions authorizing the sale of the Series 2005 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 A 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 Series 2005 A Bonds, the Prior Bonds, or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$2,772,440, 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 Series 2005 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be \$2,772,440, of which \$1,272,400 will be obtained from the proceeds of the Series 2005 A Bonds and \$1,500,000 will be obtained from the Small Cities Block Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2005 A Bonds of the Issuer. The Series 2005 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$1,272,440 and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after funding of the Series 2005 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 2005 A Bonds, if any, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2005 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2005 A Bonds, if any, shall be paid by check or draft of the Paying Agent, or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 A Bonds. The Series 2005 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2005 A 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 the Series 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 A 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 Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 A Bonds 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 Bonds, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on the Series 2005 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 A 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 the Series 2005 A 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 the Series 2005 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2005 A 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 Series 2005 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2005 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2005 A 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 the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues

in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2005 A Bonds and the Prior Bonds, and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2005 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2005 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate, register and deliver the Series 2005 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2005 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2005 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAIGSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the ___ day of _____, 2005, CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Nicholas and Webster Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "AUTHORITY") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no 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").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1986 A, DATED FEBRUARY 18, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000 (THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. 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 maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior 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 Huntington National Bank, 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 Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net 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, CRAIGSVILLE PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated the day and year
first written above.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2005 A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2005 A 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, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, the form of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution); and
- (3) Series 2005 A Bonds Construction Trust Fund.

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

- (1) Series 2005 A Bonds Sinking Fund; and
- (2) Series 2005 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the 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. All monies in the Revenue Fund shall be disposed of only in the following order of priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.
- (2) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and remit to the Commission, the amount required to pay the interest on the Prior Bonds.

(3) The Issuer shall next, each month, (i) on or before the due date transfer from the Revenue Fund and remit to Commission, the amount required to pay the principal of the Prior Bonds; and (ii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month (i) on or before the due date transfer from the Revenue Fund and remit to the Commission the amount required to be deposited in the Series 1986 A Bonds Reserve Account, and (ii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 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 2005 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½% of the Gross Revenues each month, (as previously set forth in the Prior Resolution and not in addition thereto) exclusive of any payments for account of any Reserve Accounts. 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 reinvest in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement

Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2005 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds, as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account shall, during construction of the Project, be deposited in the Series 2005 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds, as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2005 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2005 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2005 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund 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 account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund or the Series 2005 A Bonds Reserve Account when the

aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2005 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 A Bonds, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2005 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

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

F. The monies in excess of the maximum amounts insured by FDIC in any of the funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2005 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2005 A Bonds for the period commencing on the date of issuance of the Series 2005 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 A Bonds Construction Trust Fund and applied solely to payment of the costs of the acquisition and construction of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2005 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 A Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

- (b) 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) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2005 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2005 A Bonds within 3 years of the date of issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2005 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2005 A Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured by a first lien on such Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2005 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered _____, 2005, in Case No. 04-1240-PSD-CN.

So long as the Series 2005 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the

schedule of rates, fees and charges initially established for the System in connection with the Series 2005 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer 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 and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2005 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 A Bonds, immediately be remitted to the Commission for deposit in the Series 2005 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2005 A Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and interest, if any, 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 duly adopted, 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 a professional engineer 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the

amount required to be paid into such account 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 Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, 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 Series 2005 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 A 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 the Series 2005 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2005 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, for the Project or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design acquisition or construction of additions, extensions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, 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, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected 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 the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, 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 herein above 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 Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of 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 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 Bond over any other. 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.

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 2005 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 the Series 2005 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of 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 the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer shall 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 Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Issuer shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2005 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2005 A 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, 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2005 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2005 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2005 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 the 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. 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 revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2005 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, 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 a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council 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 the Authority and the Council and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council, 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 engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit

to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the 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 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 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the 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 of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer will use diligent efforts to enter into a termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all its rules, regulations and orders.

Section 7.14. 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 either 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 A 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:

(1) 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 the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the 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.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

(5) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The Issuer shall verify such bonds prior to commencement of construction.

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; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. 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.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2005 A Bonds are outstanding.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2005 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2005 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2005 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2005 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 A Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e), if any, of the Code.

E. **FURTHER ACTIONS.** The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2005 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2005 A 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 Series 2005 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2005 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the

written approval of the Council before expending any proceeds of the Series 2005 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies 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 monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to the Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2005 A Bonds as a condition to issuance of the Series 2005 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2005 A which would cause any bonds, the interest

on which is exempt from federal income taxation under Section 103(a) of the Code; issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2005 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2005 A Bonds;
or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, or Paying Agent, or any other Paying Agent or a Holder of a Bond; or

(3) 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; or

(4) If default occurs with respect to the Prior Bonds or the Prior Resolution.

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 that, all rights and remedies of the holders of the Series 2005 A Bonds shall be on a parity with the of the holders of the Prior 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, the completion of the Project and 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 or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the 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 herein above 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 completion of the Project and 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

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2005 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2005 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 A 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, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2005 A Bonds from gross income of the holders thereof.

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 Series 2005 A Bonds.

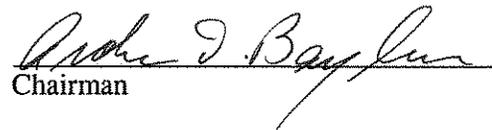
Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Bond Legislation and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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 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 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 29th day of June, 2005.


Chairman

05/17/05
195340.00001

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CRAIGSVILLE PUBLIC SERVICE DISTRICT on the 29th day of June, 2005.

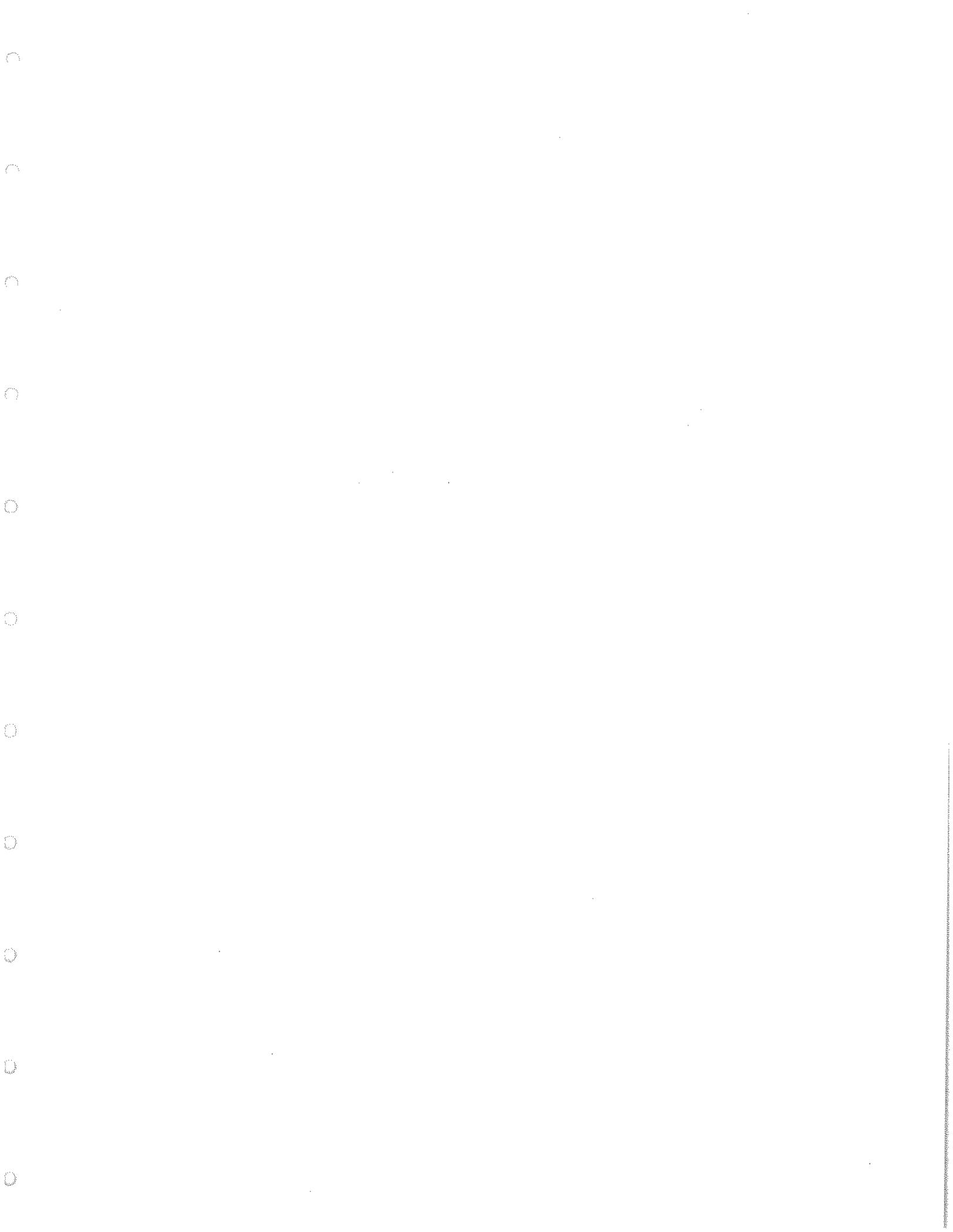
Dated: July 11, 2005.

[SEAL]


Secretary

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.



CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF CRAIGSVILLE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE BONDS TO THE WEST VIRGINIA 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 Craigsville Public Service District (the "Issuer") has duly and officially adopted a bond resolution, on June 29, 2005 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,272,440 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND

DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2005 A Bonds"), in the principal amount not to exceed \$1,272,440, and has authorized the execution and delivery of the loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale 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 Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2005 A 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 resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates, the sale price and other terms 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 CRAIGSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,272,440. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2045, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2007 and maturing June 1, 2045, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds.

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 authorize, approve, ratify and accept the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2005 A Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2005 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Summersville, West Virginia to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2005 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2005 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2005 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund for payment of the costs of the acquisition and construction of the Project, including, without limitation, costs of issuance of the Series 2005 A Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2005 A Bonds may be delivered on or about July 11, 2005, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof, in part with proceeds of the Bonds, are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2005 A Bonds Sinking Fund, including the Series 2005 A Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer 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 in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the

meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 29th day of June, 2005.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

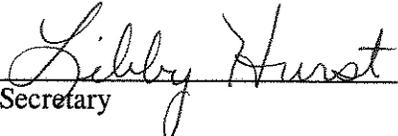
By: *Arthur G. Bayless*
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Craigsville Public Service District on this 29th day of June, 2005.

Dated: July 11, 2005.

[SEAL]


Secretary

05/17/05
195340.00001

IC-1
(11/01/04)

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"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

CRAIGSVILLE PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority 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 money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's 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," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

1.9 "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.

1.10 "Project" means the 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.

1.11 "System" means the 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.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and the Council and their 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 the Council and their duly authorized agents and representatives shall, prior to, during 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 and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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 Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System

which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate engineering services satisfactory to the Council and 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 engineer shall certify to the Authority, the Council and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date

for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(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 and the Council 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") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council 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, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council 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 or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, 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 adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

Provided, that if the Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

(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 a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System 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 a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; 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, including those specified by Section 2.8 hereof;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

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

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia

Jobs Act or waiver certificates from the West Virginia Division of Labor (“DOL”); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the 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 and the Council.

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

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

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 and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the 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 required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, 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 the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit

any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council 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 the Act or this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be

approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 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.

7.5 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.

7.6 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.

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 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 or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

- (ii) termination by the Authority and the Council pursuant to Section 6.1 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, acting on behalf of the Council.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

Elizabeth Hurst
Its: Secretary

By: Anders Bayler
Its: Chairperson
Date: July 11, 2005

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

By: Daniel B. Lenkosh
Its: Director
Date: July 11, 2005

000832/00466
03/11/05

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____ hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing

set forth in the Schedule B attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, ²the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

By: _____
West Virginia License No. _____

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and
(ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. 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 excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
 Name of Bond Issue(s) _____
 Type of Project _____ Water _____ Wastewater _____
 Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ___ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$1,272,440
Purchase Price of Local Bonds \$1,272,440

The Local Bonds shall bear no interest. Commencing June 1, 2007, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

1. Sewer Revenue Bonds, Series 1986 A, dated February 18, 1986, issued in the original aggregate principal amount of \$650,000.

SCHEDULE Y

\$1,272,440

Craigsville PSD

0% Interest Rate, 40 Years

Closing Date: July 11, 2005

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	8,316.61	-	8,316.61
09/01/2007	8,316.61	-	8,316.61
12/01/2007	8,316.61	-	8,316.61
03/01/2008	8,316.61	-	8,316.61
06/01/2008	8,316.61	-	8,316.61
09/01/2008	8,316.61	-	8,316.61
12/01/2008	8,316.61	-	8,316.61
03/01/2009	8,316.61	-	8,316.61
06/01/2009	8,316.61	-	8,316.61
09/01/2009	8,316.61	-	8,316.61
12/01/2009	8,316.61	-	8,316.61
03/01/2010	8,316.61	-	8,316.61
06/01/2010	8,316.61	-	8,316.61
09/01/2010	8,316.61	-	8,316.61
12/01/2010	8,316.61	-	8,316.61
03/01/2011	8,316.61	-	8,316.61
06/01/2011	8,316.61	-	8,316.61
09/01/2011	8,316.61	-	8,316.61
12/01/2011	8,316.61	-	8,316.61
03/01/2012	8,316.61	-	8,316.61
06/01/2012	8,316.60	-	8,316.60
09/01/2012	8,316.60	-	8,316.60
12/01/2012	8,316.60	-	8,316.60
03/01/2013	8,316.60	-	8,316.60
06/01/2013	8,316.60	-	8,316.60
09/01/2013	8,316.60	-	8,316.60
12/01/2013	8,316.60	-	8,316.60
03/01/2014	8,316.60	-	8,316.60
06/01/2014	8,316.60	-	8,316.60
09/01/2014	8,316.60	-	8,316.60
12/01/2014	8,316.60	-	8,316.60
03/01/2015	8,316.60	-	8,316.60
06/01/2015	8,316.60	-	8,316.60
09/01/2015	8,316.60	-	8,316.60
12/01/2015	8,316.60	-	8,316.60
03/01/2016	8,316.60	-	8,316.60
06/01/2016	8,316.60	-	8,316.60

IF 5-17-05 | SINGLE PURPOSE | 5/17/2005 | 4:28 PM

Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

\$1,272,440

Craigsville PSD

0% Interest Rate, 40 Years

Closing Date: July 11, 2005

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2016	8,316.60	-	8,316.60
12/01/2016	8,316.60	-	8,316.60
03/01/2017	8,316.60	-	8,316.60
06/01/2017	8,316.60	-	8,316.60
09/01/2017	8,316.60	-	8,316.60
12/01/2017	8,316.60	-	8,316.60
03/01/2018	8,316.60	-	8,316.60
06/01/2018	8,316.60	-	8,316.60
09/01/2018	8,316.60	-	8,316.60
12/01/2018	8,316.60	-	8,316.60
03/01/2019	8,316.60	-	8,316.60
06/01/2019	8,316.60	-	8,316.60
09/01/2019	8,316.60	-	8,316.60
12/01/2019	8,316.60	-	8,316.60
03/01/2020	8,316.60	-	8,316.60
06/01/2020	8,316.60	-	8,316.60
09/01/2020	8,316.60	-	8,316.60
12/01/2020	8,316.60	-	8,316.60
03/01/2021	8,316.60	-	8,316.60
06/01/2021	8,316.60	-	8,316.60
09/01/2021	8,316.60	-	8,316.60
12/01/2021	8,316.60	-	8,316.60
03/01/2022	8,316.60	-	8,316.60
06/01/2022	8,316.60	-	8,316.60
09/01/2022	8,316.60	-	8,316.60
12/01/2022	8,316.60	-	8,316.60
03/01/2023	8,316.60	-	8,316.60
06/01/2023	8,316.60	-	8,316.60
09/01/2023	8,316.60	-	8,316.60
12/01/2023	8,316.60	-	8,316.60
03/01/2024	8,316.60	-	8,316.60
06/01/2024	8,316.60	-	8,316.60
09/01/2024	8,316.60	-	8,316.60
12/01/2024	8,316.60	-	8,316.60
03/01/2025	8,316.60	-	8,316.60
06/01/2025	8,316.60	-	8,316.60
09/01/2025	8,316.60	-	8,316.60
12/01/2025	8,316.60	-	8,316.60
03/01/2026	8,316.60	-	8,316.60
06/01/2026	8,316.60	-	8,316.60
09/01/2026	8,316.60	-	8,316.60
12/01/2026	8,316.60	-	8,316.60
03/01/2027	8,316.60	-	8,316.60
06/01/2027	8,316.60	-	8,316.60

\$1,272,440

Craigsville PSD

0% Interest Rate, 40 Years

Closing Date: July 11, 2005

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2027	8,316.60	-	8,316.60
12/01/2027	8,316.60	-	8,316.60
03/01/2028	8,316.60	-	8,316.60
06/01/2028	8,316.60	-	8,316.60
09/01/2028	8,316.60	-	8,316.60
12/01/2028	8,316.60	-	8,316.60
03/01/2029	8,316.60	-	8,316.60
06/01/2029	8,316.60	-	8,316.60
09/01/2029	8,316.60	-	8,316.60
12/01/2029	8,316.60	-	8,316.60
03/01/2030	8,316.60	-	8,316.60
06/01/2030	8,316.60	-	8,316.60
09/01/2030	8,316.60	-	8,316.60
12/01/2030	8,316.60	-	8,316.60
03/01/2031	8,316.60	-	8,316.60
06/01/2031	8,316.60	-	8,316.60
09/01/2031	8,316.60	-	8,316.60
12/01/2031	8,316.60	-	8,316.60
03/01/2032	8,316.60	-	8,316.60
06/01/2032	8,316.60	-	8,316.60
09/01/2032	8,316.60	-	8,316.60
12/01/2032	8,316.60	-	8,316.60
03/01/2033	8,316.60	-	8,316.60
06/01/2033	8,316.60	-	8,316.60
09/01/2033	8,316.60	-	8,316.60
12/01/2033	8,316.60	-	8,316.60
03/01/2034	8,316.60	-	8,316.60
06/01/2034	8,316.60	-	8,316.60
09/01/2034	8,316.60	-	8,316.60
12/01/2034	8,316.60	-	8,316.60
03/01/2035	8,316.60	-	8,316.60
06/01/2035	8,316.60	-	8,316.60
09/01/2035	8,316.60	-	8,316.60
12/01/2035	8,316.60	-	8,316.60
03/01/2036	8,316.60	-	8,316.60
06/01/2036	8,316.60	-	8,316.60
09/01/2036	8,316.60	-	8,316.60
12/01/2036	8,316.60	-	8,316.60
03/01/2037	8,316.60	-	8,316.60
06/01/2037	8,316.60	-	8,316.60
09/01/2037	8,316.60	-	8,316.60
12/01/2037	8,316.60	-	8,316.60
03/01/2038	8,316.60	-	8,316.60
06/01/2038	8,316.60	-	8,316.60

\$1,272,440

Craigsville PSD

0% Interest Rate, 40 Years

Closing Date: July 11, 2005

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2038	8,316.60	-	8,316.60
12/01/2038	8,316.60	-	8,316.60
03/01/2039	8,316.60	-	8,316.60
06/01/2039	8,316.60	-	8,316.60
09/01/2039	8,316.60	-	8,316.60
12/01/2039	8,316.60	-	8,316.60
03/01/2040	8,316.60	-	8,316.60
06/01/2040	8,316.60	-	8,316.60
09/01/2040	8,316.60	-	8,316.60
12/01/2040	8,316.60	-	8,316.60
03/01/2041	8,316.60	-	8,316.60
06/01/2041	8,316.60	-	8,316.60
09/01/2041	8,316.60	-	8,316.60
12/01/2041	8,316.60	-	8,316.60
03/01/2042	8,316.60	-	8,316.60
06/01/2042	8,316.60	-	8,316.60
09/01/2042	8,316.60	-	8,316.60
12/01/2042	8,316.60	-	8,316.60
03/01/2043	8,316.60	-	8,316.60
06/01/2043	8,316.60	-	8,316.60
09/01/2043	8,316.60	-	8,316.60
12/01/2043	8,316.60	-	8,316.60
03/01/2044	8,316.60	-	8,316.60
06/01/2044	8,316.60	-	8,316.60
09/01/2044	8,316.60	-	8,316.60
12/01/2044	8,316.60	-	8,316.60
03/01/2045	8,316.60	-	8,316.60
06/01/2045	8,316.60	-	8,316.60
Total	\$1,272,440.00	-	\$1,272,440.00

Yield Statistics

Bond Year Dollars	\$26,579.85
Average Life	20.889 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.42E-10
Bond Yield for Arbitrage Purposes	1.42E-10
All Inclusive Cost (AIC)	1.42E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.889 Years

SCHEDULE Z

None.



\$6,682, with a debt coverage of 124.99%. Staff attached a Staff-recommended tariff, which included revisions to the District's proposal including: a decreased leak adjustment rate¹; an increased returned check charge from \$15.00 to \$25.00²; and other revisions to comply with the new *Tariff Rules*.

DISCUSSION

Upon review of the foregoing, the Commission finds that the District's petition for approval of an additional \$263,440 WVIJDC loan, at an interest rate of 0% for a term of 40 years, should be approved. Further, the Commission notes that the rates now proposed by the District and recommended by Staff are those that were previously proposed and published by the District prior to the issuance of the Recommended Decision, with the exception of Staff's revisions to the proposed leak adjustment rate, the returned check charge and associated tariff language. The parties have indicated that the increased rates are needed to cover the increased debt service necessary to make up the increased debt service for the project. For those reasons, the Commission will approve the Staff-recommended tariff to become effective upon completion of the project and require notice, via publication, of the revised returned check charge. The notice shall explain that the returned check charge will be equal to the actual bank fee assessed to the District or a maximum of \$25.00.

FINDINGS OF FACT

1. On May 25, 2005, the District filed a petition to reopen, due to a bid overrun, for approval of an additional \$263,440 WVIJDC loan and its proposed tariff rates, to cover the increased debt service necessary.
2. On July 5, 2005, Staff recommended approval of the District's revised financing. Staff also provided a Staff-recommended tariff.
3. The rates now proposed by the District and recommended by Staff are those that were previously proposed and published by the District prior to the issuance of the

¹The District proposed and published a leak adjustment rate of \$0.52 per 1,000 gallons. The current Staff-recommended leak adjustment rate of \$0.51 per 1,000 gallons is the same as that approved in the Recommended Decision.

²Staff explained that *W. Va. Code* § 61-3-39e was amended, effective June 4, 2003, increased the fee that can be recovered from \$15.00 up to \$25.00.

Recommended Decision, with the exception of Staff's revisions to the leak adjustment rate, the returned check charge and associated tariff language.

CONCLUSIONS OF LAW

1. The District's petition for approval of an additional \$263,440 WVIJDC loan, at an interest rate of 0% for a term of 40 years, should be approved.
2. As the increased rates are needed to cover the necessary increased debt service, the Staff-recommended tariff should be approved to become effective upon completion of the project.
3. Additional publication of the rates is not necessary as the rates approved herein do not exceed the proposed rates originally published by the District.
4. Notice via publication should be required of the revised returned check charge.

ORDER

IT IS, THEREFORE, ORDERED that Craigsville Public Service District's petition to reopen is hereby granted.

IT IS FURTHER ORDERED that Craigsville Public Service District's revised financing, consisting of an additional \$263,440 WVIJDC loan at an interest rate of 0% for a term of 40 years, is hereby approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached hereto as Attachment A, are hereby approved, to become effective upon completion of the project.

IT IS FURTHER ORDERED that the Craigsville Public Service District notify the Commission, in writing, of the project's completion date and provide a copy of the engineer's "Certificate of Substantial Completion" to Commission Staff, within ten (10) days of the issuance of such.

IT IS FURTHER ORDERED that the Craigsville Public Service District file an original and five copies of the revised tariff, approved herein, with the Commission within ten (10) days of the completion of the project.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Craigsville Public Service District shall petition the Commission to reopen this proceeding for approval of the same.

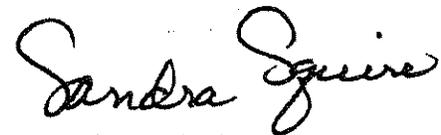
IT IS FURTHER ORDERED that the Craigsville Public Service District shall publish the attached notice, Attachment B, one time in each county in which it provides service. The District shall file the Affidavit of Publication regarding this notice promptly upon receipt of it from the newspaper.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

A True Copy, Teste:

TBS/ljm
041240ca.sca



Sandra Squire
Executive Secretary

CRAIGSVILLE PUBLIC SERVICE DISTRICT

CASE NO. 04-1240-PSD-CN (REOPENED)

APPROVED RATES

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service and sale for resale sewer service.

(I) RATES

First	3,000 gallons used per month	\$8.77 per 1,000 gallons
Next	3,000 gallons used per month	\$6.99 per 1,000 gallons
Next	4,000 gallons used per month	\$5.28 per 1,000 gallons
Over	10,000 gallons used per month	\$2.65 per 1,000 gallons

(I) All wastewater from the Nicholas County Solid Waste Authority will be treated at the same rate as a commercial customer through the declining block structure as listed above, plus a surcharge of \$5.76 per 1,000 gallons.

(I) All wastewater from the Town of Camden-On-Gauley will be treated at the approved rate of \$2.74 per 1,000 gallons.

(I) MINIMUM CHARGE

No bill will be rendered for less than \$26.31 per month, which is the equivalent of 3,000 gallons of usage with a 5/8-inch meter.

(I) RETURNED CHECK

A service charge equal to the actual bank fee assessed to the District or a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$200.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(D) INCREMENTAL LEAK ADJUSTMENT

\$0.51 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A * R * .0006233 * C$$

- S = The surcharge in dollars
- A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
- R = The measured monthly rainfall, in inches.
- .0006233 = A conversion factor to change inches of rain * square feet of surface to thousands of gallons of water.
- C = The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.

ATTACHMENT B

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 04-1240-PSD-CN (Reopened)

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Petition to reopen (filed 5/25/05).

NOTICE OF REVISED RETURNED CHECK CHARGE

The Public Service Commission of West Virginia has approved a revised returned check charge for the Craigsville Public Service District. A returned check charge equal to the actual bank fee assessed to the District or a maximum of \$25.00 has been authorized for use by the District after the completion of the project which was previously approved in Case No. 04-1240-PSD-CN.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered: February 25, 2005

FINAL

3-17-05

CASE NO. 04-1240-PSD-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public utility.

