

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

BOND TRANSCRIPT

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CRAIGSVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
and
SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983

BOND AND NOTES RESOLUTION

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08/15/83
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CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION

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 resolutions supplemental hereto, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. 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 constructed certain sewer facilities (the "Project") of the Issuer, which constitute public service properties for the collection of

liquid or solid wastes, sewage or industrial wastes (the Project, together with any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$7,821,775, 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 Public Service Board of the Issuer.

C. 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.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the principal amount of not more than \$800,000, and prior to the issuance thereof, to issue its Sewerage System Construction Notes, Series 1983 (the "Notes"), in the principal amount of not more than \$5,500,000 to finance costs of construction and acquisition 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 upon the Notes and the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to the Credit Bank, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable Costs prior to the issuance of the Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project.

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

F. 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.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds and the Notes as to lien and source of and security for payment, except that any Notes Outstanding at the time of issuance of the Bonds will rank prior to the Bonds to the extent such Notes are secured by and payable from the Net Revenues (as hereinafter defined) of the System.

H. 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 and the Notes, 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 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 and the Notes 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 such Noteholders, 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 and Notes, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and between any one Note and any other Notes, 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, as hereinafter defined, or any other agency of the State of West Virginia that succeeds to the functions of the Authority; provided, that as of the date hereof the Authority has committed to purchase such Original Bonds only in an aggregate principal amount not to exceed \$765,000.

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

"Board" or "Governing Body" means the Public Service Board of the Craigsville Public Service District and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Craigsville Public Service District.

"Bondholder" or "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" or "Resolution" means this Resolution and all resolutions supplemental hereto or amendatory hereof.

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

"Chairman" means the Chairman of the Board 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 Milam/BCM Engineering Inc., Dunbar, 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) hereof to be a part of the cost of construction and acquisition of the Project.

"Credit Bank" means _____, West Virginia, which will issue the Letter of Credit, as hereinafter defined. ✓

"Eligible Costs" or similar phrases means only the Costs eligible for reimbursement by the EPA, as hereinafter defined.

"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 twelve-month period beginning on July 1 and ending on the succeeding June 30.

"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.

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, as hereinafter defined, 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.

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

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

"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 as of September 1, 1983, between the Issuer and the Trustee 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.

"Letter of Commitment" means the letter of the Authority whereby the Authority has agreed to purchase not more than \$765,000 in aggregate principal amount of the Issuer's Original Bonds, pursuant to the Authority's loan program, subject to the satisfaction by the Issuer of certain legal and other requirements in conjunction with the purchase of such Original Bonds.

"Letter of Credit" means the Letter of Credit issued by the Credit Bank, pursuant to which the said bank has agreed to pay to the Trustee upon delivery of the Refunding Notes, as hereinafter defined, and certain certifications by the Trustee, the sum of not to exceed \$1,300,000.

"Loan Agreement" shall mean the Loan Agreement expected to be entered into between the Authority and the Issuer providing as to purchase of the Original Bonds from the Issuer by the Authority.

"Local Share" means the amount of \$726,725.

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

"Note Construction Trust Fund" means the Sewerage System Construction Notes Project Construction Trust Fund established by Section 4.01 of the Indenture.

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

"Notes" means the not more than \$5,500,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1983, originally authorized hereby, and, unless the context clearly indicates otherwise, any refunding notes of the Issuer.

"Notes Debt Service Fund" means the Notes Debt Service Fund established by Section 4.01 of the Indenture.

"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 fiscal agents, the Registrar, Paying Agent (as hereinafter defined) and the Trustee (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.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean the not more than \$800,000 in aggregate principal amount of Sewer Revenue Bonds issued for the purpose of refunding a portion of the Notes 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.

"Original Notes Purchaser" means Young Moore & Company, Inc.

"Other Grants" means, collectively (or, if used in the singular, alternately), the grants, pursuant to the respective commitments therefor, in and of financing certain Costs from the Authority, the Appalachian Regional Commission, the United States Department of Housing and Urban Development, the Governor's Office of Economic and Community 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 or Notes and as of any particular date, describes all Bonds theretofore and thereupon being delivered or all Notes theretofore and thereupon being authenticated and delivered except (1) any Bond or Note cancelled (or any Bond being held for future exchange) by the Registrar or treasurer of the State of West Virginia, as applicable, at or prior to said date; (2) any Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether

upon or prior to maturity); (3) any Bond or Note deemed to have been paid as provided in Article X hereof or Article VIII of the Indenture, as applicable; and (4) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes held by the Issuer.

"Paying Agent" means the Trustee, which may act through a duly appointed agent pursuant to Section 7.02, as paying agent for the Notes, or any successor thereto pursuant to Section 7.12.

"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 necessary appurtenances.

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

(a) Government Obligations;

(b) 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;

(c) 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;

(d) 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; and

(e) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) 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.

"Refunding Notes" means the not more than \$1,300,000 in aggregate principal amount of refunding notes originally provided for by Section 3.05 of the Indenture to pay the principal of the Notes that would otherwise have been paid from the proceeds of the Bonds or which shall be issued for the purpose of paying the "EPA Retainage Deficiency", as such term is defined in the Indenture, or both, to be issued by the Issuer and delivered to the Credit Bank as a condition precedent to, and as evidence of, a draw by the Trustee under the Letter of Credit.

"Registrar" means the bank as designated in the Indenture.

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

"Reserve Account" means the Reserve Account established in the Sinking Fund, as hereinafter defined, pursuant to Section 5.01 hereof.

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

"Secretary" means the Secretary of the Board.

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

"State" means the State of West Virginia.

"State Treasurer" means the treasurer of the State or any successor to the functions of such office.

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

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

"Trustee" means Kanawha Valley Bank, N.A., Charleston, West Virginia and its successors and assigns.

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 gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$7,821,775, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed with the Secretary. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in Article IV of the Indenture and Article VI hereof, respectively.

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 refunding a portion of the Notes, paying Costs of the Project not otherwise provided for 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 \$800,000; provided, that said Original Bonds may not be issued for any purpose other than refunding all or a portion of the Notes, and purposes incidental thereto, so long as any of the Notes are Outstanding. 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. Such Bonds shall not be issued contemporaneously with the Notes, but shall be issued when needed to refund a portion of the Notes in accordance with the Indenture. 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; provided, that, if upon issuance of the Original Bonds and the deposit of such proceeds in the Notes Debt Service Fund, there are no longer any Notes Outstanding, the remaining Original Bond proceeds may be used to pay additional Costs of the Project.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding twelve percent (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 State Treasurer, as 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,

in a denomination which is an integral multiple of \$5,000 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 the denomination of \$5,000 each or any integral multiple thereof 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, with a payment record attached, 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. Negotiability, Transfer and Registration. 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 Treasurer of the State of West Virginia 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 Issuer, which shall be kept for the purpose at the office of the aforesaid Treasurer, 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 Treasurer of the State 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 Treasurer. For every such exchange or transfer of Bonds, the Treasurer 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 said Treasurer incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer; provided, however, that in the event the Authority is the Bondholder requesting such exchange or transfer, the Issuer shall pay all such taxes, fees, governmental charges or other expenses incurred in making such exchange or transfer. The Treasurer shall not be obliged to make any such exchange or transfer of Bonds during the ten (10) 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 3.05. 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 Registrar may incur. All Bonds so surrendered shall be cancelled by the 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.

Any such duplicate Bond issued pursuant to this Section shall constitute an original, additional contractual obligation on the part of the issuer, whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits with all other Bonds hereunder.

Section 3.06. 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, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.07. 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, except that any Notes Outstanding at the time of issuance of the Bonds will rank prior to the Bonds to the extent such Notes are secured by and payable from the Net Revenues of 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. Notwithstanding any other provision hereof to the contrary, the lien on the Net Revenues on behalf of the Original Bonds may be subordinate to that created by the Indenture on behalf of the Notes originally issued thereunder.

Section 3.08. 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 _____

No. R-

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the 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 (the "Payee"), or registered assigns (the "Alternate Payee"), the sum of \$ _____, in installments on _____ 1 of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

| <u>Year</u> | <u>Installment</u> | <u>Interest Rate</u> |
|-------------|--------------------|----------------------|
|-------------|--------------------|----------------------|

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 _____, and the 1st day of _____ in each year beginning _____ 1, 19____. 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 _____.

The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears _____.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of principal installments only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of this Bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bond outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This Bond is issued (i) to refund 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 project (the "Project") pending issuance of this Bond and receipt of certain grant proceeds, (ii) to pay additional costs of acquisition and construction of the Project, and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the Public Service Board of the Issuer on the _____ day of _____, 19____, and a Supplemental Resolution adopted by said Board on the _____ day of _____, 19____ (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, which 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. Notwithstanding any other provision of the Bond Legislation or hereof to the contrary, the lien on said Net Revenues, on behalf of this Bond may be subordinate of that created on behalf of the Notes. 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, and 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 ___% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues, excluding the Notes. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the holders 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 Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, 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.