Application for a certificate of convenience and necessity to upgrade and improve its sewer collection system to serve approximately 950 customers in Craigs ville and Camden-on-Gauley.

RECOMMENDED DECISION

PROCEDURE

On August 4, 2004, Craigs ville Public Service District (District), a public sewer utility, filed an application with the Public Service Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to upgrade and improve its sewer collection system serving approximately 950 customers in the Craigs ville and Camden-on-Gauley areas of Nicholas and Webster Counties. The District has estimated that the project will cost approximately \$2,509,000, to be funded by a \$1,009,000 loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) and a \$1,500,000 Small Cities Block (SCB) Grant. The District proposed rates that would increase revenues approximately 12% to cover the increased expenses related to the project.

Also on August 4, 2004, as corrected on August 12, 2004, the Commission required that the District publish a Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and generally circulated in each of the Counties of Nicholas and Webster, providing a 30-day protest period. The Notice of Filing also provided that, if no protests were received within the 30-day protest period, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. Responding thereto, on August 26, 2004, the District submitted publication affidavits indicating that it had published the Notice of Filing on August 18, 2004, in the *Webster Echo*, a newspaper published and generally circulated in Webster County, and on August 19, 2004, in *The Nicholas Chronicle*, a newspaper published and

generally circulated in Nicholas County. Multiple letters of protest were filed with the Commission within the 30-day protest period.

On August 25, 2004, Staff Attorney Cecelia Gail Jarrell, Esquire, submitted the Initial Joint Staff Memorandum, attaching the August 20, 2004 Initial Internal Memorandum from Utilities Analyst Karen L. Buckley, Water and Wastewater Division, and from Staff Engineer Jefferson E. Brady, P.E., indicating that, once it had completed its investigation, Commission Staff would submit a final substantive recommendation. Staff indicated that the District needed to: submit its Rule 42 accounting information; resolve discrepancies between the project cost estimates and submitted bid schedules; resolve discrepancies between the engineering estimates and certain contract documents related to deductive alternates; submit signed and sealed design manual and contract documents; and submit detailed operation and maintenance (O&M) calculations.

On September 8, 2004, the Commission entered the Commission Referral Order, referring this case to the Division of Administrative Law Judges (ALJ Division) for decision on or before March 2, 2005.

On November 3, 2004, Staff Attorney Jarrell submitted the Further Joint Staff Memorandum, attaching the October 26, 2004 Interim Memorandum from Utilities Analyst Buckley and Staff Engineer Brady. Staff indicated that the District had submitted some of the information earlier requested from the District. However, the detailed O&M expenses do not correspond to the proposed 12% increase stated in the application. The District needs to resolve this discrepancy before Staff can render its final substantive recommendation. Staff requested a 30-day extension of its November 2, 2004 due date for filing its final recommendation due to this delay in receiving all of the information from the District.

Responding to all of the above, on November 22, 2004, as corrected on November 23, 2004, the ALJ adopted a procedural schedule to process and resolve this matter, including a Tuesday, January 4, 2005 hearing date.

On December 30, 2004, Staff Attorney Jarrell filed the Final Joint Staff Memorandum, attached to which was the Final Internal Memorandum prepared by Ms. Buckley and Mr. Brady.

On January 4, 2005, the ALJ convened the hearing as scheduled. The District appeared at the hearing by counsel, Gregory A. Tucker, Esquire. Commission Staff appeared by counsel, Staff Attorney Cecelia G. Jarrell, Esquire. One of the Protestants, George Knight, appeared in person, *pro se*.

The District presented the testimony of two witnesses and presented one exhibit. Commission Staff presented the testimony of two witnesses and presented one exhibit. The Protestant presented his testimony.

At the hearing, the parties waived their rights under *West Virginia Code* §24-1-9(b) to submit post-hearing proposed findings of fact and conclusions of law, or briefs, for the Commission's consideration.

On February 25, 2005, the District filed a copy of its NPDES approval from the West Virginia Division of Environmental Protection (DEP).

EVIDENCE

George Knight, the only Protestant who appeared at the hearing, testified on behalf of the Protestants. Mr. Knight believed that the hearing should have been conducted in Craigsville, not in Summersville, so that more of the Protestants could have attended. Mr. Knight questioned whether the District needed to increase its sewer rate, since it had increased its water rate just over a year ago. He believes that the block grant that the District received should have resulted in keeping the rates the same for sewer service. Mr. Knight questioned whether the District needed all that it was planning to build. (Tr., pp. 9-10).

Staff Engineer Jefferson Brady, P.E., was the first witness who testified on behalf of Commission Staff. Mr. Brady reviewed the District's certificate application and its operations. He identified the December 8, 2004 Final Internal Memorandum from him and Utility Analyst Karen Buckley, which the ALJ received into evidence as Staff Exhibit No. 1. The proposed project, which will improve the District's existing sewage collection system and will extend service to new customers, will cost an estimated \$2,509,000, to be funded with a \$1,009,000 IJDC loan, bearing no interest for 40 years, and a \$1,500,000 SCB Grant. Building the project will increase O&M expenses by about \$21,284 and debt service costs by about \$26,500, which, when combined with the Staff-recommended cash flow surplus of about \$3,900, will require an approximate 10% increase in revenues. The District had sought a 12% rate increase. The project is comprised of upgrading the existing treatment plant, upgrading existing collection lines and extending lines to serve about 20 new customers. Prior to the hearing, the District had obtained all of the necessary permits, except the NPDES permit. The construction cost could exceed the original proposed amount, since the District's cost estimate was made in 2001. Staff opined that the District can still keep the project within the proposed cost estimate if it deducts some built-in alternate proposals from the project. If the bids come in high, the District will have to receive separate Commission approval. Engineering fees associated with the project comprise about 19% of the total cost. Staff opined that the project is necessary, since the District is experiencing extensive inflow and infiltration (I&I) problems that the project will address; since the project will address health problems currently experienced by the District; since it will rebuild an outdated and overloaded treatment plant; and since it will serve new customers. Staff opined that the project is convenient in that it is a proper and fitting resolution to the many problems that the District is experiencing. The plans and specifications generally conform to the Commission's rules and regulations. (Tr., pp. 11-14; Staff Exhibit No. 1).

Mr. Brady explained that the District needs to upgrade its treatment plant and address the I&I problems, since the DEP has cited the District for violations of its existing permit. The treatment

plant cannot handle the current treatment load, i.e., the treatment plant has fecal coliform contamination flowing out into the environment. The project will replace many lines in the Apache Drive area that are failing. The Bottle Plant Road extension will provide about ten new customers. However, the District can potentially serve many more customers with its existing lines if the treatment capacity is increased and the existing lines are replaced. Except for the District obtaining the outstanding NPDES permit, Staff recommended approving the project. The chief new O&M expense is the additional power cost for the new equipment to be installed at the upgraded treatment plant. (Tr., pp. 14-22).

Mr. Brady opined that, without the project, the District cannot comply with the DEP requirements. The need for the Apache Drive upgrade has been documented with a video camera survey of the existing lines. While Mr. Brady knows that the project will serve 10 new customers, it is possible that it will permit further development in the area due to upgrading the existing collection system and treatment plant. (Tr., pp. 22-25). Mr. Brady acknowledged that the amount charged by the District's engineer, i.e., 19%, is a little higher than the average engineering cost for a project of this type, but it is well within acceptable limits. He emphasized that, if bids come in high, the District will have to obtain separate Commission approval before commencing construction. (Tr., pp. 39-42).

Next, Commission Staff called Utilities Analyst Karen Buckley. Ms. Buckley referred to that portion of Staff Exhibit No. 1 which she authored. She corrected page 5 of Staff Exhibit No. 1 to show that the IJDC loan would require annual principal payments of \$26,553, with a 10% debt reserve of \$2,655. The total impact on the District's annual revenues due to the project, for increased O&M expenses, debt service and cash flow surplus, is about \$51,693. Staff opined that a 10% increase in revenues would produce that amount. The new rates should become effective upon completion of the new project. Commission Staff recommends a \$12, 599 cash flow surplus and a 156.5% debt service coverage ratio. Currently, the District serves about 950 existing customers. The District should be ordered to file the bids with the Commission as soon as they are received and should be required to obtain separate Commission approval if the plans, scope or financing for the project should change. Under the Staff-recommended rates, the lowest-usage rate block would increase from \$7.83 per 1,000 gallons to \$8.77 per 1,000 gallons; the monthly minimum charge, based on 3,000 gallons of consumption, would increase from \$23.49 per month to \$26.31 per month. (Tr., pp. 25-28; Staff Exhibit No. 1).

Ms. Buckley explained that the chief difference in the rates that the District requested and the Staff-recommended rates was that Staff believes that the Staff-recommended \$3,230 cash flow surplus is a better reflection of the District's needs for plant additions and other incidental costs. Under the Staff-recommended rates, an average customer now paying \$32.85 for 4,500 gallons of water usage will pay \$36.12, or a little over \$3 per month additional. If the Commission approved the project without the accompanying rate increase, the District would become bankrupt in a short time. She emphasized that the IJDC loan bears no interest. (Tr., pp. 28-39).

The District called its General Manager, Gary Robinson, to testify on its behalf. Mr. Robinson stated that the District personally notified each of its existing customers separately by sending them mailings on September 3, 2004, informing them of the proposed project. The mailing contained the August 4, 2004 Notice of Filing, including the proposed rates. He identified a copy of the Notice of Filing, which the ALJ received as District Exhibit No. 1. (Tr., pp. 44-45; District Exhibit No. 1).

Mr. Robinson observed that Craigsville is a growing area. Several new developments are being constructed. One new development will benefit from the main line extension included in the project. Others will benefit from replacing the existing mains and updating the treatment plant. The existing plant cannot accommodate the growth. It is impossible to bring the existing treatment plant into compliance without the project. The plant is undersized, outdated and worn out. While only ten new customers will be added by the extension, the upgrades will make it possible to accommodate future growth in other areas, i.e., the District has about 25 other customers waiting to connect to its existing lines as soon as this project is built. (Tr., pp. 45-53).

Finally, the District's project engineer, Jonathan Carpenter, P.E., testified on behalf of the District. Mr. Carpenter, who has worked for the District for five years, has performed a complete study of the District's wastewater collection and treatment system. The existing treatment plant is sized to treat 294,000 gallons of wastewater per day; at certain times, such as during storms, the plant receives over 750,000 gallons per day for treatment. During these times, the plant overflows. Also, the treatment plant's sludge holding capacity is deficient. Waste solids are being released into the river as a result of these deficiencies of the treatment plant. The replacement of the Apache Drive collection system is necessitated by the fact that the developer did not build a proper collection system, which the District later acquired. The District has too much I&I. In the Bottle Plant Road area, which is where the extension will be built, some people have raw sewage discharging directly into the creek. He opined that bids on the project should come in within the projected cost. He opined that the Staff-recommended rate increase is sufficient. (Tr., pp. 54-59).

Mr. Carpenter explained that the treatment plant has problems disposing of its sludge because its holding capacity is very deficient. The existing treatment plant and the line upgrades and extension cannot be made with in-house labor. All of the District's employees are needed just to operate the system, and they do not have the expertise, nor does the District own the equipment, necessary to build the project. (Tr., pp. 59-63). Mr. Carpenter explained that the water intake for the District's water plant is just a few feet upstream from the sewage discharge. During periods of low water levels in the river, it is practically impossible to obtain potable water to serve the District's customers. Additionally, the District's sewage problems also are a source of problems for anyone downstream of its discharge point. (Tr., pp. 63-64).

DISCUSSION

Having considered all of the above, the ALJ holds that the public convenience and necessity require the project. The District has fully complied with all of the notice requirements, and, although many people filed letters of protest, only one Protestant came to the hearing to voice objection. It

is clear that, due to citations from the DEP for violating the District's NPDES permit because of an inadequate wastewater treatment plant and a sewage collection system that is saturated with I&I problems, the project is needed. The project will also directly add about ten customers due to the proposed main line extension and will be able to accommodate many others with the increased treatment capacity. With the proposed funding, comprised of a \$1,009,000 IJDC loan, bearing no interest for 40 years, and a \$1,500,000 SCB Grant, the \$2,509,000 estimated project cost will be fully covered. If bids come in too high or if the District changes the project's scope, the ALJ will require the District to first obtain separate Commission approval before beginning construction. Since the Staff-recommended rates will provide a reasonable cash flow surplus after covering O&M expenses and the additional debt service requirements due to the project, the ALJ will approve them, effective upon the District completing the project.

FINDINGS OF FACT

1. Craigsville Public Service District filed an application with the Commission under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to upgrade and improve its sewer collection system serving approximately 950 customers in the Craigsville and Camden-on-Gauley areas of Nicholas and Webster Counties. The District has estimated that the project will cost approximately \$2,509,000, to be funded by a \$1,009,000 IJDC loan and a \$1,500,000 SCB Grant. The District proposed rates that would increase revenues approximately 12% to cover the increased expenses related to the project. (See, August 4, 2004 application).

2. The Commission required that the District publish a Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and generally circulated in each of the Counties of Nicholas and Webster, providing a 30-day protest period. The Notice of Filing also provided that, if no protests were received within the 30-day protest period, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. The District submitted publication affidavits indicating that it had published the Notice of Filing on August 18, 2004, in the *Webster Echo*, a newspaper published and generally circulated in Webster County, and on August 19, 2004, in *The Nicholas Chronicle*, a newspaper published and generally circulated in Nicholas County. The District also separately mailed copies of the Notice of Filing to each of its customers. Multiple letters of protest were filed with the Commission within the 30-day protest period. (See, August 4 and 12, 2004 Orders; August 26, 2004 publication affidavits; Commission's file; Testimony of Gary Robinson, Tr., pp. 44-45; District Exhibit No. 1).

3. George Knight, the only Protestant who appeared at the hearing, believed that the hearing should have been conducted in Craigsville, not in Summersville, so that more of the Protestants could have attended. Mr. Knight questioned whether the District needed to increase its sewer rate, since it had increased its water rate just over a year ago. He believes that the block grant that the District received should have resulted in keeping the rates the same for sewer service. Mr. Knight questioned whether the District needed all that it was planning to build. (See, Testimony of George Knight, Tr., pp. 9-10).

4. The proposed project, which will improve the District's existing sewage collection system and will extend service to new customers, will cost an estimated \$2,509,000, to be funded with a \$1,009,000 IJDC loan, bearing no interest for 40 years, and a \$1,500,000 SCB Grant. Building the project will increase O&M expenses by about \$21,284 and debt service costs by about \$26,500, which, when combined with the Staff-recommended cash flow surplus of about \$3,900, will require an approximate 10% increase in revenues. The District had sought a 12% rate increase. (See, Testimony of Jefferson Brady, Tr., pp. 11-14; Staff Exhibit No. 1).

5. The project is comprised of upgrading the existing treatment plant, upgrading existing collection lines and extending lines to serve about 20 new customers. Prior to the hearing, the District had obtained all of the necessary permits, except the NPDES permit. The construction cost could exceed the original proposed amount, since the District's cost estimate was made in 2001. Staff opined that the District can still keep the project within the proposed cost estimate if it deducts some built-in alternate proposals from the project. If the bids come in high, the District will have to receive separate Commission approval. Engineering fees associated with the project comprise about 19% of the total cost. Staff opined that the project is necessary, since the District is experiencing extensive I&I problems that the project will address; since the project will address health problems currently experienced by the District; since it will rebuild an outdated and overloaded treatment plant; and since it will serve new customers. Staff opined that the project is convenient in that it is a proper and fitting resolution to the many problems that the District is experiencing. The plans and specifications generally conform to the Commission's rules and regulations. (See, Testimony of Jefferson Brady, Tr., pp. 11-14; Staff Exhibit No. 1).

6. Commission Staff explained that the District needs to upgrade its treatment plant and address the I&I problems, since the DEP has cited the District for violations of its existing permit. The treatment plant cannot handle the current treatment load, i.e., the treatment plant has fecal coliform contamination flowing out into the environment. The project will replace many lines in the Apache Drive area that are failing. The Bottle Plant Road extension will provide about ten new customers. However, the District can potentially serve many more customers with its existing lines if the treatment capacity is increased and the existing lines are replaced. Except for the District obtaining the outstanding NPDES permit, Staff recommended approving the project. The chief new O&M expense is the additional power cost for the new equipment to be installed at the upgraded treatment plant. (See, Testimony of Jefferson Brady, Tr., pp. 14-22).

7. Staff opined that, without the project, the District cannot comply with the DEP requirements. The need for the Apache Drive upgrade has been documented with a video camera survey of the existing lines. While the project will serve 10 new customers, it is possible that it will permit further development in the area due to upgrading the existing collection system and treatment plant. (See, Testimony of Jefferson Brady, Tr., pp. 22-25).

8. Staff acknowledged that the amount charged by the District's engineer, i.e., 19%, is a little higher than the average engineering cost for a project of this type, but it is well within acceptable limits. Staff emphasized that, if bids come in high, the District will have to obtain

separate Commission approval before commencing construction. (See, Testimony of Jefferson Brady, Tr., pp. 39-42).

9. The IJDC loan will require annual principal payments of \$26,553, with a 10% debt reserve of \$2,655. The total impact on the District's annual revenues due to the project, for increased O&M expenses, debt service and cash flow surplus, is about \$51,693. Staff opined that a 10% increase in revenues would cover that amount. The new rates should become effective upon completion of the new project. Commission Staff recommended a \$12,599 cash flow surplus and a 156.5% debt service coverage ratio. Currently, the District serves about 950 existing customers. The District should be ordered to file the bids with the Commission as soon as they are received and should be required to obtain separate Commission approval if the plans, scope or financing for the project should change. Under the Staff-recommended rates, the lowest-usage rate block would increase from \$7.83 per 1,000 gallons to \$8.77 per 1,000 gallons; the monthly minimum charge, based on 3,000 gallons of consumption, would increase from \$23.49 per month to \$26.31 per month. (See, Testimony of Karen Buckley, Tr., pp. 25-28; Staff Exhibit No. 1).

10. Staff explained that the chief difference in the rates that the District requested and the Staff-recommended rates was that Staff believes that the Staff-recommended \$3,230 cash flow surplus is a better reflection of the District's needs for plant additions and other incidental costs. Under the Staff-recommended rates, an average customer now paying \$32.85 for 4,500 gallons of water usage will pay \$36.12, or a little over \$3 per month additional. If the Commission approved the project without the accompanying rate increase, the District would become bankrupt in a short time. Staff emphasized that the IJDC loan bears no interest. (See, Testimony of Karen Buckley, Tr., pp. 28-39).

11. The District personally notified each of its existing customers separately by sending them mailings on September 3, 2004, informing them of the proposed project. The mailing contained the August 4, 2004 Notice of Filing, including the proposed rates. (See, Testimony of Greg Robinson, Tr., pp. 44-45; District Exhibit No. 1).

12. The District's Craigsville service territory is a growing area. Several new developments are being constructed. One new development will benefit from the main line extension included in the project. Others will benefit from replacing the existing mains and updating the treatment plant. The existing plant cannot accommodate the growth. It is impossible to bring the existing treatment plant into compliance without the project. The plant is undersized, outdated and worn out. While only ten new customers will be added by the extension, the upgrades will make it possible to accommodate future growth in other areas, i.e., the District has about 25 other customers waiting to connect to its existing lines as soon as this project is built. (See, Testimony of Greg Robinson, Tr., pp. 45-53).

13. The District's project engineer, who has worked for the District for five years, has performed a complete study of the District's wastewater collection and treatment system. The existing treatment plant is sized to treat 294,000 gallons of wastewater per day; at certain times, such

as during storms, the plant receives over 750,000 gallons per day for treatment. During these times, the plant overflows. Also, the treatment plant's sludge holding capacity is deficient. Waste solids are being released into the river as a result of these deficiencies of the treatment plant. The replacement of the Apache Drive collection system is necessitated by the fact that the developer did not build a proper collection system, which the District later acquired. The District has too much I&I. In the Bottle Plant Road area, which is where the extension will be built, some people have raw sewage discharging directly into the creek. The project engineer opined that bids on the project should come in within the projected cost and that the Staff-recommended rate increase is sufficient. (See, Testimony of Jonathan Carpenter, Tr., pp. 54-59).

14. The District explained that the treatment plant has problems disposing of its sludge because its holding capacity is very deficient. The existing treatment plant and the line upgrades and extension cannot be made with in-house labor. All of the District's employees are needed just to operate the system, and they do not have the expertise, nor does the District own the equipment, necessary to build the project. (See, Testimony of Jonathan Carpenter, Tr., pp. 59-63).

15. The District further explained that the water intake for the District's water plant is just a few feet upstream from the sewage discharge. During periods of low water levels in the river, it is practically impossible to obtain potable water to serve the District's customers. Additionally, the District's sewage problems also are a source of problems for anyone downstream of its discharge point. (See, Testimony of Jonathan Carpenter, Tr., pp. 63-64).

16. The District has received the necessary WV/NPDES permit for this project. (See, filing of February 25, 2005).

CONCLUSIONS OF LAW

1. For all of the reasons set forth in the Findings of Fact, it is reasonable to hold that the public convenience and necessity require the project.

2. For the reason set forth in Conclusion of Law No. 1, and since the District has fully complied with all of the notice requirements, and, although many people filed letters of protest, only one Protestant came to the hearing to voice objection; since it is clear that, due to citations from the DEP for violating the District's NPDES permit due to an inadequate wastewater treatment plant and a sewage collection system that is saturated with I&I problems, the project is needed; and since the project will also directly add about ten customers due to the proposed main line extension and will be able to accommodate many others with the increased treatment capacity, it is reasonable to approve the application.

3. Since the proposed financing, comprised of a \$1,009,000 IJDC loan, bearing no interest for 40 years, and a \$1,500,000 SCB Grant, will fully cover the \$2,509,000 estimated project cost, it is reasonable to approve the financing for the project.

4. Should bids come in too high or if the District changes the project's scope or financing, it is reasonable to require the District to first obtain separate Commission approval before beginning construction.

5. Since the Staff-recommended rates will provide a reasonable cash flow surplus after covering O&M expenses and the additional debt service requirements due to the project, it is reasonable to approve the Staff-recommended rates, effective upon the District completing the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on August 4, 2004, by Craigsville Public Service District, under *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity to upgrade and improve its sewer collection system serving approximately 950 customers in the Craigsville and Camden-on-Gauley areas of Nicholas and Webster Counties, be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a \$1,009,000 IJDC loan, bearing no interest for 40 years, and a \$1,500,000 SCB Grant, be, and hereby are, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, set forth in the attached Appendix A, be, and hereby are, approved for all service rendered on and after the date that the project is completed and placed in service by the District. The District shall provide a certificate of substantial completion from its project engineer prior to using the rates hereby approved.

IT IS FURTHER ORDERED that, within thirty (30) days of the in-service date of the project certificated herein, the District shall submit to the Commission an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

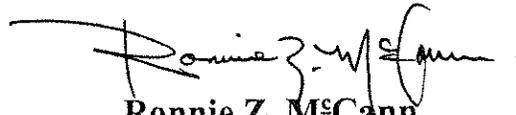
IT IS FURTHER ORDERED that, if the scope or the financing for the project should change or should the bids received be over budget, the District first shall obtain separate Commission approval of the revisions prior to commencing construction.

The Executive Secretary hereby is ordered to serve a copy of this Recommended Decision upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave hereby is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this Recommended Decision is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

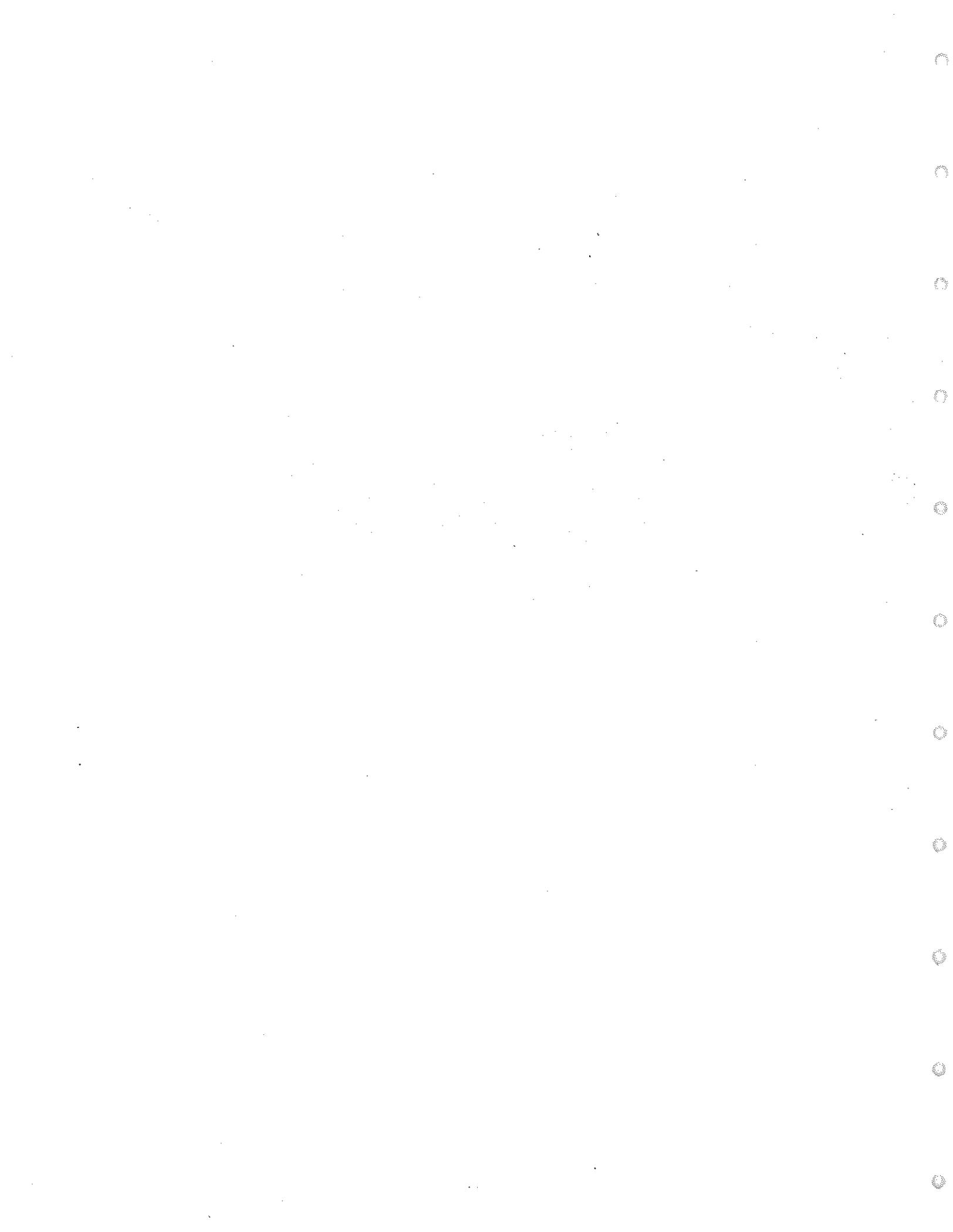
If no exceptions are so filed this Recommended Decision shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
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**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 04-1240-PSD-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public utility.