This Bond shall be exempt from all taxation by the State of West Virginia and the other taxing bodies of the State.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment

of the Costs of the Project described in the Bond Legislation, including payment of a portion of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of 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 the Chairman of its Public Service Board and its corporate seal to be hereunto affixed or imprinted hereon and attested by the Secretary of its Public Service Board, all as of the _____ day of _____, 19____.

Chairman

[SEAL]

ATTEST:

Secretary

[Form of Payment Record]

PAYMENT RECORD

| <u>Due Date</u> | <u>Principal Payment</u> | <u>Principal Balance Due After Payment</u> | <u>Interest Payment (%)</u> | <u>Date Paid</u> | <u>Name of Paying Agent Authorized Officer And Title</u> |
|-----------------|------------------------------|--|---|----------------------|--|
| | \$ | \$ | \$ | | |

SCHEDULE "A"

Principal installments on which payments
have been made prior to maturity

| <u>Principal Due</u> <u>Date</u> | <u>Amount</u> | <u>Principal</u> <u>Payment</u> | <u>Balance</u> | <u>Date</u> <u>Paid</u> | <u>Name of</u> <u>Paying Agent</u> <u>Authorized Officer</u> <u>and Title</u> |
|-------------------------------------|---------------|------------------------------------|----------------|----------------------------|--|
| | \$ | \$ | \$ | | |

[Form of Assignment]

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

the within Bond of CRAIGSVILLE PUBLIC SERVICE DISTRICT and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books of the said District with full power of substitution in the premises.

Dated: _____

In the presence of:

Section 3.09. 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 to be entered into between the Issuer and the Authority as a part of the Authority's bonds issued with respect to the Authority's Loan Program. 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, provided, however, that the Issuer may sell the Original Bonds to any other purchaser prior to entering into the Loan Agreement with the Authority.

ARTICLE IV

NOTES

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending the delivery of the Original Bonds to the Authority, and the receipt of the Grant Receipts, the Sewerage System Construction Notes, Series 1983 (the "Notes") of the Issuer shall be issued and sold in the aggregate principal amount of not to exceed \$5,500,000. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and Supplemental Resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, all as provided in the Supplemental Resolution and as set forth in the Indenture hereinafter described.

The Notes shall be issued in such form, with such terms and secured in the manner set forth in the Trust Indenture, hereby authorized to be executed and delivered by the Issuer (the "Indenture") which Indenture shall be by and between the Issuer and the Trustee, and which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit I" and made a part thereof.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the sources described in Article III of the Indenture. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except the Grant Receipts, Original Bond proceeds, Net Revenues and other funds pledged therefor by the Indenture.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. System Revenues; Flow of Funds. A. The Gross Revenues from the operation of the System shall be deposited upon receipt in a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of State and municipal funds and insured by FDIC, which may, but need not, be the Trustee, in a special fund, to be designated the "Craigsville Public Service District Sewerage System Revenue Fund" (the "Revenue Fund"). The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of said bank or national banking association or of the Issuer and used only for the purposes and in the manner herein provided. All revenues on deposit in the Revenue Fund shall first each month be used to pay all reasonable Operating Expenses of the System. Thereafter, except as specifically provided below with respect to the Notes, disbursements shall be made from the Revenue Fund in the order and priority set forth in Subsections B, C, and D of this Section 5.01 and shall be used only for the purposes and in the manner herein provided.

B. (1) From the moneys in the Revenue Fund, the Issuer shall first, on the first day of each month, as set forth in the Supplemental Resolution, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be designated the "Craigsville Public Service District Sewerage System Revenue Bonds Sinking Fund" (the "Sinking Fund"), which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Bonds on the next ensuing semiannual interest payment date; 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 seven (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.

The Issuer shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, on the first day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of said Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Bonds on the next ensuing principal payment date.

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.

(2) The Issuer shall next, from the Revenue Fund, remit to the Commission for deposit in an account to be designated the "Craigsville Public Service District Sewerage System Revenue Bonds Reserve Account" (the "Reserve Account") which is hereby created and established in said Sinking Fund, on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for semiannual interest on the Bonds are commenced, an amount equal to twenty percent (20%), or such lesser percentage as may be required by the Authority at the time of issuance of the Original Bonds, of all amounts required to be deposited for maturing principal and interest into said Sinking Fund, as provided above, on said dates; 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 maximum amount of principal and interest that will mature and become due on said Bonds in any succeeding calendar year.

Moneys in the Reserve Account 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.

Any withdrawals from the Reserve Account shall be subsequently restored from the first revenues available after all required payments to the Sinking Fund and Reserve Account, including any deficiencies for prior payments, have been made in full.

(3) 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 Resolution 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 calendar 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 Resolution.

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

C. Thereafter, from the moneys remaining in said 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, remit to a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of State and municipal funds and insured by FDIC, which may, but need not, be the Trustee, for deposit in a special fund to be designated the "Craigsville Public Service District Sewerage System Renewal and Replacement Fund" (the "Renewal and Replacement Fund"), which fund is hereby established and created, a sum equal to two and one-half percent (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 such bank or national banking association 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 5.01(B)(2)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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 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 next succeeding three (3) months, such excess shall be considered as excess revenues (the "Excess Revenues"). The Excess Revenues shall be first used for the construction and acquisition of improvements and extensions to the System, and, thereafter, to the extent not needed for such purposes, the Excess Revenues and any surplus moneys in the Sinking Fund, exclusive of the Reserve Account, in excess of the amount of interest to become due on the next interest payment date and the amount of principal to become due within the next succeeding thirteen (13) months, may be used to purchase Bonds upon the open market at a price not exceeding the par value thereof plus three percent (3%) of such par value, or to redeem Bonds at a price not in excess of the redemption price thereof, or for debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such improvements or extensions.

Notwithstanding the foregoing, if there are not sufficient funds in the Notes Debt Service Fund to pay the principal of or interest on the Notes on the 20th day prior to the maturity or any interest payment date thereof, as the case may be, and all payments from the Revenue Fund for Operating Expenses, as required and provided by Subsection (A) of this Section 5.01, are current, any amounts remaining in the Revenue Fund shall be transferred immediately to the Notes Debt Service Fund (to the extent of such deficiency).

E. The Issuer shall remit from the Revenue Fund to the Commission or the fiscal agent bank, on such dates as the Commission or the fiscal agent bank, as the case may be, shall require, such additional sums as shall be necessary to pay the fiscal agency charges and the Paying Agent fees then due.

F. 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.

G. 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.

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.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds. From the moneys received from the sale of any or all of the 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 six (6) months after the estimated date of completion of construction of the Project.

C. The amount necessary to pay the costs of issuance of the Bonds shall be deposited in a special account, hereby designated the "Craigsville Public Service District Sewer Revenue Bonds Cost of Issuance Account," (the "Costs of Issuance Account"), created such bank as may be designated in the Supplemental Resolution and used for such purposes.

D. Except as provided by Subsection (E) of this section, the remaining moneys derived from the sale of the Bonds shall be deposited with the Trustee in the Notes Debt Service Fund and applied solely to the payment of the Notes.

E. If the amount deposited pursuant to Subsection (D) above, together with other moneys on deposit in the Notes Debt Service Fund is sufficient to pay all the Notes Outstanding, and defease the Indenture pursuant to Section 8.01 thereof and authorized by the Supplemental Resolution the remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer in a separate account, to be designated the "Craigsville Public Service District Sewer Revenue Bond Proceeds Account" (the "Bond Proceeds Account"), which account is hereby created and established in the Notes Construction Trust Fund. Any moneys in the Bond Proceeds Account may be drawn out, used and applied by the Issuer for the payment of any additional costs of construction and acquisition of the Project authorized by the Supplemental Resolution, and purposes incidental thereto. If for any reason such

proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the Issuer in the Sinking Fund and shall be used only as provided therefor. All such proceeds shall be and constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of such Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution 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 Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Resolution shall, where applicable, inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds or Notes shall 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 Resolution. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. 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 5.01 of this Resolution, except that any Notes Outstanding at the time of issuance of the Bonds will rank prior to the Bonds to the extent such Notes are secured by and payable from the Net Revenues of the System. 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 7.04. 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 West Virginia Public Service Commission entered _____ (Case No. _____).

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds or the Notes, as the case may be, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof or the Indenture in accordance with Section 8.01 thereof, as the case may be. 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. With respect to the Notes, such proceeds in an amount sufficient to pay in full the Notes shall be remitted to the Trustee for deposit in the Notes Debt Service Fund to apply to the payment of the Notes, prior to maturity if allowable under the Supplemental Resolution.