Application for a certificate of convenience and necessity to upgrade and improve its sewer collection system to serve approximately 950 customers in Craigs ville and Camden-on-Gauley.

APPROVED RATES AND CHARGES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service and sale for resale sewer service.

RATES (customers with metered water supply)

First 3,000 gallons used per month	\$8.61 per 1,000 gallons
Next 3,000 gallons used per month	\$6.86 per 1,000 gallons
Next 4,000 gallons used per month	\$5.18 per 1,000 gallons
Over 10,000 gallons used per month	\$2.60 per 1,000 gallons

All wastewater from the Nicholas County Solid Waste Authority will be treated at the same rate as a commercial customer through the declining block structure as listed above, plus a surcharge of \$5.65 per 1,000 gallons.

All wastewater from the Town of Camden-On-Gauley will be treated at the approved rate of \$2.69 per 1,000 gallons.

MINIMUM CHARGE

No bill will be rendered for less than \$25.83 per month, which is the equivalent of 3,000 gallons of usage with a 5/8-inch meter.

RETURNED CHECK FOR INSUFFICIENT FUNDS

A service charge equal to the actual bank fee assessed to the District or a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$200.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$0.51 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

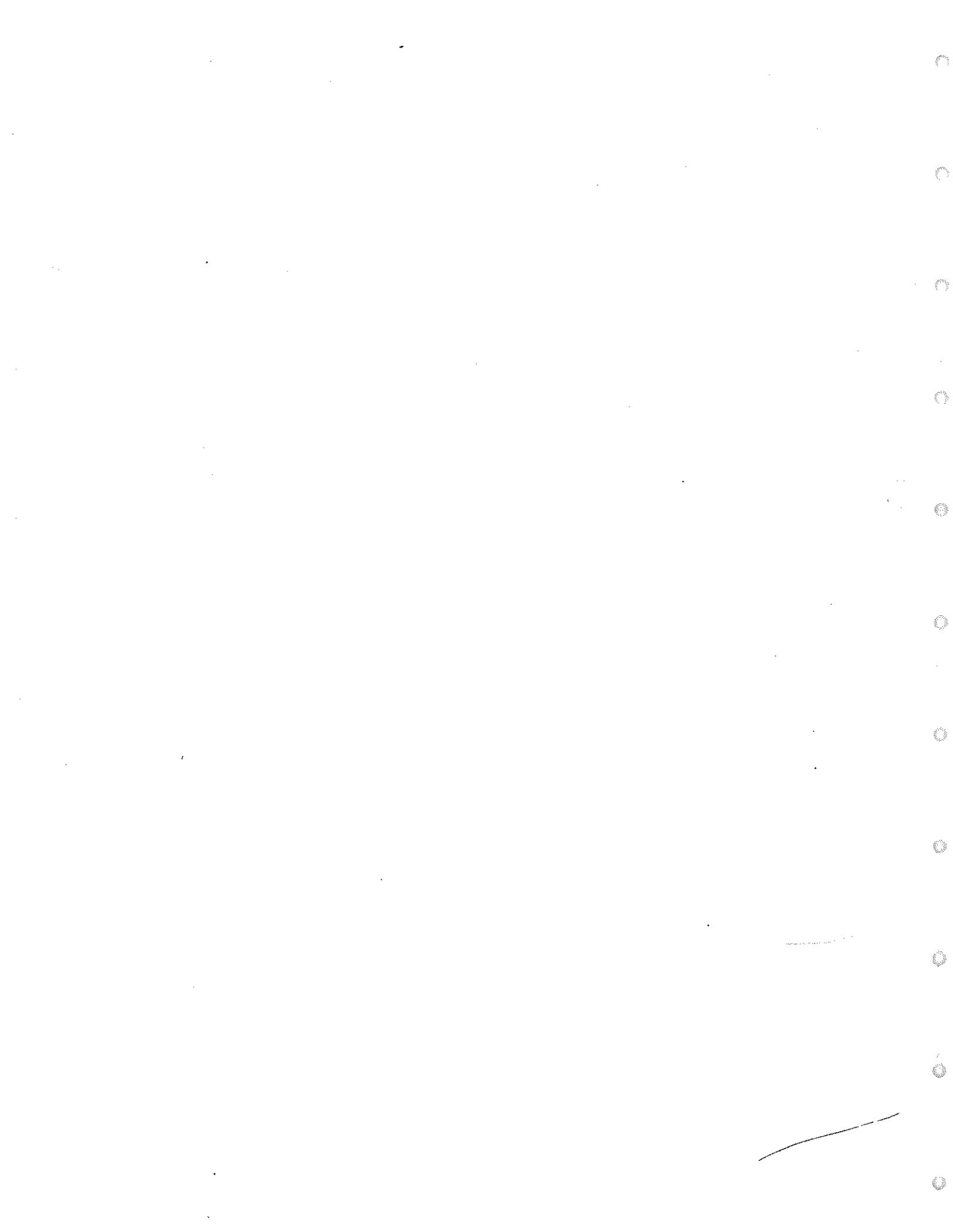
R = The measured monthly rainfall, in inches

.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C = The Utility's approved rate per thousand gallons of metered water usage

The Utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the Sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.



West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince

Hurricane

Dwight Calhoun

Petersburg

C. R. "Rennie" Hill, III

Beckley

Timothy P. Stranko

Morgantown

300 Summers Street, Suite 980

Charleston, West Virginia 25301

Telephone: (304) 558-4607

Facsimile: (304) 558-4609

Katy Mallory, PE

Executive Secretary

Katy.Mallory@verizon.net

May 4, 2005

Mr. Arden Bayless, Chairman
Craigsville Public Service District
P.O. Box 368
Craigsville, West Virginia 26205

Re: Binding Commitment Letter - Revision
Wastewater Project 96S-180

Dear Mr. Bayless:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Council has reviewed the Craigsville Public Service District's (the "District") request for revised binding commitment to the District for an additional Infrastructure Fund loan of \$263,440 to complete the funding for its wastewater project. At the May 4, 2005 Council meeting the Council voted to revise the binding commitment as shown on the attached revised Schedule A to cover the project bid overrun. All other conditions of the revision to its August 5, 2003 binding commitment remain in effect.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,



Mark Prince

MP/km

Attachments

cc: Mike Johnson, DEP
Tracey Rowan, WVDO
Jonathan Carpenter, E.I., Thrasher Engineering, Inc.
Samme Gee, Esq., Jackson Kelly
John Stump, Steptoe & Johnson

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Craigsville Public Service District

By: _____

Its: _____

Date: _____

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 11th day of July, 2005, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Craigsville Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

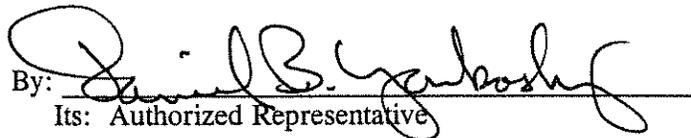
1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$1,272,440, numbered AR-1 (the "Series 2005 A Bonds"), issued as a single, fully registered Bond, and dated July 11, 2005.

2. At the time of such receipt, the Series 2005 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2005 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 A Bonds, of the sum of \$25,809, being a portion of the principal amount of the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: 
Its: Authorized Representative

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

05/13/05
195340.00001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 11th day of July, 2005.

(1) Bond No. AR-1, constituting the entire original issue of Craigsville Public Service District Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the principal amount of \$1,272,440 (the "Series 2005 A Bonds"), dated July 11, 2005, executed by the Chairman and Secretary of Craigsville Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on June 29, 2005, and a Supplemental Resolution duly adopted by the Issuer on June 29, 2005 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bonds, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2005 A Bonds, dated July 11, 2005, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2005 A Bonds to the Authority upon payment to the Issuer of the sum of \$25,809, representing a portion of the principal amount of the Series 2005 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

05/17/05
195340.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAIGSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$1,272,440

KNOW ALL MEN BY THESE PRESENTS: That on this the 11th day of July, 2005, CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Nicholas and Webster Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "AUTHORITY") or registered assigns the sum of ONE MILLION TWO HUNDRED SEVENTY-TWO THOUSAND FOUR HUNDRED FORTY DOLLARS (\$1,272,440), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2007, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no 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").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 11, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on June 29, 2005, and a Supplemental Resolution duly adopted by the Issuer on June 29, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1986 A, DATED FEBRUARY 18, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000 (THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. 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 maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior 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 Huntington National Bank, 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 Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net 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, CRAIGSVILLE PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated the day and year
first written above.

[SEAL]


Chairman

ATTEST:

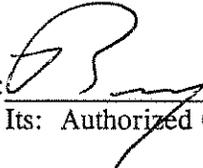

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2005 A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 11, 2005.

THE HUNTINGTON NATIONAL BANK
as Registrar

By: 
Its: Authorized Officer

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 25,809	July 11, 2005	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

EXHIBIT B

\$1,272,440

Craigsville PSD (West Virginia)

0% Interest Rate, 40 Years

Closing Date: July 11, 2005

Debt Service Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	8,316.61	-	8,316.61
09/01/2007	8,316.61	-	8,316.61
12/01/2007	8,316.61	-	8,316.61
03/01/2008	8,316.61	-	8,316.61
06/01/2008	8,316.61	-	8,316.61
09/01/2008	8,316.61	-	8,316.61
12/01/2008	8,316.61	-	8,316.61
03/01/2009	8,316.61	-	8,316.61
06/01/2009	8,316.61	-	8,316.61
09/01/2009	8,316.61	-	8,316.61
12/01/2009	8,316.61	-	8,316.61
03/01/2010	8,316.61	-	8,316.61
06/01/2010	8,316.61	-	8,316.61
09/01/2010	8,316.61	-	8,316.61
12/01/2010	8,316.61	-	8,316.61
03/01/2011	8,316.61	-	8,316.61
06/01/2011	8,316.61	-	8,316.61
09/01/2011	8,316.61	-	8,316.61
12/01/2011	8,316.61	-	8,316.61
03/01/2012	8,316.61	-	8,316.61
06/01/2012	8,316.60	-	8,316.60
09/01/2012	8,316.60	-	8,316.60
12/01/2012	8,316.60	-	8,316.60
03/01/2013	8,316.60	-	8,316.60
06/01/2013	8,316.60	-	8,316.60
09/01/2013	8,316.60	-	8,316.60
12/01/2013	8,316.60	-	8,316.60
03/01/2014	8,316.60	-	8,316.60
06/01/2014	8,316.60	-	8,316.60
09/01/2014	8,316.60	-	8,316.60
12/01/2014	8,316.60	-	8,316.60
03/01/2015	8,316.60	-	8,316.60
06/01/2015	8,316.60	-	8,316.60
09/01/2015	8,316.60	-	8,316.60
12/01/2015	8,316.60	-	8,316.60
03/01/2016	8,316.60	-	8,316.60
06/01/2016	8,316.60	-	8,316.60

Date	Principal	Coupon	Total P+I
09/01/2016	8,316.60	-	8,316.60
12/01/2016	8,316.60	-	8,316.60
03/01/2017	8,316.60	-	8,316.60
06/01/2017	8,316.60	-	8,316.60
09/01/2017	8,316.60	-	8,316.60
12/01/2017	8,316.60	-	8,316.60
03/01/2018	8,316.60	-	8,316.60
06/01/2018	8,316.60	-	8,316.60
09/01/2018	8,316.60	-	8,316.60
12/01/2018	8,316.60	-	8,316.60
03/01/2019	8,316.60	-	8,316.60
06/01/2019	8,316.60	-	8,316.60
09/01/2019	8,316.60	-	8,316.60
12/01/2019	8,316.60	-	8,316.60
03/01/2020	8,316.60	-	8,316.60
06/01/2020	8,316.60	-	8,316.60
09/01/2020	8,316.60	-	8,316.60
12/01/2020	8,316.60	-	8,316.60
03/01/2021	8,316.60	-	8,316.60
06/01/2021	8,316.60	-	8,316.60
09/01/2021	8,316.60	-	8,316.60
12/01/2021	8,316.60	-	8,316.60
03/01/2022	8,316.60	-	8,316.60
06/01/2022	8,316.60	-	8,316.60
09/01/2022	8,316.60	-	8,316.60
12/01/2022	8,316.60	-	8,316.60
03/01/2023	8,316.60	-	8,316.60
06/01/2023	8,316.60	-	8,316.60
09/01/2023	8,316.60	-	8,316.60
12/01/2023	8,316.60	-	8,316.60
03/01/2024	8,316.60	-	8,316.60
06/01/2024	8,316.60	-	8,316.60
09/01/2024	8,316.60	-	8,316.60
12/01/2024	8,316.60	-	8,316.60
03/01/2025	8,316.60	-	8,316.60
06/01/2025	8,316.60	-	8,316.60
09/01/2025	8,316.60	-	8,316.60
12/01/2025	8,316.60	-	8,316.60
03/01/2026	8,316.60	-	8,316.60
06/01/2026	8,316.60	-	8,316.60
09/01/2026	8,316.60	-	8,316.60
12/01/2026	8,316.60	-	8,316.60
03/01/2027	8,316.60	-	8,316.60
06/01/2027	8,316.60	-	8,316.60

Date	Principal	Coupon	Total P+I
09/01/2027	8,316.60	-	8,316.60
12/01/2027	8,316.60	-	8,316.60
03/01/2028	8,316.60	-	8,316.60
06/01/2028	8,316.60	-	8,316.60
09/01/2028	8,316.60	-	8,316.60
12/01/2028	8,316.60	-	8,316.60
03/01/2029	8,316.60	-	8,316.60
06/01/2029	8,316.60	-	8,316.60
09/01/2029	8,316.60	-	8,316.60
12/01/2029	8,316.60	-	8,316.60
03/01/2030	8,316.60	-	8,316.60
06/01/2030	8,316.60	-	8,316.60
09/01/2030	8,316.60	-	8,316.60
12/01/2030	8,316.60	-	8,316.60
03/01/2031	8,316.60	-	8,316.60
06/01/2031	8,316.60	-	8,316.60
09/01/2031	8,316.60	-	8,316.60
12/01/2031	8,316.60	-	8,316.60
03/01/2032	8,316.60	-	8,316.60
06/01/2032	8,316.60	-	8,316.60
09/01/2032	8,316.60	-	8,316.60
12/01/2032	8,316.60	-	8,316.60
03/01/2033	8,316.60	-	8,316.60
06/01/2033	8,316.60	-	8,316.60
09/01/2033	8,316.60	-	8,316.60
12/01/2033	8,316.60	-	8,316.60
03/01/2034	8,316.60	-	8,316.60
06/01/2034	8,316.60	-	8,316.60
09/01/2034	8,316.60	-	8,316.60
12/01/2034	8,316.60	-	8,316.60
03/01/2035	8,316.60	-	8,316.60
06/01/2035	8,316.60	-	8,316.60
09/01/2035	8,316.60	-	8,316.60
12/01/2035	8,316.60	-	8,316.60
03/01/2036	8,316.60	-	8,316.60
06/01/2036	8,316.60	-	8,316.60
09/01/2036	8,316.60	-	8,316.60
12/01/2036	8,316.60	-	8,316.60
03/01/2037	8,316.60	-	8,316.60
06/01/2037	8,316.60	-	8,316.60
09/01/2037	8,316.60	-	8,316.60
12/01/2037	8,316.60	-	8,316.60
03/01/2038	8,316.60	-	8,316.60
06/01/2038	8,316.60	-	8,316.60

Date	Principal	Coupon	Total P+I
09/01/2038	8,316.60	-	8,316.60
12/01/2038	8,316.60	-	8,316.60
03/01/2039	8,316.60	-	8,316.60
06/01/2039	8,316.60	-	8,316.60
09/01/2039	8,316.60	-	8,316.60
12/01/2039	8,316.60	-	8,316.60
03/01/2040	8,316.60	-	8,316.60
06/01/2040	8,316.60	-	8,316.60
09/01/2040	8,316.60	-	8,316.60
12/01/2040	8,316.60	-	8,316.60
03/01/2041	8,316.60	-	8,316.60
06/01/2041	8,316.60	-	8,316.60
09/01/2041	8,316.60	-	8,316.60
12/01/2041	8,316.60	-	8,316.60
03/01/2042	8,316.60	-	8,316.60
06/01/2042	8,316.60	-	8,316.60
09/01/2042	8,316.60	-	8,316.60
12/01/2042	8,316.60	-	8,316.60
03/01/2043	8,316.60	-	8,316.60
06/01/2043	8,316.60	-	8,316.60
09/01/2043	8,316.60	-	8,316.60
12/01/2043	8,316.60	-	8,316.60
03/01/2044	8,316.60	-	8,316.60
06/01/2044	8,316.60	-	8,316.60
09/01/2044	8,316.60	-	8,316.60
12/01/2044	8,316.60	-	8,316.60
03/01/2045	8,316.60	-	8,316.60
06/01/2045	8,316.60	-	8,316.60
Total	\$1,272,440.00	-	\$1,272,440.00

ASSIGNMENT

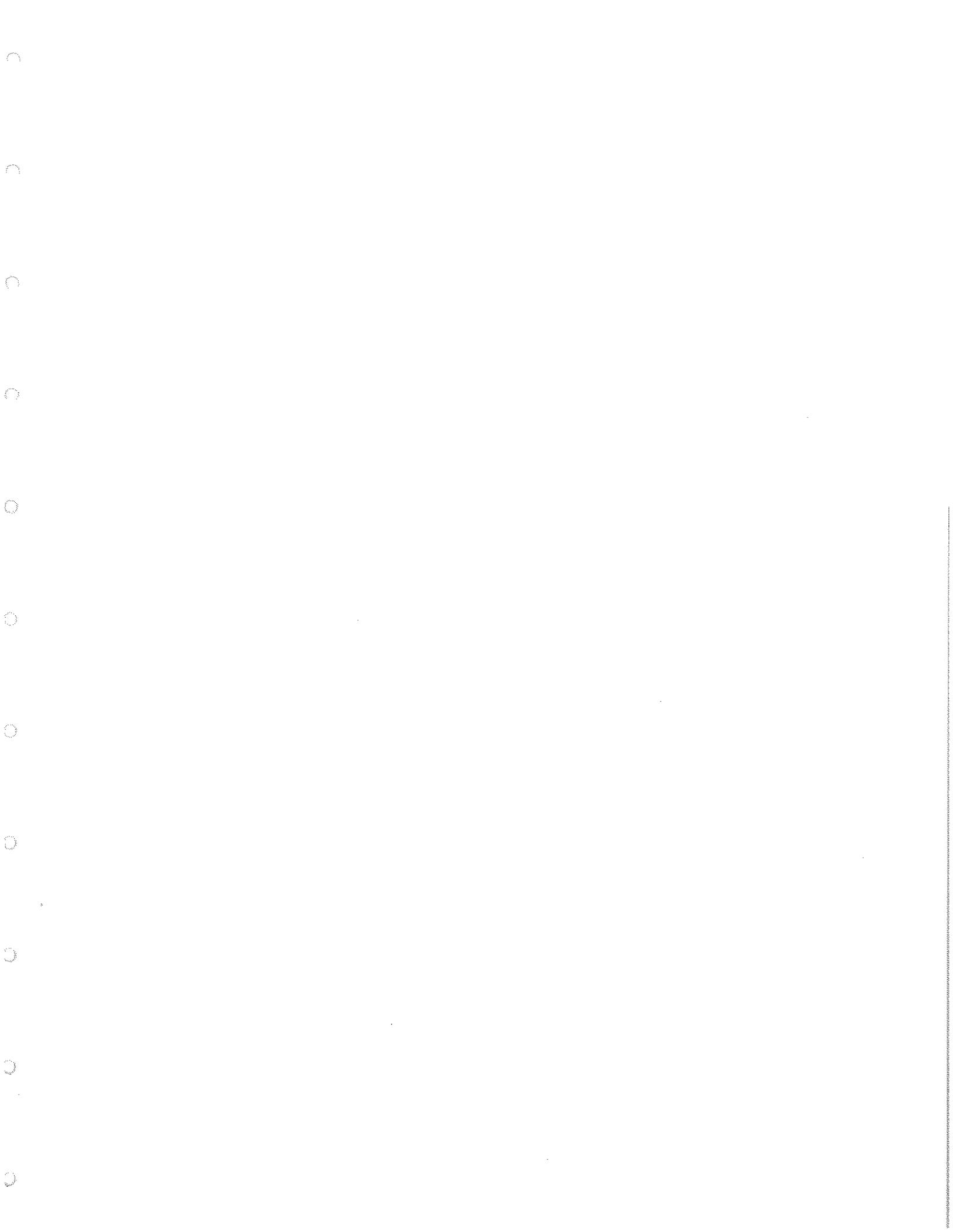
FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

_____ 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:

05/17/05
195340.00001





Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, Eighth Floor

P.O. Box 1588

Charleston, WV 25326-1588

(304) 353-8000 (304) 353-8180 Fax

www.stepToe-johnson.com

Writer's Contact Information

July 11, 2005

Craigsville Public Service District
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

Craigsville Public Service District
Craigsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Craigsville Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,272,440 Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 11, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2007 and maturing June 1, 2045, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 29, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 29, 2005 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The 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 Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion and the application of equitable remedies in appropriate cases.

We have examined the executed and authenticated 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,

A handwritten signature in black ink, appearing to read "Steptoe & Johnson PLLC", with a stylized flourish at the end.

STEPTOE & JOHNSON PLLC

LAW OFFICE OF
GREGORY A. TUCKER, P.L.L.C.
719 MAIN STREET
SUMMERSVILLE, WEST VIRGINIA 26651

GREGORY A. TUCKER
JAMES R. MILAM, II

TELEPHONE: (304) 872-2500
FAX: (304) 872-1188

July 11, 2005

Craigsville Public Service District
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

Craigsville Public Service District
Craigsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Craigsville Public Service District, a public service district, in Nicholas and Webster Counties, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds") a loan agreement for the Bonds dated July 11, 2005 (the "Loan Agreement"), including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on June 29, 2005, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 29, 2005 (collectively, the "Bond Legislation"), orders of The County Commission of Nicolas County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

Craigsville Public Service District, et al.

July 11, 2005

Page 2

I am of the opinion that:

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation, all under the Act and other applicable provisions of law.

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

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

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Nicholas County, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on March 17, 2005 and July 8, 2005, in Case No. 01-1240-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges for the System. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The time for appeal of the July 8, 2005 Order has not expired prior to the date hereof. However, the Issuer has certified that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend

to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Both Orders remain in full force and effect.

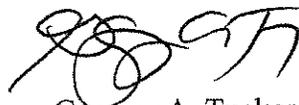
7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the Bonds, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection of the Gross Revenues or pledge of the Net Revenues therefor.

9. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Respectfully,



Gregory A. Tucker

GAT:bh

LAW OFFICE OF
GREGORY A. TUCKER, P.L.L.C.
719 MAIN STREET
SUMMERSVILLE, WEST VIRGINIA 26651

GREGORY A. TUCKER
JAMES R. MILAM, II

TELEPHONE: (304) 872-2500
FAX: (304) 872-1188

July 11, 2005

Craigsville Public Service District
PO Drawer 368
Craigsville, WV 26205

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

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

Stephoe & Johnson PLLC
P.O. Box 1588
Charleston, WV 25326

Re: Final Title Opinion for Craigsville Public Service District

Ladies and Gentlemen:

I am counsel to Craigsville Public Service District (the "Issuer") in connection with a proposed project to upgrade and improve its sewer collection system to serve approximately 950 customers in the Craigsville and Camden-on Gauley areas of Nicholas County and Webster County, West Virginia (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.
2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

Craigsville Public Service District
West Virginia Infrastructure and Jobs Development Authority
West Virginia Water Development Authority
Steptoe & Johnson PLLC
July 11, 2005
Page 2

3. I have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Nicholas County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Nicholas County to protect the legal title to and interest of the Issuer.

Respectfully,



Gregory A. Tucker

GAT:bh

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. SPECIMEN BOND
16. GRANT
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Craigsville Public Service District in Nicholas and Webster Counties, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify on this the 11th day of July, 2005, in connection with the Issuer's Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2005 A Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted June 29, 2005, and the Supplemental Resolution duly adopted June 29, 2005 (collectively, the "Bond Legislation").

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 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1986 A, dated February 18, 1986, issued in the original aggregate principal amount of \$650,000 (the "Prior Bonds"). The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on the Creation and Enlargement of District and the Public Service Commission Order Approving the Enlargement of the District's Boundaries

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

WDA Consent to Issuance of Parity Bonds

NPDES Permit

Series 1986 A Bond Resolution and Supplemental Resolution

Insurance Certificates

Evidence of Small Cities Block Grant

6. INCUMBENCY AND OFFICIAL NAME, Etc.: The proper corporate title of the Issuer is "Craigsville Public Service District" and its principal office and place of business are in Nicholas and Webster Counties, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting 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>
Arden D. Bayless	10/01/03	10/05/09
Alice M. Cutlip	05/17/00	10/05/05
Paul Humphreys	05/07/03	10/05/07

The names of the duly elected appointed, qualified and acting officers of said Public Service Board of the Issuer for the calendar year 2005 Are as follows:

Chairman	-	Arden D. Bayless
Secretary/Treasurer	-	Libby Hurst

The duly appointed and acting counsel to the Issuer is Gregory A. Tucker, Esquire in Summersville, West Virginia.

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

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

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors 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 Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

11. **RATES:** The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on July 8, 2005, in Case No. 04-1240-PSD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the July 8, 2005 Order has not expired prior to the date hereof. However, the Issuer hereby certifies that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order remains in effect.

12. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on March 17, 2005 and July 8, 2005, in Case No.04-1240-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the acquisition and construction of the Project and approving the rates for the System. The time for appeal of the March 17, 2005 Order has expired prior to the date hereof without any appeal having been filed. The time for appeal of the July 8, 2005 Order has not expired prior to the date hereof. However, the Issuer hereby certifies that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Both Orders remain in effect.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS:** On the date hereof, the Issuer received the sum of \$25,809, from the Authority and Council, being a portion of the principal amount of the Series 2005 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as construction of the Project progresses.

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

16. GRANT: As of the date hereof, the Small Cities Block Grant in the amount of \$1,500,000 is in full force and effect.

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

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

WITNESS our signatures and the official seal of CRAIGSVILLE PUBLIC SERVICE DISTRICT on the day and year first above written.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Joseph D. Bayler

Chairman

Libby Hurst

Secretary

Counsel to Issuer

05/17/05
195340.00001

WITNESS our signatures and the official seal of CRAIGSVILLE PUBLIC SERVICE DISTRICT on the day and year first above written.

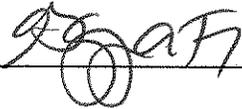
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Chairman

Secretary

A handwritten signature in black ink, appearing to be "J. A. F.", written over a horizontal line.

Counsel to Issuer

05/17/05
195340.00001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions, (the "Project") to the existing public sewerage system (the "System") of Craigsville Public Service District (the "Issuer"), to be constructed primarily in Nicholas and Webster Counties, West Virginia, which acquisition and construction are being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on June 29, 2005, as supplemented by the Supplemental Resolution adopted by the Issuer on June 29, 2005, and the Loan Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated July 11, 2005 (the "Loan Agreement").

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

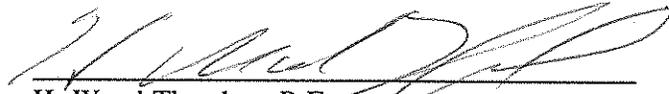
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council, and any change orders approved by the Council and the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Gregory A. Tucker, Esquire, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contained

the critical operational components of the Project; (vi) the successful bids included prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Bassett & Lowe, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 11th day of July, 2005.

THRASHER ENGINEERING, INC.

(SEAL)



H. Wood Thrasher, P.E.

West Virginia License No. 9478

05/17/05
195340.00001

**Craigsville Public Service District
Wastewater System
SCBG02DC54-001/IJDC Loan 96S-180**

SCHEDULE B

DATE: June 8, 2005

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	SCBG	IJDC
1. Construction			
Contract #1 Base Bid (includes Deductive Alternate)	1,869,300.00	856,832.86	1,012,467.14
Contract #2 Base Bid (includes Deductive Alternate Cl gas monitor, flow proportional valve, etc.)	332,549.00	332,549.00	0.00
Cl gas monitor, flow proportional valve, etc.	5,587.09	5,587.09	0.00
Total Construction	2,207,436.09	1,194,968.95	1,012,467.14
2. Technical Services	387,000.00	261,000.00	126,000.00
3. Legal/ Administrative	73,471.05	43,971.05	29,500.00
A. Legal	7,500.00	0.00	7,500.00
B. Permits	3,971.05	3,971.05	0.00
C. Administrative	40,000.00	40,000.00	0.00
D. Accounting	5,000.00	0.00	5,000.00
E. Bond Counsel	17,000.00	0.00	17,000.00
4. Sites and Other Lands	60.00	60.00	0.00
5. Registrar Fee	500.00	0.00	500.00
6. Contingency	103,972.86	0.00	103,972.86
7. Total of Lines 1 through 6	2,772,440.00	1,500,000.00	1,272,440.00
B. Sources of Funds			
8. Federal Grants:			
9. State Grants: SCBG	1,500,000.00		
10. Other Grants:			
11. Any Other Source			
a.			
b.			
12. Infrastructure Fund Loan	1,259,000.00	* 1,272,440.00 AMK	

Andy D. Baylen
GOVERNMENTAL AGENCY

DATE: 6/8/05

Jonathan Carpenter
CONSULTING ENGINEER

DATE: 6/8/05

BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS

1156 South Main Street
Milton, West Virginia 25541
Telephone: (304) 743-5573
Fax: (304) 743-1150 Toll Free: 1-800-720-9629
e-mail: ralphwb@charterinternet.com (Ralph W. Bassett, Jr.)
e-mail: rodlowe@charterinternet.com (Rodman G. Lowe)

July 11, 2005

Craigsville Public Service District
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

Craigsville Public Service District
Craigsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 04-1240-PSD-CN, entered July 8, 2005, and the projected operation and maintenance expenses and the anticipated customer usage as furnished to us by the Consulting Engineer to Craigsville Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Sewer Revenue Bonds, Series 1986 A (the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 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 the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds, and the Prior Bonds.

Sincerely yours,



BASSETT & LOWE



CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Craigsville Public Service District in Nicholas and Webster Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,272,440 Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, dated July 11, 2005 (the "Series 2005 A Bonds" or "Bonds"), hereby certify on this the 11th day of July, 2005, as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on June 29, 2005 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 11, 2005, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal of the Series 2005 A Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2005 A Bonds were sold on July 11, 2005, to the Authority, pursuant to a loan agreement dated July 11, 2005, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$1,272,440 (100% of par), at which time, the Issuer received \$25,809 from the Authority and the Council, being a portion of the principal amount of the Series 2005 A Bonds. No accrued interest has been or will be paid on the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2005 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in Series 2005 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the acquisition and construction of the Project on or before November, 2006. The acquisition and construction of the Project is expected to be completed by August, 2006.

8. The total cost of the Project is estimated at \$2,772,440. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2005 A Bonds	\$1,272,440
Small Cities Block Grant	<u>\$1,500,000</u>
 Total Sources	 \$2,772,440

USES

Acquisition and Construction of Project	\$2,754,940
Costs of Issuance	<u>\$ 17,500</u>
 Total Uses	 \$2,772,440

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2005 A Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2005 A Bonds Construction Trust Fund;
- (4) Series 2005 A Bonds Sinking Fund; and
- (5) Series 2005 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

As the Issuer receives advances of the monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 A Bonds Construction Trust Fund and applied solely to payment of the costs of the acquisition and construction of the Project and the costs of issuance and related costs.

11. Monies held in the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2005 A Bonds and will not be available to meet costs of acquisition and construction of the Project. Monies in the Series 2005 A Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall become due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and Series 2005 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2005 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 11 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2005 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the acquisition and construction of the Project within 14 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the acquisition and construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2005 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2005 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2005 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year. Monies in the Series 2005 A Bonds Reserve Account and the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the acquisition and construction of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

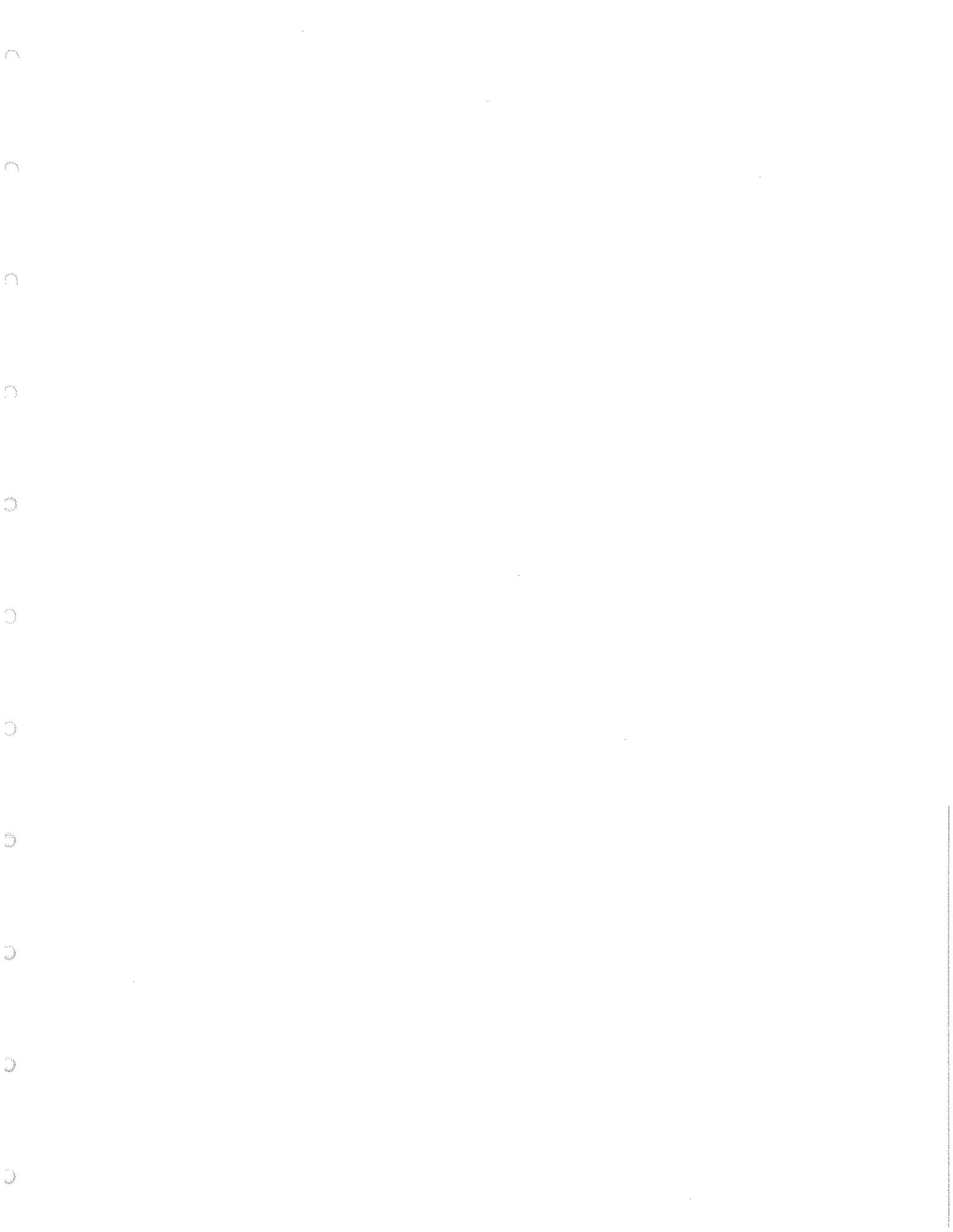
27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on the day and year first above written.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By: *Robert F. Bayless*
Its: Chairman

05/17/05
195340.00001



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October 5, 1959

The County Court of Nicholas County met at the Court House thereof in Regular Session October 5, 1959. Those present were as follows: Arley M. Johnson, President, Morris McClung and John W. White, Commissioners.

State of West Virginia,
County of Nicholas, ss:

In the County Court thereof.

ORDER CREATING
CRAIGSVILLE PUBLIC SERVICE DISTRICT
IN NICHOLAS COUNTY, WEST VIRGINIA

WHEREAS, the County Court of Nicholas County, West Virginia, did heretofore by an order adopted on the 7th day of September, 1959, fix a date for a public hearing on the creation of the proposed Craigsville Public Service District, and in and by said order and the notice published in pursuance thereof, 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 West Virginia Code, and all interested parties having 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 enter an order creating said district:

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Court of Nicholas County, West Virginia, as follows:

Section 1. That a public service district within Nicholas County, West Virginia, is hereby created and said district shall have the following boundaries:

Beginning at a point of latitude N. 38° 20' and longitude W. 80° 40' and thence W. 0.94 miles to a point; thence North 0.80 miles, crossing West Virginia State Route No. 41 to a point; thence East 2.65 miles to a point, thence North 0.65 miles to a point, thence East 0.72 miles to a point, thence N. 45° E. 0.42 miles to a point, thence East 0.43 miles crossing West Virginia State Route 20 to a point in Gauley River having a latitude of N. 38° 21' 30", and a longitude of W. 80° 36' 31", thence with and down said river in a Southerly direction approximately four miles to a point in the river having a latitude of N 38° 19' 26" and a longitude of W 80° 37' 15", thence leaving said Gauley River S. 45° W. 1.19 miles to a point, West 1.66 miles crossing West Virginia State Route No. 20 to a point of latitude N. 38° 18' 44" and a longitude of W. 80° 40', thence N. 1.48 miles to the beginning.

Containing an area of approximately 8.65 square miles and the communities of Craigsville, Cottle and Allingdale, all within Beaver Magisterial District of Nicholas County, State of West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated July 21, 1959,

Section 2. That said public service district so created shall have the name and corporate title of "Craigsville Public Service District" and shall constitute a public corporation and political sub-division of the State of West Virginia, having all of the rights and powers

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conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Nicholas County, West Virginia, has determined that the territory within Nicholas County, West Virginia, having the above described boundaries is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water services within such territory by said public service district will be conducive to the preservation of public health, comfort, and convenience of said area.

Given under our hands this the 5th day of October, 1959.

Arley M. Johnson
President

Morris McClung
Commissioner

John W. White
Commissioner

Attest:

Ira E. Hill
Clerk

State of West Virginia,
County of Nicholas, ss:

In the County Court thereof

ORDER APPOINTING MEMBERS TO THE
PUBLIC SERVICE BOARD OF THE
CRAIGSVILLE PUBLIC SERVICE DISTRICT

WHEREAS, the County Court of Nicholas County, West Virginia, did heretofore on this day, by an order entered and adopted, create the Craigsville Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia the powers of said public service district shall be vested in and exercised by a public service board; and,

WHEREAS, since there is no city, incorporated town or other municipal corporation included within the said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Court shall appoint three (3) members of said board who shall be persons residing within the district;

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Court of Nicholas County, West Virginia as follows:

Section 1. That the County Court of Nicholas County, West Virginia, hereby finds and determines that W. G. Thayer, Raymond Boone and Jasper Williams are persons residing within the Craigsville Public Service District, and the aforesaid persons are hereby appointed as members of the Public Service Board of said District, and their respective terms of office shall be as follows:

- (1) W. G. Thayer for a term of six (6) years from the first day of the month in which this order is adopted and entered;
- (2) Raymond Boone for a term of four (4) years from the first day of the month in which this order is adopted and entered; and
- (3) Jasper Williams for a term of two (2) years from the first day of the month in which this order is adopted and entered.

Section 2. The aforesaid persons shall meet as soon as practicable, at the Office of

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conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Nicholas County, West Virginia, has determined that the territory within Nicholas County, West Virginia, having the above described boundaries is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water services within such territory by said public service district will be conducive to the preservation of public health, comfort, and convenience of said area.

Given under our hands this the 5th day of October, 1959.

Arley M. Johnson
President

Morris McClung
Commissioner

John W. White
Commissioner

Attest:

Ira E. Hill
Clerk

State of West Virginia,
County of Nicholas, ss:

In the County Court thereof

ORDER APPOINTING MEMBERS TO THE
PUBLIC SERVICE BOARD OF THE
CRAIGSVILLE PUBLIC SERVICE DISTRICT

WHEREAS, the County Court of Nicholas County, West Virginia, did heretofore on this day, by an order entered and adopted, create the Craigsville Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia the powers of said public service district shall be vested in and exercised by a public service board; and,

WHEREAS, since there is no city, incorporated town or other municipal corporation included within the said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Court shall appoint three (3) members of said board who shall be persons residing within the district;

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Court of Nicholas County, West Virginia as follows:

Section 1. That the County Court of Nicholas County, West Virginia, hereby finds and determines that W. G. Thayer, Raymond Boone and Jasper Williams are persons residing within the Craigsville Public Service District, and the aforesaid persons are hereby appointed as members of the Public Service Board of said District, and their respective terms of office shall be as follows:

(1) W. G. Thayer for a term of six (6) years from the first day of the month in which this order is adopted and entered;

(2) Raymond Boone for a term of four (4) years from the first day of the month in which this order is adopted and entered; and

(3) Jasper Williams for a term of two (2) years from the first day of the month in which this order is adopted and entered.

Section 2. The aforesaid persons shall meet as soon as practicable, at the Office of

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the Clerk of said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial Public Service Board of the Craigsville Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the Code of West Virginia.

Given under our hands this 5th day of October, 1959.

Arley M. Johnson
President

Morris McClung
Commissioner

John W. White
Commissioner

State of West Virginia,
County of Nicholas, ss:

In the County Court thereof.

ORDER

WHEREAS, John C. Bell, duly elected Sheriff of Nicholas County, departed this life on the 11th day of August, 1959; and,

WHEREAS, subsequent thereto, the public interest requiring it, on the 15th day of August, 1959, Frank McMillion was duly and regularly appointed Sheriff of Nicholas County to fill the vacancy occasioned by the death of John C. Bell, as aforesaid, until the next general election; and,

WHEREAS, under the law of the State of West Virginia, in various and sundry cases the said John C. Bell had been appointed as Committee and Administrator by virtue of his office and under his official bond.

IT IS, THEREFORE, ORDERED that in all cases involving the appointment of John C. Bell as Committee and the appointment of John C. Bell as Administrator by virtue of his office and to serve under his official bond, that Frank McMillion be, and he is hereby, appointed Committee or Administrator, as the case may be, without prejudice to the rights of any parties heretofore accruing under the former appointments.

Given under our hands this the 5th day of October, 1959.

Arley M. Johnson
President

Morris McClung
Commissioner

John W. White
Commissioner

ORDER - COAL

The following bids were received on furnishing coal for the Court House and Jail beginning with the month of October, for the ensuing year.

Delbert Woods (Mine Run Coal)	Per Ton
Baker's Coal	\$7.25
Catlette Coal	7.25
McKees Creek	6.75
Sid Young (Mine Run Coal)	6.50

The Court awards the bid to Sid Young with the understanding that the coal shall be the same as previous year and that a weight bill will be furnished with each load.

A RESOLUTION AND ORDER ENLARGING
CRAIGSVILLE PUBLIC SERVICE DISTRICT
IN NICHOLAS COUNTY AND IN WEBSTER COUNTY,
WEST VIRGINIA

WHEREAS, The County Commission of Nicholas County, West Virginia, did heretofore by a resolution and order adopted on the 22nd day of January, 1986, fix a date for a public hearing on the enlargement of the proposed Craigsville Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property, in the proposed enlarged public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the enlargement of said district; and

WHEREAS, Notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the enlargement 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 Commission has given due consideration to all matters¹ for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order enlarging said district;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Nicholas County, West Virginia, as follows:

Section 1. That a public service district within Nicholas County, West Virginia, is hereby enlarged, and said district shall be further bounded and described as follows:

GARY L. JOHNSON
ATTORNEY AT LAW
25 WEST MAIN STREET
RICHWOOD, WV 26261
304-846-2272

Addition IV to Craigsville Public Service District for annexation from Central Public Service District lying and being in Beaver Magisterial District, Nicholas County, West Virginia, being more particularly bounded and described as follows:

Beginning at a point on the boundary line between Central Public Service District and Craigsville Public Service District, said point is located at Latitude North 38°22'04" and Longitude West 80°42'54";

thence with said common line S46°55'E, a distance of 2.19 miles to a point Latitude North 38°20'42" and Longitude West 80°41'09";

thence continuing with said common line due South, a distance of 0.81 miles to a point Latitude North 38°20'00" and Longitude West 80°41'09";

thence continuing with said common line due East, a distance of 0.93 miles to a point Latitude North 38°20'00" and Longitude West 80°40'00";

thence continuing with said common line due South, a distance of 1.48 miles to a point Latitude North 38°18'44" and Longitude West 80°40'00";

thence continuing with said common line due West, a distance of 0.23 miles to a point in Big Beaver Creek, Latitude North 38°18'44" and Longitude West 80°40'15";

thence continuing with said common line and meanders of Big Beaver Creek, a distance of approximately 2.95 miles to a point at the mouth of Big Beaver Creek at Gauley River, Latitude North 38°18'04" and Longitude West 80°42'51";

thence leaving the Craigsville line and with the Central line and Gauley River, as it meanders for approximately 2.18 miles to a point at the mouth of Crooked Run, Latitude North 38°17'21" and Longitude West 80°44'17";

thence leaving the Central line and with the common line between Beaver Magisterial District and Hamilton Magisterial District, as it meanders for approximately 6.06 miles to the place of beginning containing 12.04 square miles more or less, as shown on a map by Dunn Engineers, Inc., Charleston, West Virginia, dated December, 1985, attached hereto and otherwise made a part of this description.

Section 2. That said enlarged district shall continue under the corporate name of the Craigsville Public Service District and shall continue to constitute a public corporation and political subdivision of the State of

Page 2 of 3

GARY L. JOHNSON
ATTORNEY AT LAW
25 WEST MAIN STREET
RICHWOOD, WV 26261

304-646-2372

BOOK 0029 PAGE 003

West Virginia, having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-a of Chapter 16 of the West Virginia Code.

Section 3. That the County Commission of Nicholas County, West Virginia, has determined it is necessary, feasible and proper to include said territory in the Craigsville Public Service District and that there are no other water treatment or sewage facilities, equipment, service or material extended into enlargement area and that said enlargement in all respects will be conducive to the preservation of public health, comfort and convenience of said area and meets the requirements of Code § 16-13a-3.

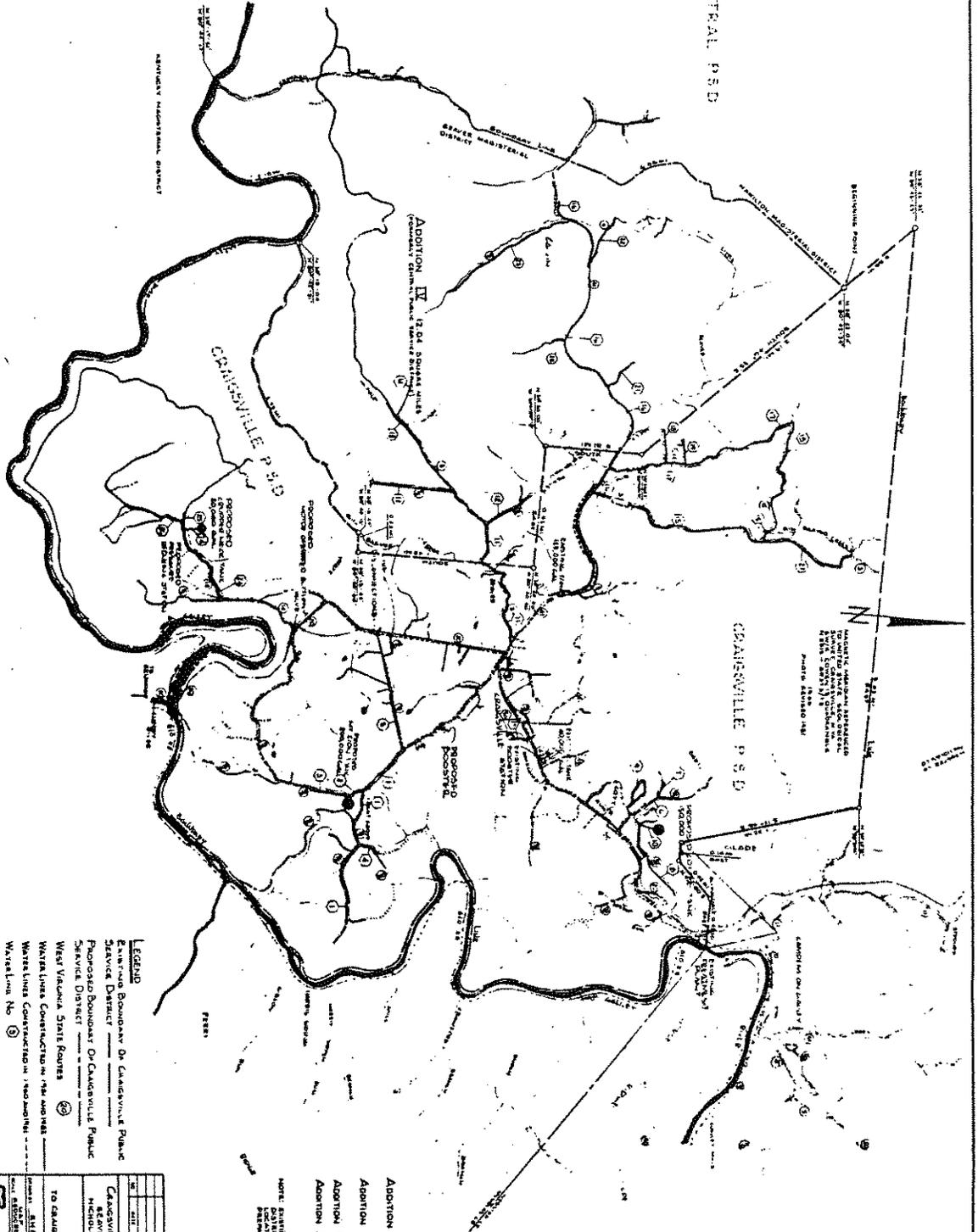
ADOPTED BY THE COUNTY COMMISSION on this the 19th day of February, 1986.

[Signature]
COMMISSIONER
[Signature]
COMMISSIONER
[Signature]
COMMISSIONER

ATTEST:
[Signature]
CLERK

GARY L. JOHNSON
ATTORNEY AT LAW
25 WEST MAIN STREET
RICHWOOD, WV 26261
304-846-2272

CENTRAL PSD



LEGEND

Existing Boundary of Caneville Public Service District

Proposed Boundary of Caneville Public Service District

West Virginia State Routes

Water Lines Construction - 120 MPH

Water Line No. ①

NO.	DATE	DESCRIPTION
1	11/11/21	CANEVILLE PUBLIC SERVICE DISTRICT SEWER MASTERIAL DISTRICT NEWTON COUNTY, WEST VIRGINIA
2	11/11/21	ADDITION IV TO CANEVILLE PUBLIC SERVICE DISTRICT

SCALE: 1" = 100'

DATE: 11/11/21

BY: SJB

PROJECT: 0514-2

DESIGNED BY: SUN ENGINEERING, INC.

CHECKED BY: [Signature]

NOTE: EXISTING CANEVILLE PUBLIC SERVICE DISTRICT BOUNDARIES AND WATER LINES SHOWN FOR REFERENCE ONLY. THIS PLAN IS NOT TO BE USED FOR CONSTRUCTION WITHOUT THE APPROVAL OF SUN ENGINEERING, INC.