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 ten thousand dollars (\$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 ten thousand dollars (\$10,000) but not in excess of fifty thousand dollars (\$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 ten thousand dollars (\$10,000) and not in excess of fifty thousand dollars (\$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 three percent (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 Resolution. 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 fifty thousand dollars (\$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 fifty percent (50%) in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions hereof; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, that the liens of such Notes originally issued under the Indenture on such revenues may rank prior thereto and that additional Bonds on a parity with the Bonds may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and

source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless the Reserve Account in the Sinking Fund is funded to the extent that no further payments are required thereto as provided in Section 5.01(B)(2).

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 Resolution, or upon the system or any part thereof.

Section 7.07. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

No such additional 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; provided, that so long as any of the Notes is Outstanding no such additional parity Bonds shall be issued except for the purpose of refunding all or a portion of the Notes and purposes incidental thereto.

No such additional 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 twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred thirty percent (130%), or such lessor percentage as may be required by the Authority at the time of issuance of the Original Bonds, 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 additional parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(C) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (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 additional parity Bonds and (b) any increase in rates enacted by the Issuer, and approved by the Public Service Commission of West Virginia the period for appeal of which has expired prior to the date of delivery of such additional 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 additional parity Bonds.

The Net Revenues actually derived from the system during the twelve-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 and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional 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 additional parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Bonds, and all the covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional 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 Resolution required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

All Additional 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.

Additional 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 Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of the additional parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Resolution.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Resolution 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board 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 or Notes, as the case may be, requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses and Net 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 Resolution and the Indenture with respect to said Bonds or Notes, as the case may be, 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 or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and

revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient to provide for all reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least 130%, or such lesser percentage as may be required by the Authority at the time of issuance of the Original Bonds, of the maximum amount required in any ensuing year to pay the interest on and the principal of the Bonds as the same become due and accomplish retirement of all obligations, except the Notes, for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered.

Section 7.10. Operating Budget. The Issuer shall annually, at least forty-five (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 ten percent (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 Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, 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 Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other

charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.14. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and 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 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. WORKMEN'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 Nicholas County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, 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 Resolution, and the Indenture, 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 and in the Indenture.

Except as provided in the Indenture, 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 Trustee, 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 Trustee 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.

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 Bonds or Notes as the case may be:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond or Note, as the case may be;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds or Notes, as the case may be, in this Resolution, any Supplemental Resolution, the Indenture or in the Bonds or Notes, as the case may be, contained, and such default shall have continued for a period of thirty (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 Bond or Note, as the case may be; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder 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 the Holders of the Bonds including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, (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 Holders 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 the Holders of the Bonds.

Section 9.03. Appointment of Receiver. Any Holder 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 Holder 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 Resolution 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 Resolution 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 Resolution 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 Holder 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 Holders 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 Holders of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds or Notes, as the case may be, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Resolution, then the respective pledges of Net Revenues, Bond proceeds and Grant Receipts, and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to Holders of the Bonds or Notes, as the case may be, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or Notes, as the case may be, 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 respective principal of and interest on such Bonds or Notes, as the case may be, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds or Notes, as the case may be, 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 Trustee, 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 Trustee, as the case may be, at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on said Bonds or Notes, as the case may be, on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission or the Trustee, 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 respective principal of and interest on said Bonds or Notes, as the case may be; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or the Trustee, 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 or Notes, as the case may be,

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 Trustee, 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 XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution.

No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Bondholders or Noteholders shall be made without the consent in writing of the Holders of sixty-six and two-thirds percent (66-2/3%) or more in principal amount of the Bonds or Notes respectively, then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes 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 Holder thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract.

The provisions of the Resolution shall constitute a contract between the Issuer and the Holders of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 11.03. Separability 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 Indenture, the Bonds or the Notes.

Section 11.04. Headings, Etc.

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

Section 11.05. Amendments.

The Issuer hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the Notes or Bonds to be issued in such form as to render the interest thereon exempt from federal income taxation.

Section 11.06. Conflicting Provisions Repealed.

All resolutions and all orders or parts thereof in conflict with the

provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and passage 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 Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

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

(b) the respective maximum interest rates and terms of the Bonds and the Notes 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 Issuer which will be served by the Project to sign indicating their opposition to the Issuer's borrowing money or issuing the Bonds or the Notes originally authorized hereby, as the case may be. The Secretary of the Board shall cause such form to be provided to said county clerk.

The Secretary of the Board shall have also caused to be posted in conspicuous places throughout that portion of the District which will be served by the Project signs measuring not less than eight and one-half (8 1/2) inches in width and eleven (11) inches in

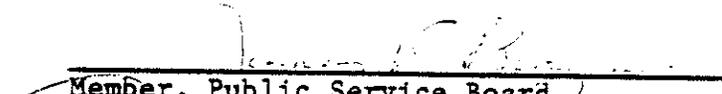
length which include the same information as required in the Class II legal advertisement set forth above.

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

Adopted this 16th day of August, 1983.



Chairman, Public Service Board



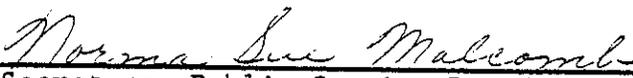
Member, Public Service Board



Member, Public Service Board

Certified a true copy of an Resolution duly enacted by the Public Service Board of the Craigsville Public Service District on this 16th day of August, 1983.

[SEAL]



Secretary, Public Service Board

08/16/83
CRAIG2-B

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 of and 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% | 9,203.00 | 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]

Margaret 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

3

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



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WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public service district created and existing under Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, and a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency").

W I T N E S S E T H:

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve such a water development project and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by such Governmental Agency and, pending the issuance of such revenue bonds, by bond anticipation notes or other short-term indebtedness issued by such Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for Loan with attachments and exhibits, dated August 8, 1983 (as revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, upon review of the Application, the Authority issued the Governmental Agency a letter, dated August 12, 1983 (the "Commitment Letter"), agreeing to lend the Governmental Agency an amount not to exceed \$765,000 through the purchase of revenue bonds of the Governmental Agency with proceeds of the next issue of revenue bonds by the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program");

WHEREAS, based in part upon the Commitment Letter, the Governmental Agency has issued bond anticipation notes or other short-term indebtedness, which is outstanding as of the date hereof and is anticipated to be paid in whole or in part from the net proceeds of such revenue bonds to be purchased by the Authority;

WHEREAS, the Authority intends to issue West Virginia Water Development Authority Water Development Refunding and Improvement Revenue Bonds (Loan Program), 1985 Series A (the "1985 Series A Bonds"), in accordance with the provisions of the Act and a general resolution to be adopted by the Authority (the "General Resolution") and to be supplemented by a series resolution authorizing the 1985 Series A Bonds;

WHEREAS, pursuant to the Program, the Authority intends to use the proceeds of the 1985 Series A Bonds to purchase the revenue bonds of certain municipalities and public service districts, including the Governmental Agency, which comply with the requirements established by the Authority, subject, however, to the ability of the Authority to sell the 1985 Series A Bonds and to the extent of the availability of the proceeds of such 1985 Series A Bonds; and

WHEREAS, the Authority has made all findings required by Section 5 of the Act with respect to the Project and is willing to make said loan to the Governmental Agency, subject to the terms and provisions hereinafter contained;

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project" and

"water facility" have the definitions and meanings ascribed to them in the Act.

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

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

1.4 "Governmental Agency Bonds" means, collectively, the Local Bonds and any Supplemental Bonds, both as hereinafter defined.

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 Governmental Agency 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 with a portion of the proceeds of its 1985 Series-A Bonds, all in accordance with the provisions of this Loan Agreement.

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

1.9 "Notes" means the bond anticipation notes or other short-term indebtedness issued by the Governmental Agency for the purpose of financing a portion of the cost of the Project, all or a portion of which is to be paid from the proceeds of the WDA Loans, as hereinafter defined.

1.10 "Project" means the water development project hereinabove referred to, constructed or being constructed by the Governmental Agency with, among other funds, the net proceeds of the Notes.

1.11 "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.

1.12 "Supplemental Bonds" means the revenue bonds, if any, to be issued by the Governmental Agency pursuant to the provisions of the Local Statute to evidence the Supplemental

Loan, as hereinafter defined, and to be purchased by the Authority with funds other than the proceeds of its 1985 Series A Bonds, all in accordance with the provisions of this Loan Agreement.

1.13 "Supplemental Loan" means the loan, if any, to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds to effect an aggregate cost to the Governmental Agency of borrowing from the Authority lower than the cost of the Loan.

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

1.15 "WDA Loans" means, collectively, the Loan and any Supplemental Loan.