ADDITION I - GRUBBS NECK AND MT ELM AREAS

ADDITION II - TUCK ROAD SQUADRON ROAD AND NEAR SANDS AREA

ADDITION III - DRAFTED SITE AMBASSADOR

ADDITION IV - 400' AND 11/2' AREAS

ORIGINAL

ENTERED

O.B. 95B Page _____

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: February 10, 1995

2-22-95
By Commission Order

CASE NO. 95-0012-PWD-PC

NICHOLAS COUNTY COMMISSION

Petition to dissolve Central Public
Service District and to expand boundaries
of Craigsville Public Service District.

RECOMMENDED DECISION

On January 9, 1995, the Nicholas County Commission (County Commission) filed a petition for approval to dissolve the Central Public Service District and to expand the boundaries of the Craigsville Public Service District, in accordance with West Virginia Code §16-13A-2.

In an Initial and Final Joint Staff Memorandum filed January 24, 1995, Drexel M. Vealey, Esquire, along with Mr. William A. Nelson, Utilities Financial Analyst, Public Service District Division, explained that the Central Public Service District is actually a paper or inactive public service district, meaning it does not serve, nor has it ever served, any customers and is unable to preserve the public health, comfort and convenience of any potential customers within its established boundaries. The Memorandum indicated that the County Commission stated that it is no longer necessary for the Central Public Service District to represent its service area since the Craigsville Public Service District, an active public service district, is willing and able to expand and serve a portion of the Central Public Service District area. The City of Summersville, and possibly the Wilderness Public Service District, will consider serving the remaining areas of the Central Public Service District in the future.

By Order dated February 1, 1995, this matter was set for a hearing in Nicholas County, in accordance with the provisions of West Virginia Code §16-13A-2, to be held on February 10, 1995, in the County Commission's Court Room, Nicholas County Court House, Summersville, West Virginia. Said Order also required that the Nicholas County Commission publish a Notice of Hearing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Nicholas County.

The hearing was held as scheduled. Appearing at the hearing on behalf of Commission Staff was Drexel M. Vealey, Esquire, Staff Attorney. The President of the Nicholas County Commission, Mr. Spurgeon Hinkle, also appeared, as did Commissioner Lloyd G. Paxton. The Affidavit of Publication reflecting proper publication of the Notice of Hearing was presented at the hearing held on February 10, 1995.

No one appeared at the hearing held on February 10, 1995, to give protest to the petition of the County Commission, whereupon the matter was submitted as an unprotested case.

DISCUSSION

This petition was filed by the Nicholas County Commission in accordance with the provisions of West Virginia Code §16-13A-2 requesting approval to dissolve the Central Public Service District and to expand the boundaries of the Craigsville Public Service District. As was explained in the Initial and Final Joint Staff Memorandum filed in this case, the Central Public Service District has never existed and would not be able to serve its customers. Also explained was that the Craigsville Public Service District is willing to expand and to assume responsibility for some of the customers covered by the Central Public Service District. The City of Summersville, and possibly the Wilderness Public Service District will consider serving the remaining areas of Central Public Service District not covered by the Craigsville Public Service District.

FINDINGS OF FACT

1. On January 9, 1995, the Nicholas County Commission filed a petition for approval to dissolve the Central Public Service District and to expand the boundaries of the Craigsville Public Service District, in accordance with West Virginia Code §16-13A-2. (See, Petition).

2. By Order dated February 1, 1995, this matter was set for a hearing to be held in Nicholas County, on February 10, 1995, and said Order also required the Nicholas County Commission to give notice of the holding of said hearing by making publication of a Notice of Hearing. (See, Order dated February 1, 1995).

3. At the hearing held in this matter on February 10, 1995, in Summersville, Nicholas County, an Affidavit of Publication was received reflecting proper publication of the Notice of Hearing as required. (See, Affidavit of Publication, Case File).

4. At the hearing held in this matter, no one appeared in protest to the petition filed by the Nicholas County Commission. (See, Transcript of Hearing held on February 10, 1995).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that since a hearing was held in this matter, in Nicholas County, in accordance with the provisions of West Virginia Code §16-13A-2, after proper notice of said hearing was given and no one appeared in protest to the petition of

the Nicholas County Commission, said petition should be granted, as unprotested.

ORDER

IT IS, THEREFORE, ORDERED that the order of the Nicholas County Commission for approval to dissolve the Central Public Service District and to expand boundaries of the Craigsville Public Service District, filed on January 9, 1995, be, and the same hereby is, approved.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Robert W. Glass
Administrative Law Judge

RWG:jas

0034 PAGE 062

IN THE COUNTY COMMISSION OF
NICHOLAS COUNTY, WEST VIRGINIAIn Re: PROPOSED MOTIONS IN REGARD TO
CENTRAL PSD AND CRAIGSVILLE PSDORDER

On the 4th day of January, 1995, before the Honorable County Commission for Nicholas County, West Virginia, Lloyd G. Paxton, Birl O'Dell, and Spurgeon Hinkle, a public hearing was held pursuant to West Virginia Code §16-13A-2;

Pursuant to the entry of an order to hold public hearing for dissolving the Central Public Service District within Nicholas County, West Virginia, heretofore entered on the 14th day of December, 1994, and served in copy form by certified mail to the West Virginia Public Service Commission notifying the Commission of said order;

Upon publication of a legal advertisement with notice of this hearing together with an appropriate description of the area currently served by the Central Public Service District notifying residents therein of the Commission's decision to hold a hearing concerning the dissolution of the Central Public Service District all of which was duly and timely published and posted.

Upon hearing duly held at which residents and owners of property in the Central Public Service District appeared pursuant to hearing and were heard concerning its dissolution and upon the Commission having found and

determined that the Central Public Service District is inactive and is unable to preserve the public health, comfort and convenience; upon motions duly made that the Central Public Service District be dissolved and that subject to the approval of the Public Service Commission, the Craigsville Public Service District boundaries be enlarged to include the communities of Werth, the entirety of Nile Road and Persinger to a point commonly known as "Big Cut Hill" on West Virginia State Route 41, which motions unanimously were passed by the Commission at public hearing, there having been no objection thereto by members of the public at large in attendance at said hearing, it is, accordingly, ORDERED and ADJUDGED that the Central Public Service District be and same is hereby ORDERED dissolved and it is further ORDERED herein subject to approval by the West Virginia Public Service Commission that the Craigsville Public Service District boundaries be enlarged to include the communities of Werth, the entirety of Nile Road, and Persinger to a point commonly known as "Big Cut Hill" on West Virginia State Route 41.

It is further ORDERED herein that the Clerk of this Commission shall, within ten (10) days of the entry of this order dissolving the Central Public Service District and enlarging the Craigsville Public Service District boundaries as aforesaid, file a certified copy of same for review and approval by the West Virginia Public Service Commission.

BOOK 0034 PAGE 064

All of which is accordingly so ORDERED this 4th day of
January, 1995.

ORDER:


Lloyd G. Paxton, Commissioner


Spurgeon Hinkle, Commissioner


Earl O'Dell, Commissioner

0034 PAGE 068

Nicholas County Commission
December 14, 1994

PROPOSED MOTIONS IN REGARD TO CENTRAL PSD AND CRAIGSVILLE PSD

I move that the Central Public Service District be dissolved in accordance with the procedures as outlined in WV Code Chapter 16-13A-2 and, in accordance with these procedures a hearing regarding this matter shall be held on Jan 4, 1995 at Nich. Co. Courthouse in the hearing room of the Nicholas County Commission. *12:00 AM Commission Room*

I move that the Craigsville Public Service District boundaries be enlarged to include the communities of Werth, the entirety of Nile Road, and Persinger to a point commonly known as Big Cut Hill on WV State Route 41. In accordance with the procedures outlined in WV Code Chapter 16-13A-2, a hearing regarding this matter shall be held on Jan 4, 1995 at Nich. Co. Courthouse in the hearing room of the Nicholas County Commission. *10:00 A.M. Commission Room*

Orders
These ~~petitions~~ shall be filed in the office of the clerk of the County Commission. A Class I legal advertisement shall be submitted via the Nicholas Chronicle at least 10 days prior to the date of the hearings. *10:00 A.M.* Also, a notice containing the same information as contained in the publication shall be posted in at least five conspicuous places in the Central and Craigsville PSDs not less than ten days prior to the hearings.

Motion was duly made by Commissioner Paxton and seconded by Commissioner Hinkle, with motion passing unanimously. Entered this 14 day of December, 1994.

W. Don Hartley
W. Don Hartley, President

Eloy G. Paxton
Eloy G. Paxton, Commissioner

Spurgeon Hinkle
Spurgeon Hinkle, Commissioner

Beginning at a point in the center of Gauley River at the mouth of Crooked Run, Latitude N 38° 17' 20" and Longitude W 80° 44' 17" and on the Division Line between Hamilton, Beaver and Kentucky Districts.

Thence with the center of Gauley River in a Northwesterly direction 2.16 Miles to a point 1500 feet West of the Mouth of Persinger Creek, Latitude N 38° 17' 53" and Longitude W 80° 46' 31";

Thence leaving Gauley River and through Central Public Service District and running in a Northwesterly direction 0.37 Miles crossing County Route #12, (Armstrong Road) to a point on Ridge, Latitude 38° 18' 06" and Longitude 80° 46' 50";

Thence continuing along the Ridge between Persinger Creek and Glade Creek in a Northeasterly direction 1.42 Miles to a point in the center of West Virginia State Route #41 and at the Top of Big Cut Hill, Latitude 38° 18' 50" and Longitude 80° 45' 53";

Thence continuing with said Ridge line between Persinger Creek and Glade Creek in a Northeasterly direction 1.80 Miles to a point on top of Ridge 0.60 Miles West of the Intersection of State Route #41 and State Route #55 at Latitude 38° 20' 08" and Longitude 80° 44' 54";

Thence leaving the Persinger Creek watershed and with the Ridge between Glade Creek and McMillion Creek in a Northwesterly direction 1.38 Miles to the top of a Knob at Latitude 38° 20' 45" and Longitude 80° 45' 54";

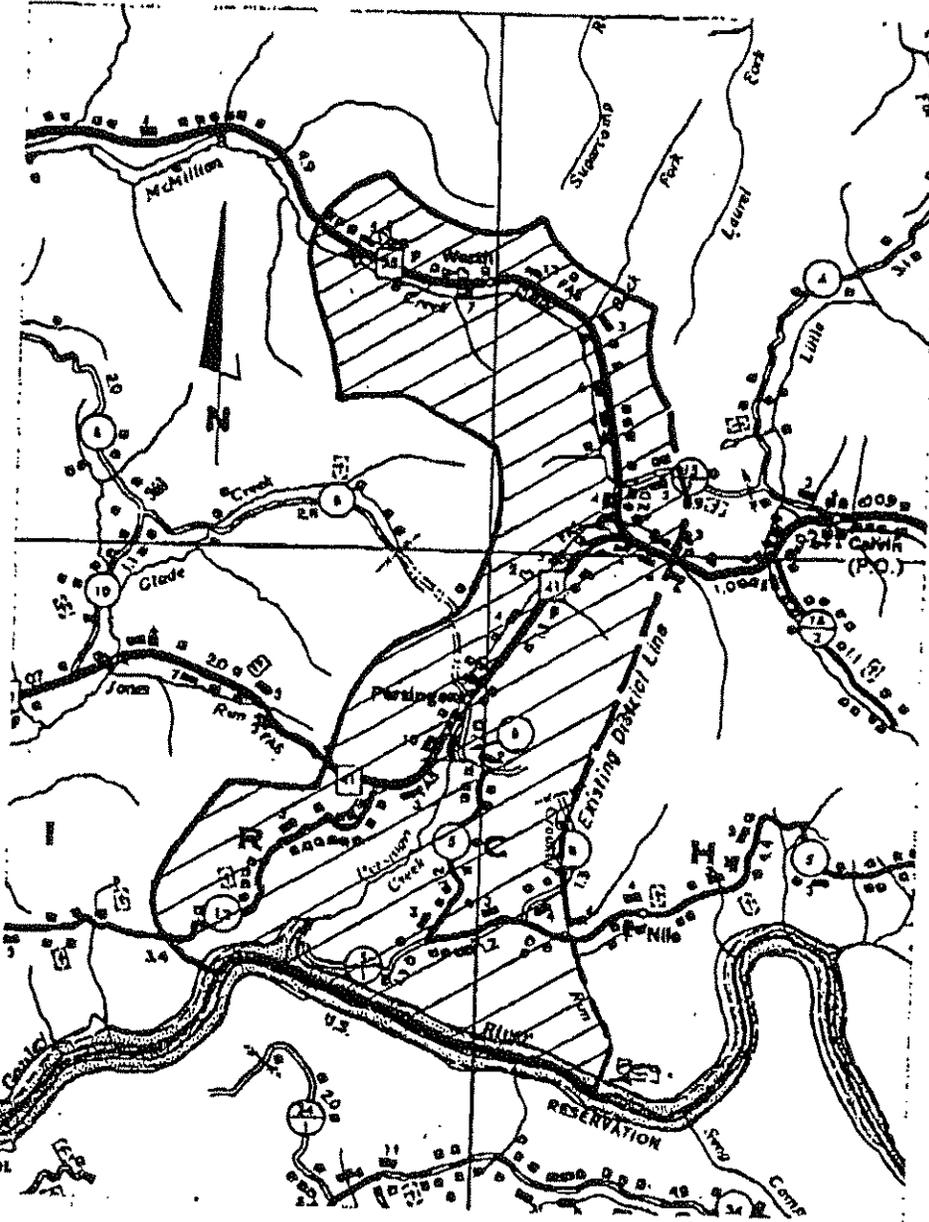
Thence down ridge in a Northern direction at 0.97 Miles crossing McMillion Creek and State Route #55 in all 1.45 Miles to a point at top of Knob on Ridge at Latitude 38° 21' 50" and Longitude 80° 45' 38";

Thence with Ridge line between McMillion Creek and Muddlety Creek in a Southeasterly direction 2.0 Miles to a point on High Knob on Divide between McMillion Creek and Sugarcamp Run at Latitude 38° 21' 39" and Longitude 80° 44' 43";

Thence leaving top of Divide and down a ridge in a Southeasterly direction at 0.56 Miles crossing Back Fork of McMillion Creek, in all 0.85 Miles to a point on Divide between Back Fork of McMillion Creek and Laurel Fork of Muddlety Creek at Latitude 38° 21' 14" and Longitude 80° 43' 59";

Thence with said Divide in a Southeasterly direction 0.61 feet to a point on Ridge between McMillion Creek and Little Beaver Creek and on Line of the Craigsville Public Service District and Hamilton and Beaver Districts Line, at Latitude 38° 20' 47" and Longitude 80° 43' 55";

Thence following said District Line and the Craigsville Public Service District Line in a Southerly direction at 1.02 Miles crossing State Route #55, at 1.69 Miles crossing Wildcat Knob and in all 4.30 Miles to the beginning containing 7.27 Square Miles more or less and as shown on a Map by Acord Surveying, Inc. of Summersville, West Virginia, dated December 20, 1994, and attached hereto and otherwise made a part of this description.



LOCATION MAP SHOWING
ADDITION 5
TO
CRAIGSVILLE PUBLIC SERVICE DISTRICT
Scale : 1" = 1 Mile



ORDER

REALIGNMENT OF BOARD MEMBERS' TERMS OF OFFICE

Whereas, an Order creating the Craigsville Public Service District and appointing its board members thereof in Nicholas County, West Virginia was duly entered and adopted on October 5, 1959; and,

Whereas, it has been discovered that over the years the alignment of having board members terms of office to expire on the same month and date, as well as expiring in two (2) year cycles has been overlooked; and,

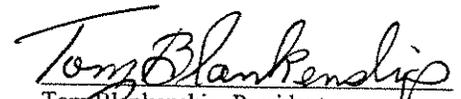
Whereas, it is the desire of the Nicholas County Commission to take corrective measures; and,

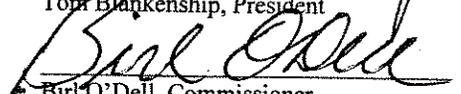
Therefore, it is hereby Ordered, that Arden Bayless, Carroll Stalnaker and Alice Cutlip reside within the boundaries of the Craigsville Public Service District and have been through prior Order's appointed to its Board of Directors.

The County Commission of Nicholas County hereby finds it proper and desirable to set forth their respective term of office as follows:

- 1) Arden Bayless - October 5, 2003
- 2) Alice Cutlip - October 5, 2005
- 3) Carroll Stalnaker - October 5, 2007

Entered this 17 day of May, 2000.


Tom Blankenship, President


Burl O'Dell, Commissioner


Mart Myers, Commissioner

MINUTES OF THE NICHOLAS COUNTY COMMISSION - MAY 17, 2000

The Nicholas County Commission met in regular session at the Nicholas County Courthouse Wednesday, May 17, 2000. Present were: President Tom Blankenship, Commissioner Birl O'Dell and Commissioner Mert Myers.

Representing the media - Ray Corbin and Chrissy McClung

Upon motion moved by Commissioner Myers and seconded by Commissioner O'Dell, with motion passing unanimously, exonerations as presented by the Nicholas County Assessor were reviewed and approved.

Upon motion moved by Commissioner Myers and seconded by Commissioner O'Dell, with motion passing unanimously, invoices were reviewed and approved for payment.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, estate and fiduciary matters were approved as presented by the Nicholas County Clerk.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, minutes from commission meeting May 3, 2000 were reviewed and approved as presented.

In the Matter of: Appointment of Guardian for infant child Patrick Valentine

Present for this proceeding were: Judith A. Valentine (grandmother of infant) and Myrtle Shaham, and Dennis Ray Hypes (grandfather of infant) and Charlotte Hypes (grandmother of infant) being represented by Counsel Don Bischoff, and Prosecuting Attorney Keith McMillion and Assistant Prosecutor Clay Anderson. It is being noted for the record that all parties offering testimony in this proceeding were sworn in to testify.

Mr. Bischoff noted that on May 2, 2000 the parents of Patrick Valentine were killed in an automobile accident. Mrs. Valentine noted for the record she felt it would be in Patrick's best interest for Mr. & Mrs. Hypes to be appointed guardian. Her main concern was for her to be allowed visitation and rights to her grandson. At the close of the hearing, upon motion moved by President Blankenship and seconded by Commissioner O'Dell, with motion passing unanimously, Dennis and Charlotte Hypes were appointed guardian for Patrick Valentine.

Appearing before the Commission - Chuck Shaw, Account Representative, Acordia of West Virginia - Beckley.

Mr. Shaw appeared to review the county's Statement of Values for our insurance renewal - 2000/2001.

In the matter of: Estate of Anna Madge Baker / Appearing before the Commission - J. P. Baker
Mr. Baker informed the Commission that Paula Cunningham at the consent of both him and his brother, qualified to administer his mother's estate. He noted that his mother had stocks and bonds and enough time has elapsed he felt the estate should be settled. Following a brief discussion, President Blankenship informed Mr. Baker that our office would direct a letter to Ms. Cunningham inquiring of the status of this estate and reminding her that the bond is due, and will notify him accordingly.

Appearing before the Commission - Shawn DeHaven, representing Valic Retirement Services
Mr. DeHaven appeared to inform the Commission that the county's supplemental retirement plan through PEBSO has done away with their field representatives on accounts less than \$500,000 and now anyone wishing to address their plan must do so via a telephone to Nationwide's main office. Valic Insurance is currently working to get the endorsement from the West Virginia Association of Counties to handle these accounts and provide on sight service. Mr. DeHaven noted he would be back in touch.

MINUTES OF THE NICHOLAS COUNTY COMMISSION - MAY 17, 2000

Appearing before the Commission - Russell Deering, Chair, and Ramona Skaggs representing Gauley River Public Service District. Sitting in: Joe Hoffman, P. C. Brown, Wilkie Barnett, and Bert Grose.

Mr. Deering presented a petition to expand their boundaries in Nicholas County to Twenty Mile and possibly Jerrys Fork. Mr. Deering stated they could not do any more water extension projects until some source of back up water system was obtained. AML is currently doing a study from the Elk Mountain area to Jerry's Fork that entail approximately 150 households. In speaking to USDA (Farmers Home) Mr. Deering stated they told him that there was money to do this project through the Central Appalachian Empowerment Zone. Mr. Deering noted that the water would come from Clay County and eventually would connect to Summersville at Jerry's Fork. It was noted that once an agreement was made with Clay, the district would be obligated to maintain the Agreement. President Blankenship noted a meeting that Mr. Deering sat in on involving the City of Summersville's plan to bring water to the base of Little Elk Mountain and that their figures were based upon the same number of customers. Further that Summersville's projected project could be construed as a boundary expansion. Mr. Deering noted that the City of Summersville's plan as submitted to the Infrastructure Council is only a plan and not a boundary expansion. Following discussion, upon motion moved by President Blankenship and seconded by Commissioner Myers, with motion passing unanimously, a Resolution was entered setting forth a public meeting on June 21, 2000 at 10:00 a.m., for the proposed enlargement of the Gauley River Public Service District. Petition and Resolution attached to be recorded.

Appearing before the Commission - Cindy Stanton, Committee person representing Summersville's Beautification and Revitalization Committee.

Mrs. Stanton informed the Commission of the Committee's goals and noted their first project will place emphasis here on Main Street in front of the Courthouse. They do want to put in street lamps and asked if the commission would consider contributing to the cost of two street lights to be placed on the front corner of the courthouse. They have obtained no exact cost but the Committee is estimating approximately \$1,000 per lamp post. Also she noted some planters and benches they would like to place in front of the Courthouse. The Commission informed Mrs. Stanton that we would do our best to cooperate.

✓ Upon motion moved by President Blankenship and seconded by Commissioner O'Dell, with motion passing unanimously, the Commission entered an Order to Realign the terms of expiration of the board members of the Craigsville Public Service District as follows: Arden Bayless - October 5, 2003, Alice Cutlip - October 5, 2005 and Carroll Stalnaker - October 5, 2007. Order attached to be recorded.

Upon motion moved by President Blankenship and seconded by Commissioner Myers, with motion passing unanimously, the Commission entered a Resolution authorizing an application for matching fund grant for litter control through the Division of Natural Resources. Resolution attached to be recorded.

Being no further business to come before the Commission, the Commission hereby adjourned until June 7, 2000.

I, WANDA G. HENDRICKSON, do hereby certify
that this is a true copy from the records.
Teste: WANDA G. HENDRICKSON, Clerk
Nicholas County Clerk
Date 5/17/05 By Wanda Hendrickson
Clerk
By Ditha Staff Deputy

Tom Blankenship
Tom Blankenship, President
Birl O'Dell
Birl O'Dell, Commissioner

Mert Myers
Mert Myers, Commissioner

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

ORDER

WHEREAS, the County Commission of Nicholas County, West Virginia, did heretofore, by an Order entered and adopted, create the Craigsville Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia, the powers of said public service district shall be vested in and exercised by a public service board; and,

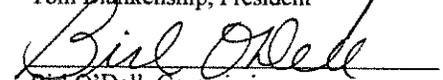
WHEREAS, since there are no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Commission shall appoint members of said board who shall be persons residing within the district; and,

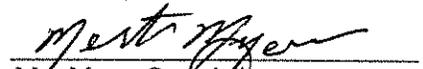
WHEREAS, the said County Commission finds that it is proper and desirable to reappoint Arden Bayless to the Craigsville Public Service District with a term of office ending October 5, 2009.

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Commission of Nicholas County, West Virginia that Arden Bayless is a person residing within the boundaries of Craigsville Public Service District and he is hereby appointed as a member of the Craigsville Public Service District with term of office expiring October 5, 2009.

Entered this 1 day of October, 2003.


Tom Blankenship, President


Bill O'Dell, Commissioner


Mert Myers, Commissioner

MINUTES OF THE NICHOLAS COUNTY COMMISSION - OCTOBER 1, 2003

The Nicholas County Commission met in a regular session at the Nicholas County Courthouse Wednesday, October 1, 2003. Present were: President Tom Blankenship, Commissioner Birl O'Dell and Commissioner Mert Myers. Sitting in: County Clerk John Greer

Representing the media - Ray Corbin

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, exonerations as presented by the Nicholas County Assessor were reviewed and approved.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, invoices were reviewed and approved for payment.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, estate and fiduciary matters were approved as presented by the Nicholas County Clerk.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, minutes from commission meeting September 17, 2003 were reviewed and approved as presented.

Appearing before the Commission - Marsha Brown representing H.O.P.E. Outreach

749 Mrs. Brown conveyed that the month of October is Domestic Violence Awareness Month and asked for the Commission to enter into a Proclamation. Commissioner O'Dell read for the record the Proclamation and upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, the Proclamation was approved and is attached to be recorded.

Appearing before the Commission - Patricia Griffin Sitting in: Ruth Hall, County Clerk John Greer and Emergency Services Director Joey DeRito

900 Mrs. Griffin conveyed that Peters Creek is badly in need of debris cleanup along its banks and bed. She conveyed that she is no stranger in working with various agencies due to having to obtain a permit a few years ago to build a retaining wall to keep the creek from her property. The wall lasted approximately three years before washing out. She has spoken with Soil and Conservation, DNR, DEP and cannot get a clear answer on who owns the creek. The debris is slowing changing the course of the creek. She presented Petitions from residents. She conveyed that someone should hold some responsibility. Following a brief discussion President Blankenship conveyed our office would draft a letter to our Prosecuting Attorney to research and determine who owns or has control over streams of water such as Peters Creek, its bed and its bank. Also, if a landowners property abuts the creek bank, what kind of conveyance is given to that agency. Petitions are attached to be recorded.

Appearing before the Commission - Central West Virginia Drug Task Force members, Ty Barker, and Dennis Morton, Sheriff David Meadows and Assistant Prosecuting Attorney James Milam

The Sheriff conveyed that through awareness and enforcement that the OxyContin problem may be very well have run its course here in the county, but methamphetamine has become the drug of choice and we need to be prepared for it. Deputy Barker conveyed that meth is a problem here in the county. Deputy Barnett has since been certified to go into a meth lab. In the month ahead barring any unforeseen circumstance, plans will be for all members of the Task Force to be certified, in addition to one person from the Sheriffs Department and two city officers. However being equipped is quite expensive. Just for entry level equipment with just the basics will run in the neighborhood of \$29,000 for six individuals. Deputy Barker conveyed for every three you would send into a meth lab, it is required for three more to be on the outside, fully equipped and ready to go in for backup. Deputy Barker noted that the Fire Departments donated six air packs which value would be equivalent to \$19,000. A gentlemen they know who is a chemist for Dupont donated their suits that run \$700 each, and noted this to be an ongoing cost due to the suits are made to be disposable. When you come out of a lab, the suit itself is disposed of in a bio bag. On another matter the Sheriff

MINUTES OF THE NICHOLAS COUNTY COMMISSION - OCTOBER 1, 2003

conveyed the need for another vehicle for the Task Force large enough to haul this equipment around. Following discussion, upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, the Commission agreed to contribute \$10,000 to the Drug Task Force for equipment related expenses, and for them to shop around for a vehicle and advise our office accordingly.