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with the water quality standards established by the West Virginia Department of Natural Resources and EPA. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to WDA Loans; Issuance of Governmental Agency Bonds

3.1 The agreement of the Authority to make the WDA Loans is subject to the Authority's issuing and delivering the 1985 Series A Bonds and subject to the requirements of Section

3.4 hereof and to the fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Governmental Agency Bonds, which shall be the date designated at the end of this Loan Agreement as the "Date of WDA Loans Closing"; provided that, if such Governmental Agency Bonds are not delivered on the Date of WDA Loans Closing so designated, the Authority may use such moneys allocated for the purchase of the Governmental Agency Bonds for the purchase of revenue bonds of other governmental agencies in accordance with Section 3.5 hereof. Said conditions precedent are as follows:

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Governmental Agency Bonds described in Section 3.2 hereof;

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

(d) The Project shall have been or shall be constructed in accordance with the plans, specifications and designs prepared therefor by the Consulting Engineers and as described in the Application, and the Authority shall have received a certificate of the Consulting Engineer to such effect;

(e) 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, including permits from the EPA and the West Virginia Department of Natural Resources, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Governmental Agency Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

(h) The net proceeds of the Governmental Agency Bonds, together with all moneys on deposit and irrevocably pledged thereto, the proceeds of grants irrevocably committed therefor and the net proceeds of any obligations subordinate, junior and inferior as to lien and source of and security for payment to the Governmental Agency Bonds, issued therefor simultaneously with or prior to the issuance of the Governmental Agency Bonds, shall be sufficient to pay in full the Notes at or prior to the maturity thereof and to pay in full any remaining costs of the Project as the same become due, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and the rules, regulations and procedures promulgated from time to time by EPA, it is hereby agreed that the Authority shall make the WDA Loans to the Governmental Agency and the Governmental Agency shall accept the WDA Loans 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 WDA Loans by purchasing the Governmental Agency Bonds in the respective principal amounts set forth in Schedule X hereto. The aggregate principal amount of the Governmental Agency Bonds shall not exceed the amount set forth in the Commitment Letter, rounded upward if necessary to an integral multiple of \$5,000. The Local Bonds will be purchased by the Authority at the price set forth in Schedule X hereto, and any Supplemental Bonds will be purchased by the Authority at a price equal to one hundred percent (100%) of the principal amount thereof. The Governmental Agency Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Governmental Agency hereby covenants and agrees to adopt any necessary amendments or supplements to its Local Act, to obtain any additional governmental approvals and to take any other actions that may be required by the issuance of any Supplemental Bonds.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the sale and the availability of proceeds of the 1985 Series A Bonds at the time the Governmental Agency has fulfilled all of the terms and conditions of this Loan Agreement and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the 1985 Series A Bonds.

3.6 In the event the Governmental Agency Bonds are not delivered to the Authority on the designated Date of WDA Loans Closing but, at the sole option of the Authority, as described in said Section 3.1, are delivered to the Authority subsequent to such date, and the earnings on that portion of the proceeds of the 1985 Series A Bonds issued to purchase the Local Bonds are not sufficient to pay the interest accruing on said portion of the 1985 Series A Bonds between such designated Date of WDA Loans Closing and such date of actual delivery, the Governmental Agency agrees to issue additional bonds, in principal amount equal to such deficiency (as determined by the Authority), and to sell such additional bonds to the Authority and assign the proceeds thereof to the Authority, which shall use such proceeds to reimburse itself for such deficiency.

ARTICLE IV

Governmental Agency Bonds; Security for WDA Loans;
Repayment of WDA Loans; Interest on WDA Loans;
Fees and Charges

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X hereto, and beginning seven (7) months prior to the first date of payment of

interest on the Local Bonds from revenues and thirteen (13) months prior to the first day of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if a reserve account for the payment of debt service on the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement"), by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) to provide debt service on any Supplemental Bonds in substantially the same manner as set forth in Paragraph (ii), above, with respect to the Local Bonds, including establishing or maintaining, as the case may be, a reserve account;

(v) to provide debt service on and requisite reserves for any additional bonds issued to the Authority pursuant to Section 6.4 hereof; and

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

The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Governmental Agency Bonds shall be secured by the net revenues from the System;

(ii) That any Supplemental Bonds shall be subordinate to the Local Bonds as to lien and source of payment;

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

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

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

(vi) 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 financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional

parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

(x) 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;

(xi) That it will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid;

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

(xiii) That the Governmental Agency 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 shall include a statement that the Governmental Agency is in compliance with the

terms and provisions of the Local Act and this Loan Agreement;

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

(xv) 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;

(xvi) That, except to the extent used to refund the Notes, the proceeds of the Governmental Agency Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Governmental Agency Bonds shall have a lien until such proceeds are applied to the construction of the Project; and

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

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

4.2 The WDA Loans shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of all the fees, charges and other revenues of the Governmental Agency from the System remaining after the payment of Operating Expenses and as otherwise provided in the Local Act, subject only to such reservations and exceptions as are described in Schedule X hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the WDA Loans shall be repaid by the Governmental Agency annually on the day and in the years

provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. The Supplemental Loan shall bear no interest. 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 Governmental Agency Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the trustee and paying agents for the 1985 Series A Bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the registered owner of any of the Governmental Agency Bonds outstanding, the Governmental Agency shall not redeem such Governmental Agency Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the 1985 Series A Bonds and the redemption premium payable on the 1985 Series A Bonds redeemable as a consequence of such redemption of Local Bonds, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding its 1985 Series A Bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions

and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the WDA Loans, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(iii) 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 Governmental Agency Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act.