At the request of Sheriff Meadows, the Commission entered into an executive session at 11:43 a.m. for a personnel matter upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, pursuant to West Virginia Code 6-9a-4.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, the Commission entered back into regular session at 11:55 a.m., noting that no decisions were made while in executive session.

807

Upon motion moved by Commissioner Myers and seconded by Commissioner O'Dell, with motion passing unanimously, Paul Ritchea was reappointed to the Nettie-Leivasy Public Service District for a six year term of office ending October 10, 2009. Order attached

✓ 808

Upon motion moved by Commissioner O'Dell and seconded by Commissioner O'Dell, with motion passing unanimously, Arden Bayless was reappointed to the Craigsville Public Service District for a six year term of office ending October 5, 2009. Order attached

Being no further business to come before the Commission, the Commission hereby adjourned until October 15, 2003.

Tom Blankenship
Tom Blankenship, President

Birl O'Dell
Birl O'Dell, Commissioner

Mert Myers
Mert Myers, Commissioner

I, WANDA G. HENDRICKSON, do hereby certify that this is a true copy from the records.

Teste: WANDA G. HENDRICKSON, Clerk

Nicholas County Clerk

Date 5/17/05 By Wanda Hendrickson Clerk

By Beth Gandy Deputy

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

ORDER

WHEREAS, the County Commission of Nicholas County, West Virginia, did heretofore, by an Order entered and adopted, create the Craigsville Public Service District; and,

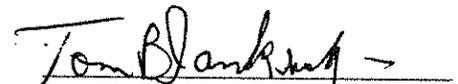
WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia, the powers of said public service district shall be vested in and exercised by a public service board; and,

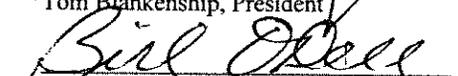
WHEREAS, since there are no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Commission shall appoint members of said board who shall be persons residing within the district; and,

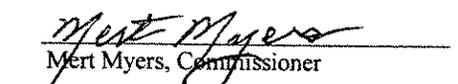
WHEREAS, the said County Commission finds that it is proper and desirable to appoint Paul Humphreys to fill the unexpired term of Carroll Stalnaker who resigned his position as a member of the Craigsville Public Service District effective April 11, 2003.

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Commission of Nicholas County, West Virginia that Paul Humphreys is a person residing within the boundaries of Craigsville Public Service District and she is hereby appointed as a member of the Craigsville Public Service District with term of office expiring October 5, 2007.

Entered this 07 day of May, 2003.


Tom Blankenship, President


Birl O'Dell, Commissioner


Mert Myers, Commissioner

BOOK 40PC 647

MINUTES OF THE NICHOLAS COUNTY COMMISSION - MAY 07, 2003

The Nicholas County Commission met in a regular session at the Nicholas County Courthouse Wednesday, May 07, 2003. Present were: President Tom Blankenship, Commissioner Birl O'Dell and Commissioner Mert Myers. Also present: Clerk John Greer

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, exonerations as presented by the Nicholas County Assessor were reviewed and approved.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, invoices were reviewed and approved for payment.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, estate and fiduciary matters were approved as presented by the Nicholas County Clerk.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, minutes from commission meeting April 16, 2003 were reviewed and approved as presented.

Appearing before the Commission - Assessor Ernie Dennison

As a follow up from the April 16 meeting, Mr. Dennison appeared to see if the Commission had come to a decision concerning the Freeport Tax Amendment requested by Georgia Pacific Corporation. It is being noted the Commission received a letter from Evan Thurman, Department of Tax and Revenue dated April 16, 2003. It was the opinion of Mr. Thurman that any error that was made occurred when Georgia Pacific initially filed their property return and that the required documentation for implementation of the Freeport Amendment was erroneously omitted. Assessor Dennison conveyed both he and Mr. Thurman was of the opinion for the Commission to grant the Freeport exemption to Georgia Pacific. Assessor Dennison requested permission to begin the paperwork in making the correction. He noted by not doing so, our books would reflect a false value and this matter should be corrected before the tax tickets come out. Upon motion moved by Commissioner Myers and seconded by Commissioner O'Dell, with motion passing unanimously, the Commission approved to make the necessary adjustments by granting the Freeport exemption to Georgia Pacific's Inventory and for Assessor Dennison to proceed in correcting the value.

Appearing before the Commission - Wilma Richardson, Chair of the Nicholas County Historic Landmark Commission and Lisa Baker representing the Summersville Heritage Committee

In observance of West Virginia Historic Preservation Week May 10-17, 2003 requested of the Commission to enter a Proclamation. Commissioner Myers for the record read the Proclamation and upon motion moved by Commissioner Myers and seconded by Commissioner O'Dell, with motion passing unanimously, the Commission adopted the Proclamation designating May 10-17, 2003 as West Virginia Historic Preservation Week in Nicholas County. Proclamation attached to be recorded. It was noted on May 17 beginning at 9:00 a.m. a bus tour to visit some older homes in the area has been planned. The cost is \$10.00 per person which will cover lunch at the Cornerstone. On May 10 there will be a Richwood tour and Mrs. Richardson noted there was a nice write up in the paper. It was noted this event is a cooperative effort by the Landmark Commission, Historical Society and Heritage Committees community-wide. Nancy Meadows, a member of the Historical Society was present waiting the next meeting and recognized by Mrs. Richardson.

At 9:30 a.m., a Public Hearing was conducted in the matter of Annexation of 13.80 acres into the City of Summersville Corporate Limits. Present were: Summersville City Recorder Mike Brown, City of Summersville Projects Manager Lisa Baker, and residents Nancy Meadows, Arthur Meadows, Tammy Osborne and Roberta Moore

It is being noted that the Notice of Public Hearing was duly advertised in the local newspaper and posted in five prominent places in the proposed area to be annexed.

President Blankenship opened the floor for public comment and inquired if there was anyone present objecting to this proceeding. Both Tammy Osborne and Roberta Moore conveyed they did not want

MINUTES OF THE NICHOLAS COUNTY COMMISSION - MAY 07, 2003

to be in the city limits. It was noted the proposed annexation took in three households and some footage from other residents whose properties were split. Mrs. Meadows conveyed when she approached the Town Council, she had only requested her and her husbands property to be included within the city limits and not that of her daughters. Mr. Brown conveyed there was a misunderstanding and Nancy clearly did not ask for the other properties as indicated, but when the description and map was drafted, Mr. Brown noted he failed to recognize the additions as shown. Mrs. Meadows noted she had filed for city councilwoman and had to be a resident of the city thirty days prior to the election. The Commission requested for Prosecutor Keith McMillion to appear and asked him to offer his opinion on this subject matter before we adjourn today's meeting. The Commission tabled this matter until such time as Prosecutor McMillion has had the opportunity to look into this. The Commission advised those present that we would notify them of the outcome.

In the matter of: Estate of Darrell Lee Barnhouse, File No: 6784

Present were: Darrell Glenn Barnhouse, Michael Barnhouse, Jimmy and Kimberly Faith, County Clerk John Greer and Deputy Clerk Betty Griffin

Darrell and Michael Barnhouse appeared seeking to have their sister, Brenda Spencer removed as Administratrix over the estate. Their father who died without a Will left behind a bank account which included Brenda Spencer on his account and the only other assets were two mobile homes as noted in the appraisal, a 1995 and 2003 valued at \$15,000. Prior to their fathers death, Jimmy and Kimberly Faith purchased their property from Darrell L. Barnhouse were making payments on the 1995 trailer that was already situated on the property at the time they purchased. Mrs. Faith noted that while there was no written contract to this affect, she had all receipts from payments made signed by the decedent totaling \$3,250.00 and owes \$750.00. Darrell Barnhouse conveyed this to be true and he has been informed that Brenda intends to sell the trailers. It was noted all heirs approved the appointment of Ms. Spencer at the time of their fathers death. At this point in time Ms. Spencer has done what she is required by law to do and that the appraisal has been filed. The estate is open for claims until June 6. It was noted that Michael Barnhouse underwent the bond of \$10,000 at the time Ms. Spencer qualified. President Blankenship conveyed to those present that the Commission cannot advise them as to what to do and for their protection they should consult with an attorney. He also noted to the Faith's they may want to consider filing a lien against the estate for the amount they have invested in the trailer prior to the deadline for filing claims. Prosecutor Keith McMillion later appeared concerning the previous appointment and the Commission asked for his opinion in this matter. Prosecutor McMillion's first impression was that from all appearances it sounded like the administratrix would need to honor this arrangement as being subject to contract. In the event it would be ruled otherwise he was of the opinion the Faith's should file a claim against the estate. The Commission conveyed they would draft a letter to Ms. Spencer to advise her of today's meeting.

Appearing before the Commission - Prosecuting Attorney Keith McMillion

Mr. McMillion appeared to present a code site in conjunction with the annexation proceeding wherein West Virginia Code §8-6-5 states in part "such application shall have attached thereto an accurate map showing the metes and bounds of such additional territory". President Blankenship conveyed that given the circumstances of today's proceeding, the Commission did not have an accurate map and description on file. Upon motion moved by President Blankenship and seconded by Commissioner O'Dell, with motion passing unanimously, the Commission rejected and dismissed the application to annex 13.80 acres into the corporate limits of the City of Summersville due to the discrepancy in the plat description as filed in the City of Summersville's Petition and also based on the fact that two out of three property owners objected to the annexation..

Appearing before the Commission - City of Summersville Recorder Mike Brown, City of Summersville Project Manager Lisa Baker, Jack Stafford and Ed Shutt with Stafford Consultants an engineering firm representing the City of Summersville, City of Summersville Attorney Gregory Tucker, and Jimmy James Sitting in: Prosecuting Attorney Keith McMillion, Sheriff David Meadows and Clerk John Greer

City of Summersville officials and representatives appeared to solicit support of the Commission for the City's efforts to obtain funding to put water down Rt. 39. President Blankenship noted that the public hearing concerning Rt. 39 was scheduled for this evening and would be the appropriate time to express their position. Ms. Baker conveyed they realize this and plan to attend the public meeting,

but wanted to come before the Commission to bring the City's position and its plan concerning this matter due to the fact it was too late to be placed on the Commission's agenda after their council and voted to proceed. Mr. Tucker did convey that he delivered a letter setting forth the City's position for the public hearing scheduled this evening. He stated in January 2001 the City entered into a letter of intent with the other public service districts and the Commission relating to the area in question. Due to the City's work with the Regional Water Plant to get the source in place first, the City did not pursue this area until recently. He noted the Plant is under construction. The City received a letter from Mr. Deering who is Chair of the Gauley River Public Service District in March 27, 2003 indicating if it was the City's intent to go forward with this project on Rt. 39 that he (Mr. Deering) would support it. At the next council meeting the City agreed to pursue the project. The engineers are in the process of amending their preliminary engineering report, Mr. Tucker is pursuing the legal aspects and the City is actively pursuing this project. Mr. Tucker conveyed it makes economic sense for the City to pursue the project. If Gauley River PSD pursues the project, the water will need to be purchased through the City of Summersville, there will be additional costs for operation of maintenance, additional personnel put on board there and all of that drives the cost of the water up. He noted if there is any further delay, the City intends to pursue the project on its own. It is the City's position they are at least a year ahead in the planning phase and that they can deliver the water quicker and cheaper to the residents of Rt. 39. Mr. Shutt gave a brief overview of the history of regional water plant and the City of Summersville involvement. He conveyed that in 1997 the City of Summersville had requested of them to look at Rt. 39. In 1998 the City filed an application with the West Virginia Infrastructure and Job Development Council. During this time frame Wilderness PSD filed an application for the Nicholas Road Hominy Falls area and Nettie Leivasy PSD filed an application for a minor upgrade to its plant and the City of Summersville was charged with the duty to review outlying areas in terms of interconnections. The Infrastructure Council gave its approval for all to proceed. Based upon further developments, the City of Summersville is now in the position to resubmit its preliminary engineering report sometime in June and is hopeful to hear something back from the Infrastructure Council when they meet in August. In turn this frees up the City to pursue funding entities. The City of Summersville is hopeful to obtain the support of Gauley River PSD and for the County Commission to reaffirm its support. Commissioner Myers inquired if the water expansion would increase the rates for the residents of Summersville and outlying areas to be served. Mr. Shutt conveyed a rate increase has been already approved for January 2004 and another increase in August 2004 has been approved as well. He noted both rate increases deal with the debt of regional plant itself. Discussion turned to Glade Creek Phase II of the City's project to do water line extensions to Phillips Run, a section of Armstrong Rd., Glade Creek, Lower Glade Creek, Maria Estates, Silo Road, Old 19 Muddlety, Hookersville, and Spruce Run. It was noted the reason Glade Creek Phase was placed ahead of the Rt. 39 project was due to questions if CAEZ funding would apply to the area. President Blankenship conveyed he would appreciate should the City of Summersville entertain any future water extensions outside of its corporate limits in a public meeting forum, to notify the Commission so it may attend and offer input. President Blankenship thanked everyone for their input and conveyed whatever transpires at tonight's public hearing, that all entities will support the moving forward of this project.

Appearing before the Commission - Greg Boso representing the Nicholas County Firemens Association

Mr. Boso appeared on behalf of the Firemens Association and to follow up with some questions as a result of the round table discussion held concerning the office of emergency services. Mr. Boso noted the recent budget was published and they did not see anything for the fire departments. President Blankenship explained in dealing with outside entities, the Commission waits until the end of the fiscal year to see what the carry over is and then after that time addresses other entities. In regard to the round table discussion, Mr. Boso conveyed they were very pleased that Roger Beverage took upon himself to get some ideas on how to improve emergency response services in Nicholas County. Mr. Boso conveyed the fire departments have some questions they have been passing back and forth and have not received any clear response. President Blankenship informed Mr. Boso of certain steps taken by the Commission to date. He conveyed the Commission is putting a third station in the dispatch center, we have advertised and taking applications for another dispatcher and an assistant to the director of the office of emergency services, the Commission has been in contact with Steve Davis concerning property behind the McClung Annex in order to upgrade our generator source and storage building to house same, also at the LEPC meeting held on May 6 a five person committee was formed to address the highlights on the recommendations noted in Mr. Beverage's report. Mr. Boso eluded to an executive session held April 16, 2003 before the decision was made in advertising the positions as noted above and inquired if the purpose of the executive session was to discuss the assistant directors position. President Blankenship noted it was a personnel matter that

MINUTES OF THE NICHOLAS COUNTY COMMISSION - MAY 07, 2003

was related to the director. Mr. Boso conveyed if the Commission is taking affirmation action to review the Directors performance during the ice storm and over the past year. President Blankenship stated the Commission looked at the work load of the office of emergency services and other duties upon him and came to the conclusion an assistant was needed. Mr. Boso noted several letters seeking the removal of the Director for a variety of reasons and asked if the commission is dealing with that issue. During the executive session with the employee, President Blankenship conveyed several issues were discussed at length, and the Commission felt a change was needed, hence advertising for an assistant. He went on to say the Commission made this decision not because they felt the Director did a bad job during the storm, but that it was one instance where the work was too much for one person. Commissioner Myers conveyed he was in favor of splitting the job of E9-1-1 Director and Director of Emergency Services because one person could not effectively do both and he is still of that opinion. Even though the Commission did not agree to that Commissioner Myers felt confident if the right person was hired as an assistant, the county will come out of this stronger and have good guidelines that everyone can understand and will be able to function better. Commissioner O'Dell conveyed regardless of what anyone says, our current director has a vast knowledge of this office and with his help the assistant coming in could possibly be a director in a short period of time. Mr. Boso conveyed that at the close of the round table he spoke with two dispatchers who attended and inquired if they had been informed of the fire department protocol adopted a few months back and they conveyed to him they were unaware of this. Mr. Boso noted this instance was a breakdown in management and that the fire departments should not have to go to dispatch to convey procedures which have been acted upon and approved. County addressing was also touched upon and it was a reasonable expectation it should have been completed by now. The Commission touched upon the fact that all rural areas have been address and turned over to the main postal office in Charleston. It was noted everyone's frustration because the postal service has not performed as was promised in past meetings with its representative. In closing, Mr. Boso conveyed this issue has been discussed since 1998 and concerns and instances have been expressed and in going back to the ice storm he stated the firefighters started at 9:30 on the Sunday morning and when they called the center at 8:00 that evening it was conveyed the Director had went home at 5:00 p.m., and several firefighters were irritated. President Blankenship conveyed to Mr. Boso that he had better check his sources again because at 10:30 a.m., he was notified and was out by 11:00 a.m., and never went home until sometime Monday evening. Mr. Boso conveyed the firefighting community has no confidence in the Directors abilities and managerial skills and had hoped to see support from the commission. He conveyed as a citizen of the county he is holding this commission accountable, just like the commission should be holding the director accountable.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, the Commission based upon Petition received from residents of Autum View Lane in Craigsville, so moved to change the road name to Martin Lane.

President Blankenship noted three contractors were contacted to place a bid on some concrete work at the animal shelter, Bailes Construction, Hager Construction and Nicholas Welding & Supply. Two bids were received - Hager Construction at \$11,400 and Nicholas Welding at \$10,500. Upon motion moved by President Blankenship and seconded by Commissioner Myers, with motion passing unanimously, the Commission awarded the bid to Nicholas Welding.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, the Commission appointed Paul Humphreys to the Board of Directors of the Craigsville Public Service District. Mr. Humphreys will fill the unexpired term of Carroll Stalnaker who resigned his position and his term will expire October 5, 2007. Order attached

Upon motion moved by Commissioner Myers and seconded by Commissioner O'Dell, with motion passing unanimously, the Commission agreed to pay overtime worked by Judy Painter before she passed away and the amount owed to her estate is \$2,013.15. President Blankenship noted for the record her time sheets reflect hours worked.

Upon motion moved by Commission O'Dell and seconded by Commissioner Myers, with motion passing unanimously, the Commission entered a Resolution authorizing a Local Economic Development Assistance Grant Program Contract with the West Virginia Development Office on behalf of the Wilderness Volunteer Fire Department, Inc., to pay a portion of the cost associated with the purchase of a new fire engine. Resolution attached

Upon motion moved by Commission O'Dell and seconded by Commissioner Myers, with motion

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passing unanimously, the Commission authorized President Blankenship to execute a Resolution authorizing an application through the West Virginia Division of Natural Resources for a matching fund grant for litter control. Resolution attached

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers, with motion passing unanimously, it was agreed to by the Commission to arrange for a dumpster to be placed at the animal shelter.

Upon motion moved by President Blankenship and seconded by Commissioner Myers, with motion passing unanimously, the Commission recessed its meeting until 7:00 p.m. that evening for a public hearing concerning Gauley River boundary expansion for Rt. 39.

Upon motion moved by Commissioner O'Dell and seconded by Commissioner Myers with motion passing unanimously, the Commission reconvened in regular session.

It is being noted for the record that this public hearing was duly advertised as a Class I legal notice and duly posted as required by statute, to the proposed boundary change of the Gauley River Public Service District, in include certain areas around West Virginia Route 39.

The Attendance Record is herein attached to become an official part of this record.

President Blankenship informed those present that the Commission was approached by Gauley River Public Service District to expand its boundaries from Jerry's Fork to the city limits at which time the Commission entered an Order to conduct this hearing. The Nicholas County Commission opened the hearing to public comment and highlights from the meeting is as follows

- Resident Straum Brown presented petitions in the range of 512 residents conveying that the people living between Jerry Fork and the City Limits of Summersville along and adjacent to State Rt. 39 with communities to include White Water, Gilboa, Zela, and Enon, petition the Nicholas County Commission to permit Gauley River Public Service District to provide water service to these areas. Petitions are herein attached to be made apart of this proceeding.
- Mr. Russell Deering, Chair, Gauley River PSD conveyed he would like to see the people have a voice, to belong within a public service district and be able to attend meetings. With the City of Summersville's Phase II Plan underway to take water to up Rt. 19 North, and noting Gauley River is in the process of putting water up to Jerry's Fork, he believed his district could provide service to the residents along Rt. 39 quicker. Also, he would not be in competition with the City of Summersville for Small Cities Block Grant funding. Mr. Deering conveyed he was dependent upon the City of Summersville's regional water plant as a backup water source.
- City of Summersville Mayor Stanley Adkins conveyed that the City broke ground for its regional water plant January 2003. Upon completion, the water plant will sell the water to any public service district that may be in need. Prior to this time it would have made no difference in placing the pipeline down Rt. 39 because there was no water to give He conveyed it was immaterial who provides water to the residents, it is a matter of who can get it there the cheapest to the people and quickest. The City has already filed an Infrastructure application and the City will continue on with its plans for Rt. 39 either way.
- Jack Stafford with Stafford Consultants, Inc., representing the City of Summersville conveyed a preliminary study in 1998 was approved for this area by the Infrastructure Council and his firm will resubmit an update study to them by next month (June) as they begin seeking grant funding for this project. They have been instructed by the City to aggressively pursue Rt. 39 and feel they are in a better position and ahead in the process to provide service to the area ahead of Gauley River PSD.
- Commissioner Myers inquired since the City of Summersville has already started would there not be a duplication in effort and a common expense from both the PSD and the City. Mayor Adkins conveyed that some of the items accomplished by their engineer could possibly be used by Gauley River PSD, they would be happy to let them have it and made it clear they are not fighting with the District.
- Gregory A. Tucker, Counsel for the City of Summersville provided a letter dated May 6,

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2003 setting forth reasons why it would be inappropriate for the county to extend the boundaries of the Gauley River PSD, a copy which is attached to be made apart of this proceeding. Mr. Tucker noted it would be a terrible duplication of effort in areas of engineering and accounting work to allow both the City and District to continue on, and in knowing the City will be applying for their funding in June. In knowing the City is ready to move forward with this project, and the paperwork involved in projects such as this, Mr. Tucker conveyed he believed the City can provide the water the quickest.

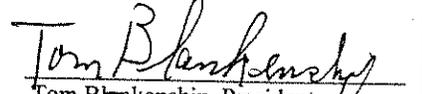
- David Foster, Utility Inspector, Engineering Division of the State of West Virginia Public Service Commission conveyed the issue this evening is a boundary expansion and that the Public Service Commission will not be able to render its opinion until they have something before them. Mr. Foster stated both the City and Gauley River PSD are well managed and operated utilities capable of providing good service to the residents of Rt. 39. In his opinion, the main goal is which one can provide this service the soonest. Regardless of which utility has these customers, the water will be provided by the new regional water plant. He believed the competition between the PSD and City has been good for the residents. In his opinion, if Gauley River PSD is not enlarged, the district will cease its efforts to serve the area residents. As a result, a major incentive for the City would be removed to work as hard as what they have been for this area. If the District's boundary is enlarged and the City is the first to secure the funding, there would be nothing to prevent the City from handling the project. Mayor Adkins disagreed with Mr. Foster by him giving the impression that the City became involved with Rt. 39 because Gauley River PSD initiated an interest. This area was included in the City's regional plan but could not be acted upon until the water plant became a reality.
- Alice King representing Region 4 Planning and Development Office conveyed it made no difference to Region 4 on how the parties wanted to proceed, but stressed she believed if a united front was not displayed, it would send mixed signals to the funding agencies in a negative manner.
- It was agreed by both the City of Summersville and Gauley River Public Service District there is specific funding agencies from which to draw upon, that the resources of these agencies are in great competition with counties and municipalities throughout the State and that each project is looked upon in its own merit.
- It was the consensus of the majority of residents who spoke out at this proceeding to give Gauley River Public Service District the opportunity to provide service to their area.

At the close of the meeting the Commission thanked everyone for coming out and for their input. On motion moved by President Blankenship and seconded by Commissioner O'Dell, the Nicholas County Commission approved the Petition to expand the boundaries of the Gauley River Public Service District and submit it to the Public Service Commission for its approval. When President Blankenship called for any questions on the motion, Commissioner Myers asked Mr. Foster to agree with a statement made in his letter directed to Edward L. Shutt, P.E., with Stafford Consultants, Inc., dated May 6, 2003 that if the District's boundary is enlarged and the City is first to secure funding and apply to the Commission for the Certificate of Needs and Necessity, there is nothing to prevent the Commission from allowing the City to serve this area. Mr. Foster stated for the record at least six people within the Public Service Commission to include two directors and two engineers reviewed his letter and concurred with the statement before the letter went out. With that said - motion passed unanimously.

It is being reflected for the minutes that an Order will be prepared.

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Being no further business to come before the Commission, the Commission hereby adjourned until May 21, 2003.


Tom Blankenship, President


Birt O'Dell, Commissioner


Mert Myers, Commissioner

BOOK 40PC 643



OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as a board member of the *Craigsville Public Service District* to the best of my skill and judgment SO HELP ME GOD.

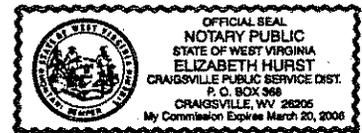
[Handwritten Signature]
Signature of Affiant

Subscribed and sworn to before me in said County and State this 24 day of October, 2003.

[Handwritten Signature]
Notary Public

My Commission Expires: March 20, 2006

~~STATE OF WEST VIRGINIA, Nicholas County
Commission Clerk's Office
The foregoing _____ together with
the certificate of its acknowledgment, was this day
presented in said office and admitted to record.
Teste: _____ Clerk~~



BOOK 39PT 695

I, WANDA G. HENDRICKSON, do hereby certify that this is a true copy from the records.

Teste: WANDA G. HENDRICKSON, Clerk
Nicholas County Clerk
Date 2/11/05 By Wanda Hendrickson
Clerk
By Betty Huff Deputy

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS TO-WIT:

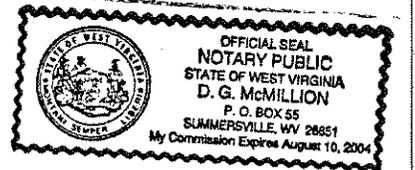
I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as a board member of the *Craigsville Public Service District* to the best of my skill and judgment SO HELP ME GOD.

Paul Humphrey
Signature of Affiant

Subscribed and sworn to before me in said County and State this 12th day of May, 2003.

D. G. McMillion
Notary Public

My Commission Expires: 8-10-2004



I, WANDA G. HENDRICKSON, do hereby certify that this is a true copy from the records.

Teste: WANDA G. HENDRICKSON, Clerk
Nicholas County Clerk

Date 5/18/03 By Wanda Hendrickson

By Betty Naiff Deputy

OATH OF OFFICE AND CERTIFICATE

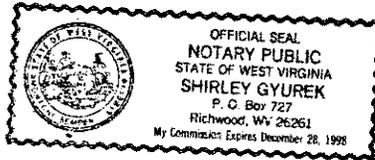
STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as **Board Member to the Craigsville Public Service District** to the best of my skill and judgment SO HELP ME GOD.

Debra M. Cullip
Signature of Affiant

Subscribed and sworn to before me in said County and State this 17th day of August, 1998.



Shirley Gyurek
Notary Public

My Commission Expires: 12-28-98

BOOK 387 41

I, WANDA G. HENDRICKSON, do hereby certify that this is a true copy from the records.

Teste: WANDA G. HENDRICKSON, Clerk
Nicholas County Clerk

Date 5/17/95 By *Wanda Hendrickson* Clerk
By *Betty Stiff* Deputy

COPY

RULES OF PROCEDURE
CRAIGSVILLE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: CRAIGSVILLE PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 18740 Webster Road, Craigs ville, Nicholas and Webster Counties, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Craigs ville Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of 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 (the "Act").

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 Nicholas and Webster Counties, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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 or other entity provided under the Act 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 or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act 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 second Wednesday 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, 2 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. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special 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 (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of both Webster and Nicholas County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of both Webster and Nicholas County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a 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, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such 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 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. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman 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. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District 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, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

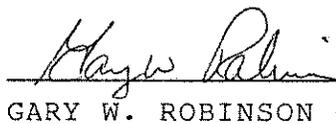
AMENDMENTS TO RULES OF PROCEDURE

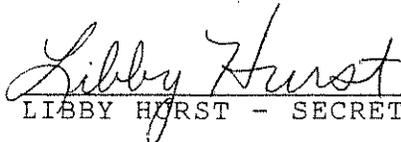
These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 8th day of June, 2005.


ARDEN D. BAYLESS - BOARD CHAIRMAN


GARY W. ROBINSON - GENERAL MANAGER


LIBBY HURST - SECRETARY

05/31/05
195340.00001



AFFIDAVIT

STATE OF WEST VIRGINIA
COUNTY OF WEBSTER, to witt

I, Thomas C. Clark, a publisher of the Webster Echo, a weekly newspaper published in the Town of Webster Springs, County of Webster, State of West Virginia, and the general circulation in that area, the said Webster Echo being a newspaper of opposite politics of the Webster Republican, being duly sworn, do hereby depose and say that the hereto annexed - **Notice Of Filing**

was duly published in the said paper for one consecutive week commencing

August 18th, 2004 and August 18th, 2004

and I do further depose and say that the said Notice

contains **1764** words and that the publisher's fee was therefore **\$185.22**

Given under my hand that **18th day of August 2004**

Taken, sworn to and subscribed before me in the state and county

aforsaid this **18th day of August, 2004**

Thomas C. Clark

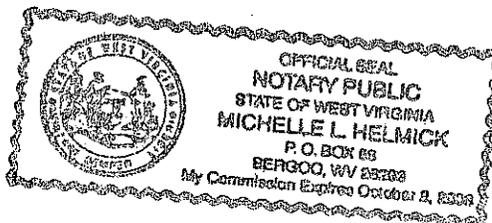
Michelle L. Helmick

Notary Public

My commission expires *October 2, 2006*

Attorney

Code 59-3-4



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 4th day of August, 2004.

CASE NO. 04-1240-PSD-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Application for a Certificate of Convenience and Necessity to upgrade and improve its sewer collection system to serve approximately 950 customers in the Craigsville and Camden-on-Gauley areas of Nicholas County and Webster County.

NOTICE OF FILING

WHEREAS, on August 4, 2004, Craigsville Public Service District filed an application, duly verified, for a Certificate of Convenience and Necessity to upgrade and improve its sewer collection system to serve approximately 950 customers in the Craigsville and Camden-on-Gauley areas of Nicholas County and Webster County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Craigsville Public Service District (District) estimates that construction will cost approximately \$2,509,000.00. It is proposed that the project will be funded with an Infrastructure and Jobs Development Council (IJC) loan of \$1,009,000.00 and Small Cities Block Grant (SCBG) of \$1,500,000.00.

WHEREAS, the utility anticipates charging the following meter rates for its customers:

First 3,000 gallons used per month	\$8.77 per 1,000 gallons
Next 3,000 gallons used per month	\$6.99 per 1,000 gallons
Next 4,000 gallons used per month	\$5.28 per 1,000 gallons
All over 10,000 gallons used per month	\$2.65 per 1,000 gallons

All wastewater from the Nicholas County Solid Waste Authority will be treated at the same rate as a commercial customer through the declining block structure as listed above, plus a surcharge of \$5.76 per 1,000 gallons.

All wastewater from the Town of Camden-on-Gauley will be treated at the approved rate of \$2.74 per 1,000 gallons.

MINIMUM MONTHLY BILL

No bill will be rendered for less than \$26.31 per month, which is the equivalent of 3,000 gallons of usage with a 5/8 inch meter.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District or a maximum of \$15.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$200.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

INCREMENTAL LEAK ADJUSTMENT

\$0.52 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption.

These rates represent the following project-related increases:

	(\$) INCREASE	(\$) DECREASE
Residential	\$2.82	12%
Commercial	\$2.82	12%
Industrial	\$2.82	12%
Resale	\$2.82	12%
Other	\$2.82	12%

The proposed increased rates and charges will produce approximately \$51,900.00 annually in additional revenue, an increase of 12%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Craigsville Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Nicholas County and Webster County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary

The Nicholas Chronicle

a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Gregory A. Tucker, 719 Main Street, Summersville, WV 26651; NOTICE OF FILING, CRAIGSVILLE PUBLIC SERVICE DISTRICT APPLICATION TO UPGRADE AND IMPROVE SEWER COLLECTION SYSTEM; CASE NUMBER 04-1240-PSD-CN appeared in said newspaper for 1 week, on the 19th day of August, 2004.

Given under my hand this 19th day of August, 2004.

By Raymond W. Corbin, News Editor.

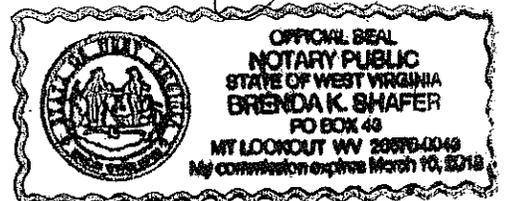
Fee for publication:

1,139 words @ \$.11 per word, for a total cost of \$125.29.

The foregoing instrument was acknowledged before me this the 19th day of August, 2004.

Brenda K. Shafer
Notary Public

My commission expires March 10, 2012.



LEGAL NOTICES**LEGAL NOTICES****PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA,
CHARLESTON**

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 4th day of August, 2004.

CASE NO. 04-1240-PSD-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT

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Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Craigsville Public Service District give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Nicholas and Webster County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary

THE REGULAR MONTHLY BOARD MEETING OF THE CRAIGSVILLE PUBLIC SERVICE DISTRICT WAS HELD ON JANUARY 12, 2005, AT 1:00 P.M. AT THE DISTRICT'S MAIN OFFICE IN CRAIGSVILLE. THOSE IN ATTENDANCE WERE ARDEN BAYLESS, BOARD CHAIRMAN; ALICE CUTLIP AND PAUL HUMPHREYS, BOARD MEMBERS; BUD GIVEN, MIKE CUTLIP, GARY ROBINSON, AND LIBBY HURST, DISTRICT EMPLOYEES.

THE CHAIRMAN CALLED THE MEETING TO ORDER. MOTION WAS MADE BY MR. BAYLESS TO APPROVE THE MINUTES OF THE PREVIOUS MONTH'S MEETING, SECOND BY MR. HUMPHREYS. MR. BAYLESS MADE MOTION TO PAY THE BILLS AS THE MONIES WOULD ALLOW, SECOND BY MRS. CUTLIP.

✓ THE ANNUAL ELECTIONS WERE HELD. MRS. CUTLIP NOMINATED ARDEN BAYLESS AS BOARD CHAIRMAN, SECOND BY MR. HUMPHREYS. MR. BAYLESS NOMINATED LIBBY HURST AS SECRETARY/TREASURER, SECOND BY MRS. CUTLIP.

LIBBY STATED THAT SHE HAD SPOKEN TO ALICE KING AT REGION 4 AND THAT ALICE HAD SAID THAT THE LETTER HAD BEEN SENT REQUESTING AN EARLY BIDDING FOR THE BELT FILTER PRESS BUT THAT SHE HAD NOT HEARD ANYTHING YET. LIBBY ALSO STATED THAT THE PERCENTAGES FOR THE WATER AND SEWER THAT HAD BEEN AGREED UPON BACK IN MAY WERE TOO HIGH FOR THE WATER AND TOO LOW FOR THE SEWER. SHE STATED THAT ACCORDING TO LAST MONTH'S BILLING CHARGES, THE WATER WAS APPROXIMATELY 60% AND THE SEWER WAS APPROXIMATELY 40%. MR. BAYLESS MADE MOTION THAT THE PAYROLL AND EXPENDITURES BE SPLIT 60% WATER AND 40% SEWER, SECOND BY MR. HUMPHREYS.

GARY STATED THAT THE POWER HAD BEEN HOOKED UP TO THE NEW GARAGE AND NOW IT JUST NEEDED WIRED ON THE INSIDE. HE ALSO STATED THAT THE STATE ROAD HAD UNCOVERED AND CLEANED OUT THE CULVERT NEAR THE CRAIGSVILLE TANK.

MIKE STATED THAT THE WARM WEATHER THIS WINTER HAD ALLOWED THEM TO CLEAN TWO DRYING BEDS THIS MONTH. HE ALSO STATED THAT THE FLOW METER AT THE LANDFILL WAS NOW WORKING.

MR. BAYLESS MADE MOTION TO IMPLEMENT THE NEW SAFETY PROGRAM THAT JACKIE BAILES HAD PRESENTED TO THE BOARD LAST MONTH, SECOND BY MR. HUMPHREYS.

MR. BAYLESS MADE MOTION TO ADJOURN THE MEETING, SECOND BY MRS. CUTLIP. THE MEETING WAS ADJOURNED AT 1:40 P.M.

RECEIVED

MAY 17 2005

Region 4 Planning &
D

FINANCIAL STATEMENT
DECEMBER 2004

	<u>WATER</u>	<u>SEWER</u>
COLLECTIONS	\$67,973.46	\$36,095.65
DISBURSEMENTS	\$62,617.40	\$19,980.62

Libby Hurst
Richard S. Boyer
2/9/05



CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND RESOLUTION
AND SUPPLEMENTAL RESOLUTION

The undersigned, SECRETARY of the Public Service Board of Craigsville Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Craigsville Public Service District met in special session, pursuant to notice duly posted, on the 29th day of June, 2005, in Craigsville, Nicholas County, West Virginia, at the hour of 1:00 p.m.

PRESENT: Arden D. Bayless - Chairman and Member
Libby Hurst - Secretary/Treasurer
Alice M. Cutlip - Member

ABSENT: Paul Humphreys

Arden D. Bayless, Chairman, presided, and Libby Hurst acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,272,440 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA

INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Mr. Bayless and seconded by Ms. Cutlip, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF CRAIGSVILLE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE BONDS TO THE WEST VIRGINIA DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Mr. Bayless and seconded by Ms. Cutlip, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 11th day of July, 2005.


Secretary

05/17/05
195340.00001



WV MUNICIPAL BOND COMMISSION

8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 11, 2005

(See Reverse for Instructions)

ISSUE: Craigsville Public Service District Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 368, Craigsville, West Virginia 26205 COUNTY: Nicholas/Webster Counties

PURPOSE OF ISSUE: New Money: X
Refunding: _____

ISSUE DATE: July 11, 2005 REFUNDS ISSUE(S) DATED: N/A

ISSUE AMOUNT: \$ 1,272,440 CLOSING DATE: July 11, 2005

1ST DEBT SERVICE DUE: June 1, 2007 RATE: 0%

1ST DEBT SERVICE AMOUNT: \$ 8,316.61 1ST PRINCIPAL DUE: June 1, 2007

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Step toe & Johnson PLLC UNDERWRITERS COUNSEL: Jackson Kelly PLLC
 Contact Person: John Stump, Esquire Contact Person: Samme L. Gee, Esq.
 Phone: 304.353.8196 Phone: 304.340.1318

CLOSING BANK: Branch Banking and Trust Company ESCROW TRUSTEE: _____
 Contact Person: Della Clemens Contact Person: _____
 Phone: 304.872.3131 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: WV Infrastructure & Jobs Development Council
 Contact Person: Arden D. Bayless Contact Person: Katy Mallory, P.E.
 Position: Chairman Function: Executive Secretary
 Phone: 304.742.5280 Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire	Accrued Interest:	\$ _____
_____ Check	Capitalized Interest:	\$ _____
	Reserve Account:	\$ _____
	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire	To Escrow Trustee:	\$ _____
_____ Check	To Issuer	\$ _____
_____ IGT	To Cons. Invest. Fund	\$ _____
	To Other:	\$ _____

NOTES: The Series 2005 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

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

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

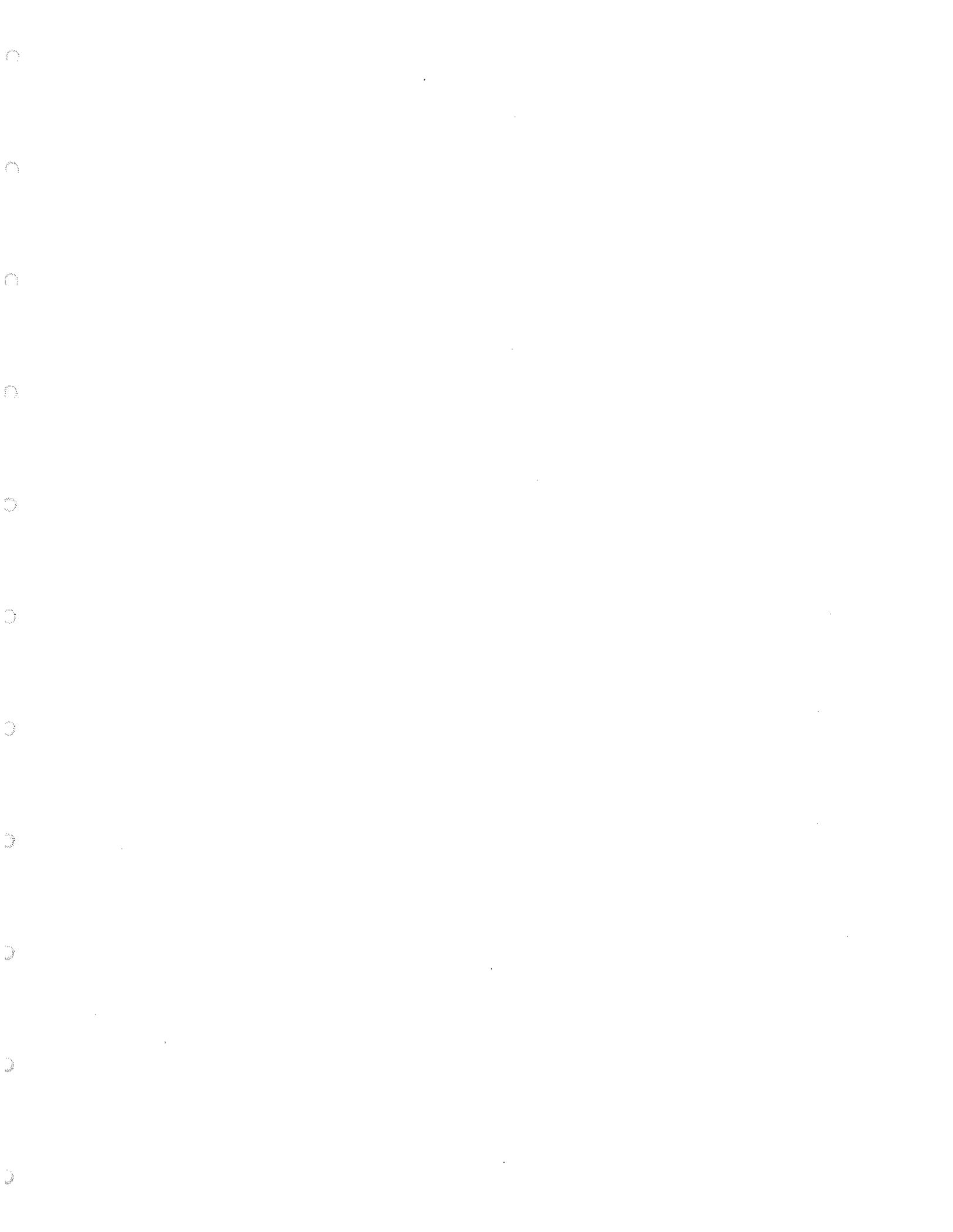
The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer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

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

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

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

05/17/05
195340.00001



CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Craigsville Public Service District Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 11, 2005, issued in the principal amount of \$1,272,440 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 11th day of July, 2005.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

05/17/05
195340.00001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of Craigsville Public Service District (the "Issuer"), dated July 11, 2005, in the principal amount of \$1,272,440, numbered AR-1, was registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 11th day of July, 2005.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

05/17/05
195340.00001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of July, 2005, by and between CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,272,440 Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated July 11, 2005, in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted June 29, 2005, and the Supplemental Resolution of the Issuer duly adopted June 29, 2005 (collectively, the "Bond Legislation");

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

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

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

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

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

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

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

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

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

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

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

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

ISSUER: Craigsville Public Service District
 Post Office Box 368
 Craigsville, West Virginia 26205
 Attention: Chairman

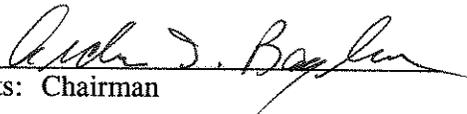
REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

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

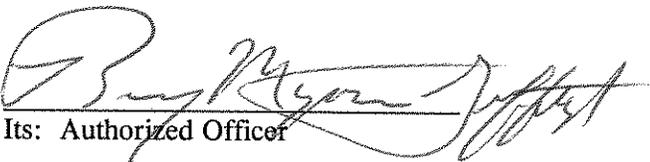
9. This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

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

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

05/17/05
195340.00001

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

(Please see the attached)

Private Financial Group
P.O. Box 633 WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF TRUSTEE'S FEES
Invoice Date July 11, 2005

Craigsville Public Service District
Account Number 6089001809

Craigsville Public Service District
Sewer Revenue Bonds, Series 2005 A
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR July, 2005

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- * FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
- * IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
- * .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA .. *
- * .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035





FILE

Division of Water and Waste Management
414 Summers Street, 2nd Floor
Charleston, WV 25301
Telephone Number: (304) 558-4086
Fax Number: (304) 558-5905

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

June 25, 2004

Mr. Gary Robinson
Craigsville Public Service District
P.O. Box 368
Craigsville, WV 26205

JUL 07 2004

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit Modification WV0045730-B
Modification No. 2

Dear Mr. Robinson:

This letter serves as Modification No. 2 of your WV/NPDES Water Pollution Control Permit No. WV0045730 issued on the 25th day of January 2001.

After review and consideration of the information submitted on and with Permit Modification Application No. WV0045730-B, dated the 18th day of March 2004, the subject permit is hereby modified to incorporate the following:

To upgrade an existing 294,000 gallons per day treatment plant including:
1 Mechanical Bar Screen
One new 32 feet diameter Clarifier
Two 22 feet x 22 feet Sludge Holding Tanks
Sludge Press Building with a 1.0 meter Belt Press
A Sewer Line Extension on Bottle Plant Road including 2,144 feet of 8 inch PVC pipe and 13 new manholes. This Sewer line will serve 7 to 10 new customers.

The information submitted on and with Permit Modification Application No. WV0045730-B, dated the 18th day of March 2004, along with the approvable plans and specifications reviewed by the Construction Assistance Branch and Office of Environmental Health Services Permit number 15,966 dated the 10th day of March 2004, are all hereby made terms and conditions of this Permit with like effect as if all such permit modification application information was set forth herein.



West Virginia Department
of Environmental Protection

"Promoting a healthy environment."

Mr. Gary Robinson

Page 2

June 25, 2004

WASTEWATER TREATMENT PLANT UPGRADE AND SEWAGE COLLECTION
SYSTEM EXTENSION AND REHABILITATION TO BE CONSTRUCTED IN
ACCORDANCE WITH:

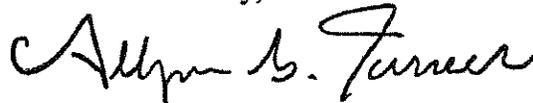
Plans, Specifications, and Reports: Craigsville Public Service District
Date Approvable: January 2004
Prepared by: Thrasher Engineering
 Northgate Business Park
 300 Association Drive
 Charleston, WV 25311

Title Craigsville Public Service District
 Small Cities Project Number 02SCBG0031X
 WVIJC Project Number 96S-180

Contract number 1 : Wastewater Treatment Plant Upgrade
Contract number 2: Bottle Plant Road Sewer Line Extension and Apache Drive Sewer
 Rehabilitation

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Sincerely,



Allyn G. Turner
Director

AGT/nw

CC: Env. Inspector Supervisor, Southeast
 Env. Inspector, Nicholas County
 Kathy Emery, Construction Assistance
 Thrasher Engineering



RECYCLED PAPER
RECYCABLE

CERTIFICATE OF PROPERTY INSURANCE

INSURED: CRAIGSVILLE PUBLIC SERVICE DISTRICT
P.O. BOX 368
CRAIGSVILLE, WV 26205

CERTIFICATE NO: P 2769 - Jul 11, 2002

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

COVERAGE PERIOD: Jul 1, 2005 to Jul 1, 2006 12:01 a.m. Eastern Time

LIMIT OF LIABILITY: Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

THIS POLICY DOES NOT COVER DAMAGE FROM FLOOD.
FOR INFORMATION ABOUT FLOOD INSURANCE, CONTACT THE NATIONAL FLOOD INSURANCE PROGRAM OR YOUR INSURANCE AGENT.

SPECIAL LIMITS: Each policy shall be governed by the special limits of liability contained therein.

DEDUCTIBLE: The State of West Virginia has a \$1,000,000.00 deductible on coverages it procures. The above listed insured has a \$2,500 deductible that is applicable to each loss.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W. Suite 203
South Charleston, West Virginia 25303

BY: Bob With
AUTHORIZED REPRESENTATIVE

DATED: June 22, 2005

AGENT OF RECORD: HEWITT, MR. GARY R.
GARY R. HEWITT INSURANCE AGENCY
P.O. BOX 592
RICHWOOD, WV 26261

CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: CRAIGSVILLE PUBLIC SERVICE DISTRICT
P.O. BOX 368
CRAIGSVILLE, WV 26205

CERTIFICATE NO: L 2769 - Jul 11, 2002

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 5743286 and Automobile Policy CA 2713242 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2005 to Jul 1, 2006 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: \$1,000,000 each occurrence and is SUBJECT TO \$2,500 DEDUCTIBLE. *For all coverages combined.
This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W. Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date: July 11, 2002

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY:  DATED: June 22, 2005
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: HEWITT, MR. GARY R.
GARY R. HEWITT INSURANCE AGENCY
P.O. BOX 592
RICHWOOD, WV 26261



CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: July 11, 2005
Re: Craigsville Public Service District Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)

DISBURSEMENTS TO CRAIGSVILLE PUBLIC SERVICE DISTRICT

1. Payor: West Virginia Infrastructure Fund
Source: Series 2005 A Bonds Proceeds
Amount: \$25,809
Form: Wire Transfer
Payee: Craigsville Public Service District
Bank: Branch Banking and Trust Company
Routing #: 051503394
Account #: 0005173873435
Contact: Della Clemens (304.872.3131)
Account: Series 2005 A Bonds Construction Trust Fund

05/13/05
195340.00001

**State of West Virginia
WATER DEVELOPMENT AUTHORITY**

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 • (304) 558-0299 (Fax)
Internet: www.wvwda.org • Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date July 11, 2005 Time 9:00 a.m. LGA Craigsville PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
John Stump	Stump & Johnson PLLC	304.353.8181	353.8181	stumpj@stumpjohnson.com
Samuel Gre	Jackson Kelly LLC	304.340.1318	340.1080	sgre@jacksonkelly.com
Bernie Youmansky	WV WDA	304.558-3612	558-0299	dyonkosky@wvwda.org
Barbara Meadows	WV WDA	304.558-3612	558-0299	bmeadows@wvwda.org

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Arden Boyless, Chairman Telephone 304.742.5280 E-Mail ---

Address P.O. Box 368, Craigsville West Virginia 26205

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the Non-Arbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.



WEST VIRGINIA DEVELOPMENT OFFICE
GRANT AWARD

Grant Number:
03-659

CFDA Number: 14.228
State Acct. No.: 8746-2003-0307-096-128

Fiscal Year: 2003
Program Name: SCBG

Grantee Name & Address: F.E.I.N.
556-000-371

Grant Period:
From: January 28, 2003
To: January 28, 2006

Nicholas County Commission
700 Main Street
Summersville, WV 26651

Project Name: Wastewater System

Grant ID: B-02-DC-54-0001

Project Number: 02SCBG0031X

Project Description

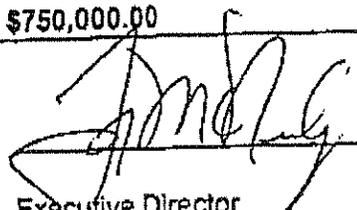
Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to make necessary upgrades and repairs to the Craigsville Public Service District's wastewater collection and treatment system and to extend collection lines to 14 new customers in Nicholas County.

Change Orders

Number: Date: Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____, PAYMENT NUMBER _____.

TOTAL AMOUNT OF THIS GRANT \$750,000.00

Authorized Signature: 
Title: Executive Director

Submitted By: Mike Browning

Date: 4/4/2003

02-0031X
Nicholas Co - Craigsville
ASD Wastewater/yr 2



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

#5

Bob Wise
GOVERNOR

July 30, 2003

The Honorable Thomas Blankenship
President
Nicholas County Commission
700 Main Street, Suite 1
Summersville, West Virginia 26651

Dear Commissioner Blankenship:

On January 28, 2003, the Nicholas County Commission received a commitment of \$1,500,000 in Small Cities Block Grant (SCBG) funds to make necessary upgrades and repairs to the Craigsville Public Service District's wastewater collection and treatment system and to extend collection lines to 14 new customers in Nicholas County.

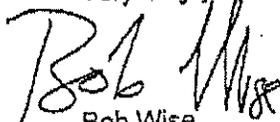
The SCBG award was based upon your immediate need for funds. Therefore, only \$750,000 was made available from the FY2002 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Nicholas County Commission's ability to proceed with this worthwhile project, I am committing the remaining \$750,000 from the FY2003 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Nicholas County.

Very truly yours,


Bob Wise
Governor

BW:trs



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

January 28, 2003

The Honorable Tom Blankenship
President
Nicholas County Commission
700 Main Street, Suite 1
Summersville, West Virginia 26651

Dear Commissioner Blankenship:

Thank you for your application to the Small Cities Block Grant Program. Your request has been approved in the amount of \$1,500,000. These funds will enable the Nicholas County Commission to make necessary upgrades and repairs to the Craigsville Public Service District's wastewater collection and treatment system and to extend collection lines to 14 new customers in Nicholas County.

In order to effectively use the limited dollars available, I hereby commit \$750,000 from our fiscal year 2002 allocation that will immediately be available to you. The remaining \$750,000 necessary to complete the project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Ms. Lisa Green of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

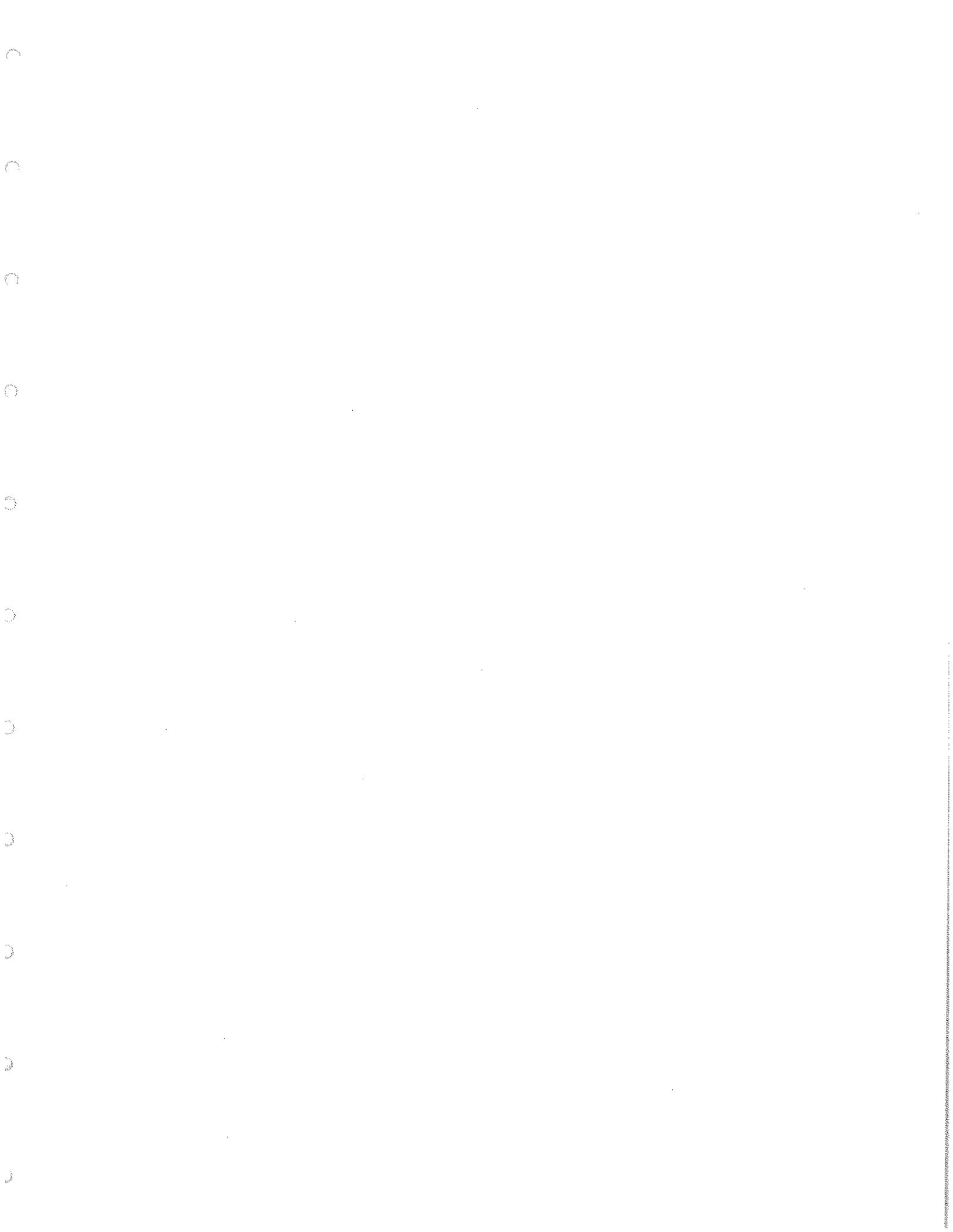
I am pleased to assist with these improvements for the citizens of Nicholas County.

Very truly yours,

A handwritten signature in black ink that reads "Bob Wise".

Bob Wise
Governor

BW:lgs



CRAIGSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 1986 A

AMENDATORY BOND RESOLUTION

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02/17/86
CRARF2-B

CRAIGSVILLE PUBLIC SERVICE DISTRICT

AMENDATORY RESOLUTION

RESOLUTION AMENDING A PRIOR RESOLUTION OF CRAIGSVILLE
PUBLIC SERVICE DISTRICT ENTITLED:

RESOLUTION AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF PUBLIC SEWAGE FACILITIES OF
CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE
FINANCING OF THE COST, NOT OTHERWISE PROVIDED,
THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF
NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL
AMOUNT OF SEWER REVENUE BONDS AND NOT MORE THAN
\$5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF
SEWERAGE SYSTEM CONSTRUCTION NOTES SERIES 1983;
PROVIDING FOR THE RIGHTS AND REMEDIES OF AND
SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS
AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF
A TRUST INDENTURE SECURING THE NOTES;
AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS
AND PROVISIONS OF SUCH BONDS AND NOTES AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CRAIGSVILLE
PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This
Resolution (together with any resolution, order or resolutions
supplemental hereto or amendatory hereof, 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. Craigsville Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Nicholas County of said State.

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain sewage collection facilities of the Issuer (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 are herein called the "System") at an estimated cost of \$9,127,242, 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 Construction Notes, Series 1983 (the "Notes"), in the aggregate principal amount of \$4,840,000 to finance costs of construction and acquisition of the Project, pursuant to a Bond and Notes Resolution adopted August 16, 1983 (the "Prior Resolution"), which Prior Resolution authorized the issuance of the Bonds (as defined). However, because of certain changes in the loan program of the Authority (as hereinafter defined), it is necessary to amend the Prior Ordinance to correctly set forth the terms of the Bonds and the covenants for the benefit of the holders of the Bonds.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the principal amount of not more than \$650,000 (the "Bonds") to pay a portion of the principal amount of the Notes, all of which is payable on March 1, 1986.

E. The estimated revenues to be derived in each year after the adoption 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 and all Sinking Fund, Reserve Account and other payments provided for herein.

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 be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (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.

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 said financing and 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 and any other Bonds, 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 acting Chairman duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 4.01 hereof.

"Bondholder," "Holder of the Bonds" 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" means collectively, the Prior Resolution, this Amendatory Bond and Notes Resolution and all orders and resolutions supplemental thereto or amendatory thereof.

"Bond Registrar" or "Registrar" means the bank 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.

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

"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 Dunn Engineers, Inc., Charleston, 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(D) of the Prior Resolution 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.

"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 duly 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 7.01 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.

"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.

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

"Issuer" or "District" means Craigsville Public Service District, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean the Loan Agreement 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 form of which shall be approved, and the execution and delivery by the Issuer authorized by, the Supplemental Resolution.

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

"Notes" or "GAN" means the \$4,840,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1983, originally authorized and issued pursuant to the Prior Ordinance and the Indenture, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"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, Paying Agent and the Trustee (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 or Notes, 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.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 4.01 hereof.

"Original Bonds," "Bonds originally authorized hereby" or similar phrases mean the not more than \$650,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986, issued for the purpose of paying a portion of the principal amount of the Notes at their maturity and for such other purposes permitted hereby and authorized by a resolution supplemental hereto, which Bonds shall be issued in one or more series as determined by a resolution or resolutions supplemental hereto and which are originally authorized hereby.

"Other Grants" means collectively, the WDA Grant and the grants in aid of acquisition and construction of the Project from the Appalachian Regional Commission, the United States Department of Housing and Urban Development, the Governor's Office of Community and Industrial Development (formerly, the Governor's Office of Community and Economic Development) and The County Commission of Nicholas County, 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 authenticated and 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 IX 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 6.07 hereof, payable from Net Revenues on a parity with the Original Bonds.

"Paying Agent" means the bank or banks designated as such for the Bonds in the Supplemental Resolution.

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

"Project" means the acquisition and construction of approximately 22 miles of sanitary sewers and appurtenances within the area of the District and an oxidation ditch treatment facility and all 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; Federal Farm Credit Bank; 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 paid 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 Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Notes Resolution; and

(i) 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 other than that described in this paragraph (i).

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01 hereof.

"Reserve Account" means the Reserve Account established in the Sinking Fund pursuant to Section 4.02 hereof.

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

"Revenue Fund" means the Revenue Fund established by Section 4.01 hereof.

"Secretary" means the Secretary of the Governing Body.

"Sinking Fund" means the Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Notes Resolution" means the supplemental Resolution of the Issuer adopted August 16, 1983, setting forth details as to the Notes.

"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 such Bonds or other obligations which 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.

"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 authorized the construction and acquisition of the Project, at an estimated cost of \$9,127,242, 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 V 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 principal amount of the Notes and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$650,000. Said Bonds shall be designated "Sewer Revenue Bonds" of one or more series as determined by the Supplemental Resolution, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall be deposited in the Notes Debt Service Fund and applied solely to the payment of the principal of the Notes.

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 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.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of the Bond issue, and shall mature in principal installments, all as provided in the Supplemental Resolution. Said Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 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 on such Bond, substantially in the form set forth in Section 3.09 shall have been duly manually executed by the Bond Registrar. Any such executed Certificate of Authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, if applicable, and delivered under this Bond Legislation. The Certificate of Authentication 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 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 in the manner provided hereinafter in the form of said Bonds.

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 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, if any, now existing or hereafter acquired, to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. 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 Sinking Fund and the Reserve Account 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 Original Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAIGSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 A

No. R-1

\$650,000

KNOW ALL MEN BY THESE PRESENTS: That CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Nicholas 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 SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000), 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 Payee and payment therefor and until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning April 1, 1986. The principal of this Bond is payable in any coin or currency which, on the respective dates of payment of principal, 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, through Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar and paying agent (the "Registrar"). 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 the Registrar on the 15th day of the month preceding an interest payment date.

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 West Virginia Water Development Authority.

This Bond is issued to pay, at maturity, a portion of the Sewerage System Construction Notes, Series 1983, of the Issuer (the "Notes"), issued to finance part of the cost of acquisition and construction of a sewerage collection and treatment project (the

"Project") pending issuance of this Bond and receipt of certain grant proceeds and 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"), a Resolution duly adopted by the Issuer on the 16th day of August, 1983, an Amendatory Resolution duly adopted by the issuer on the 10th day of February, 1986, and a Supplemental Resolution adopted by the Issuer on the 10th day of February, 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, moneys in the Reserve Account created under the Bond Legislation (the "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 thereon except from said special fund provided from the Net Revenues, the moneys in the 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 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 ensuing fiscal year of principal or interest on all obligations payable from such revenues, provided however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in any succeeding fiscal year, 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 the Registrar kept for that purpose at the office of the Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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 principal of the Notes, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder 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, CRAIGSVILLE PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman and its corporate
seal to be hereunto affixed or imprinted hereon and attested by its
Secretary, and has caused this Bond to be dated February 18, 1986.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

KANAWHA VALLEY BANK, N.A.,
as Bond Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

TABLE I

CRAIGSVILLE PUBLIC SERVICE DISTRICT
Analysis of 9.75% Borrowing Cost for Local Issuer

-----1985 Series A Bonds-----

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	1,571.00	39,257.29	40,828.29
1987	9.75%	1,725.00	63,221.83	64,946.83
1988	9.75%	1,893.00	63,053.64	64,946.64
1989	9.75%	2,078.00	62,869.07	64,947.07
1990	9.75%	2,280.00	62,666.47	64,946.47
1991	9.75%	2,503.00	62,444.17	64,947.17
1992	9.75%	2,747.00	62,200.13	64,947.13
1993	9.75%	3,014.00	61,932.29	64,946.29
1994	9.75%	3,308.00	61,638.43	64,946.43
1995	9.75%	3,631.00	61,315.90	64,946.90
1996	9.75%	3,985.00	60,961.88	64,946.88
1997	9.75%	4,373.00	60,573.34	64,946.34
1998	9.75%	4,800.00	60,146.97	64,946.97
1999	9.75%	5,268.00	59,678.97	64,946.97
2000	9.75%	5,781.00	59,165.34	64,946.34
2001	9.75%	6,345.00	58,601.69	64,946.69
2002	9.75%	6,964.00	57,983.06	64,947.06
2003	9.75%	7,643.00	57,304.07	64,947.07
2004	9.75%	8,388.00	56,558.87	64,946.87
2005	9.75%	9,206.00	55,741.04	64,947.04
2006	9.75%	10,103.00	54,843.46	64,946.46
2007	9.75%	11,088.00	53,858.42	64,946.42
2008	9.75%	12,170.00	52,777.34	64,947.34
2009	9.75%	13,356.00	51,590.76	64,946.76
2010	9.75%	14,658.00	50,288.55	64,946.55
2011	9.75%	16,088.00	48,859.40	64,947.40
2012	9.75%	17,656.00	47,290.82	64,946.82
2013	9.75%	19,378.00	45,569.36	64,947.36
2014	9.75%	21,267.00	43,680.00	64,947.00
2015	9.75%	23,340.00	41,606.47	64,946.47
2016	9.75%	25,616.00	39,330.82	64,946.82
2017	9.75%	28,114.00	36,833.26	64,947.26
2018	9.75%	30,855.00	34,092.14	64,947.14
2019	9.75%	33,863.00	31,083.78	64,946.78
2020	9.75%	37,165.00	27,782.14	64,947.14
2021	9.75%	40,788.00	24,158.55	64,946.55
2022	9.75%	44,765.00	20,181.72	64,946.72
2023	9.75%	49,130.00	15,817.13	64,947.13
2024	9.75%	53,920.00	11,026.96	64,946.96
2025	9.75%	59,177.00	5,769.76	64,946.76
		650,000.00	1,923,755.29	2,573,755.29

Smith Barney, Harris Upham & Co.
Incorporated

January 24, 1986

[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. The Chairman is specifically authorized and directed to execute the Loan Agreement in such form as may be approved by Supplemental Resolution, 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

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. 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) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Bond Construction Trust Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Sinking Fund;
 - (a) Within the Sinking Fund, the Reserve Account.

Section 4.03. 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, transfer from the Revenue Fund and Deposit in the Operation and Maintenance Fund an amount sufficient to pay 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 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from the Reserve Account for the purpose of making interest payments and investment

earnings on sums previously deposited in the Sinking Fund for the purpose of making interest payments; provided, that, in the event the period to elapse between the date of such initial deposit in the 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 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Bonds on the next ensuing principal payment date, less any moneys transferred from the Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Sinking Fund for the purpose of making principal payments; provided, that, in the event the period to elapse between the date of such initial deposit in the 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 the first month on which an interest payment is made into the Sinking Fund, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120 of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

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

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

(5) The Issuer shall not be required to make any further payments into said Sinking Fund or into the Reserve Account in said Sinking Fund when the aggregate amount of funds in both said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of Bonds issued pursuant to this Bond Legislation then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

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

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

The payments into the Sinking Fund 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 Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

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

(6) Thereafter, 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 for account of the Reserve Account in the Sinking Fund. 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 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 4.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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 Fund, including the Reserve Account therein, and the Renewal and Replacement Fund during the following month, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the Issuer, 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 or the Depository Bank, on such dates as the Commission 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.

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. 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. Any accrued interest received from the sale shall be deposited in the Sinking Fund and applied to the first interest payment due on the Bonds.

B. The amount of the proceeds 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 on the Bonds for the period specified in the Supplemental Resolution shall be deposited in the 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.

C. The amount of proceeds necessary to pay the costs of issuance of the Bonds shall be deposited in the Bond Construction Trust Fund. Such amount shall be specified in a certificate of the Issuer.

D. The remaining moneys derived from the sale of the Bonds shall be deposited into the Notes Debt Service Fund and shall be applied solely to payment of a portion of the Notes on March 1, 1986.

E. Following payment in full of the principal of and all interest accrued on the Notes, the Trustee shall transfer all moneys then remaining in all funds and accounts established by the Indenture to the Bond Construction Trust Fund.

F. The Depository Bank shall act as a fiduciary for the Bondholder 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 as set forth in the Indenture with respect to moneys in the Notes Construction Trust Fund. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project.

Section 5.02. Deposit of Other Funds of the Issuer. The Issuer shall, following payment of the Notes, and at all times thereafter until completion of construction and acquisition of the

Project and payment of all Costs, deposit all moneys then on hand or then received from any source whatsoever into the Bond Construction Trust Fund and such funds shall be expended solely for payment of Costs. Upon completion of the Project, any funds then remaining in the Bond Construction Trust Fund shall be applied to funding of the Reserve Account and thereafter shall be deposited in the Renewal and Replacement Fund.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. 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 VI. 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 6.02. 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 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the 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, to the extent necessary to make the payments required under Section 4.03 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 Sinking Fund, including the Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided in 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 6.04. Initial Schedule of Rates and Charges; Rules. 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 August 12, 1983 (Case No. 83-256-S-CN).

Section 6.05. 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, if any, Outstanding, or to effectively defease this Resolution in accordance with Section 9.01 hereof and, if not previously defeased, the Indenture in accordance with Section 8.01 thereof. 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 Fund, 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 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. 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 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any 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 Bonds may be issued as provided for in Section 6.07 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 the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account 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 6.07. 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 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 Ordinance then Outstanding; and

(C) The Parity Bonds then proposed to be issued.

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 adopted 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 the 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 Bond over any other. 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 lien of the 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 the 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, Parity Bonds may be issued solely for the purpose of completing that portion of the Project described in the Loan Agreement without regard to the restrictions set forth in this Section 6.07, if there is first obtained by the Issuer the written consent of the Authority, and if any Notes are then Outstanding, the Trustee, to the issuance of such Parity Bonds.

Section 6.08. 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 or the Trustee 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 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 6.09. 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 (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 succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and any junior bonds which may have been issued and are then outstanding 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 succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 6.10. 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 of any Bonds.

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 6.11. 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 6.12. 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 changes, if not paid, 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 the water 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 6.13. 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 6.14. 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 6.15. 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 6.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the 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 in the Indenture and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. 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 7.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Commission and the Depository Bank 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, and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. 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, the Indenture 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Bonds; 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 8.02. 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.

Section 8.03. 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 IX

DEFEASANCE

Section 9.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Bond Legislation, then the respective pledges 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 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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 of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All 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 the Paying Agent, as the case may be, 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 Commission or the Paying Agent, as the case may be, at the same time, shall be sufficient, to pay when due the principal of and interest due and to become due on said Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission or the Paying Agent, as the case may be, 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 of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or the Paying Agent, as the case may be, 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 respective principal of and interest to become due on said Bonds on and prior to such maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or the Paying Agent, as the case may be, free and clear

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

ARTICLE X

MISCELLANEOUS

Section 10.01. 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 the Issuer shall have the right, without the consent of any Registered Owners of the Bonds or any other person, to make such modification or amendment of this Bond Legislation as may be necessary or desirable, upon advice of counsel to the Issuer, to maintain the tax-exempt status of the Bonds and the interest thereon; provided further, 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 10.02. 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 10.03. 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 Prior Resolution, the Supplemental Resolution or the Bonds.

Section 10.04. 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 10.05. Amendments. The Issuer hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the Bonds to be issued in such

form as to render the interest thereon exempt from federal income taxation.

Section 10.06. Conflicting Provisions Repealed; Prior Resolution to Remain in Effect. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed. All provisions of the Prior Resolution, unless amended or modified hereby, shall remain in full force and effect.

Section 10.07. 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 10.08. 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 Craigsville Public Service District, a Class II legal advertisement stating:

(a) The maximum amount 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 Nicholas 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 originally authorized hereby.

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 Craigsville 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 10.09. Additional Special Covenants of Issuer. At the date of issuance of the Bonds there is pending an act of the United States House of Representatives entitled the "Tax Reform Act of 1985" and designated "HR 3838" (the "Tax Act"). In the event the Tax Act (or a similar act in substitution thereof) becomes law, certain provisions thereof relating to Section 103 of the Internal Revenue Code of 1931, as amended, are, by the terms of the Tax Act, to be effective as of January 1, 1986. In order to attempt to comply with the Tax Act and therefore to maintain the exemption of interest on the Bonds from Federal income taxation to the extent possible, the Issuer hereby further covenants as follows:

(i) The facilities constituting the System will at all times be available to serve all members of the general public within the service area in an equal basis; no single user of the System shall, directly or indirectly, receive the benefit of an amount of Bond proceeds in excess of 10% of the principal amount of the issue or \$10,000,000, whichever is less; and no amount of Bond proceeds will be used to make or finance loans to persons other than the Issuer or other governmental entity;

(ii) At least 5% of the net proceeds of the Bonds will be expended prior to the date which is 30 days after the date of issuance of the Bonds, and all of the gross proceeds of the Bonds shall be expended within 6 months following the date of issuance of the Bonds;

(iii) The Notes which are being refunded in part with a portion of the proceeds of the Bonds will be paid in full and retired within 30 days after the date of issuance of the Bonds;

(iv) An informational report will be filed by the Issuer to the Internal Revenue Service

within the time limitations prescribed in the Tax Act;

(v) Any rebate required to be made by the Issuer to the United States will be made in a timely fashion; and

(vi) All other requirements, if any, of the Tax Act will be met by the Issuer in order to maintain the tax-exempt status of the Bonds and the interest thereon.

Section 10.10. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 10th day of February, 1986.



Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly enacted by the Public Service Board of Craigsville Public Service District on this 10th day of February, 1986.

[SEAL]

Norma Sue Malcomb
Secretary, Public Service Board

02/17/86
CRARF2-A

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A

SUPPLEMENTAL BOND RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A, OF CRAIGSVILLE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 CRAIGSVILLE PUBLIC SERVICE DISTRICT (the "Issuer") has duly and officially adopted a bond and notes resolution, effective August 16, 1983 (the "Prior Resolution"), authorizing issuance of certain sewer revenue bonds and grant anticipation notes of the Issuer, pursuant to which the Sewerage System Grant Anticipation Notes, Series 1983, dated September 1, 1983 (the "Notes"), were issued, and which Prior Resolution has been amended and supplemented by an amendatory bond resolution, duly and officially adopted and effective on February 10, 1986 (together with the Prior Resolution, herein collectively called the "Resolution"), entitled:

AMENDATORY RESOLUTION AMENDING A PRIOR RESOLUTION OF CRAIGSVILLE PUBLIC SERVICE DISTRICT ENTITLED:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWAGE FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS AND NOT MORE THAN \$5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM CONSTRUCTION NOTES SERIES 1983; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND

SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$800,000, and has authorized the execution and delivery of a Loan Agreement relating to the Bonds (the "Loan Agreement"), dated as of the date of delivery of the Bonds, by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, Chapter 16, Article 13A (the "Act"); and in the Resolution, it is provided that the maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the 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 price, the maturity date, the redemption provisions, the interest rate 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 CRAIGSVILLE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Bond Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$650,000. 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 April 1, 1986, shall be subject to

redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium 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 incorporated therein by reference. There shall be no accrued interest payable at closing on the Bonds and no proceeds of the Bonds shall be used to capitalize interest thereon.

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

Section 3. The Issuer does hereby approve and accept the Loan Agreement, dated February 10, 1986, between the Authority and the Issuer, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman of the Governing Body of the Loan Agreement and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar and Paying Agent for the Bonds and does approve and accept the Registrar's Agreement dated as of February 18, 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 Kanawha Valley Bank, N.A., Charleston, West Virginia, as Depository Bank under the Resolution.

Section 6. The Chairman and Secretary of the Governing Body 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 Resolution approved and provided for, to the end that the Bonds may be delivered on or about February 18, 1986, to the Authority pursuant to the Loan Agreement.

Section 7. 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 8. This Supplemental Bond Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of February, 1986.

CRAIGSVILLE PUBLIC SERVICE DISTRICT



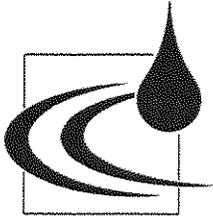
Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

02/17/86
CRARF1-C





WEST VIRGINIA

Water Development Authority

Celebrating 31 Years of Service 1974 - 2005

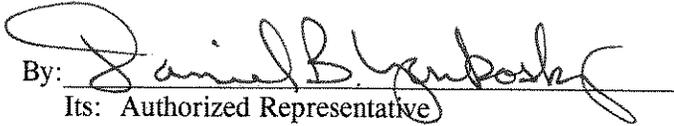
July 11, 2005

Craigsville Public Service District
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Prior Bonds, hereinafter defined, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Series 2005 A Bonds"), in the original aggregate principal amount of \$1,272,440, by Craigsville Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2005 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bond, Series 1986 A (the "Prior Bonds"). This consent has been granted in reliance upon the certification of Bassett & Lowe, independent certified public accountants, a copy of which is attached, that the Issuer has met the coverage and parity tests set forth in the resolution authorizing the Prior Bonds.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: 
Its: Authorized Representative

05/17/05
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