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

MAR 23 1985

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

6.3 The Governmental Agency hereby covenants that, to the extent the proceeds of the Governmental Agency Bonds are used to refund Notes, no investment of the proceeds of the Governmental Agency Bonds shall be made that would cause either all or a portion of the Governmental Agency Bonds or the 1985 Series A Bonds to be considered "arbitrage bonds" under the Internal Revenue Code of 1954, as amended, or the United States Treasury Regulations promulgated pursuant thereto, and the Governmental Agency shall deliver to the Authority a certificate of an official responsible for the issuance of the Governmental Agency Bonds and an opinion of bond counsel to such effect.

6.4 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to satisfy the obligation of the Governmental Agency described in Section 3.6, above, or to evidence the Governmental Agency's obligation to repay to the Authority any hardship grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority, and the Governmental Agency may issue and sell to the Authority additional, subordinate bonds to fund the Reserve Account or to provide additional funds to the Governmental Agency for completion of construction of the Project. The principal amount of any such additional bonds shall be considered in addition to the maximum principal amount described in Section 3.2, above.

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

ARTICLE VII

Miscellaneous

7.1 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act.

7.2 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.

7.3 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.

7.4 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.

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

7.6 The 1985 Series A Bonds constitute the next issue of revenue bonds by the Authority contemplated by the Commitment Letter. Accordingly, if the Governmental Agency does not execute this Loan Agreement and return it to the Authority by the date designated below, any obligations of the Authority under the Commitment Letter shall terminate, and the Authority shall have no further obligations to the Governmental Agency.

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) at the option of the Authority, failure by the Governmental Agency to deliver the Governmental Agency Bonds to the Authority on the Date of WDA Loan Closings designated below;

(ii) termination by the Authority pursuant to Section 6.5 hereof; or

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

Notwithstanding the foregoing, the Governmental Agency may terminate this Loan Agreement by written notice to the Authority within one week after receipt by the Governmental Agency of Schedule X hereto if the interest rate on the Governmental Agency Bonds exceeds ten percent (10%) per annum or the discount on the Governmental Agency Bonds exceeds five percent (5%) (in both cases, calculated as if the Governmental Agency Bonds constituted one issue).

REQUIRED DATE OF RETURN TO AUTHORITY: March 29, 1985

DATE OF WDA LOANS CLOSING (must be the business day on which the Governmental Agency is required to issue its revenue bonds pursuant to the terms of the resolution authorizing the Notes or, if there is no such specific requirement, one business day prior to the scheduled maturity of the Notes or the earlier redemption date thereof if the Notes are in fact called for redemption, but not later than 27 months from the date the 1985 Series A Bonds are delivered to the original purchasers thereof): September 1, 1985 *

*This date may be inserted after March 29, 1985, but prior to April 11, 1985; provided, that the Governmental Agency must still return this Loan Agreement by March 29, 1985, and will be nevertheless bound by it and that, if the Governmental Agency is required to issue its revenue bonds on or prior to a certain date, such certain date shall be considered the day on which such issuance is required.

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

CRAIGSVILLE PUBLIC SERVICE
DISTRICT

(SEAL)

By *James S. Davis*
Chairman, Public Service
Board

Attest:

Date: *Feb 10, 1986*

Norma Sue Malcomb
Secretary, Public Service
Board

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By *Idema N. Henry*
Director

Attest:

Date: *Feb 18, 1986*

Daniel B. Zerk
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of WDA Loans Closing]

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

Gentlemen:

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

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

| <u>Year</u> | <u>Installment</u> | <u>Interest Rate</u> |
|-------------|--------------------|----------------------|
|-------------|--------------------|----------------------|

The series of Governmental Agency Bonds described in the Loan Agreement as the Supplemental Bonds is in the principal amount of \$_____, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on _____ 1 in each of the years, as follows:

Year

Installment

The Governmental Agency Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Governmental Agency Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Governmental Agency Bonds have been authorized by a bond resolution (the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Governmental Agency 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 obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

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

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

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

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

7. The Governmental Agency Bonds are, by statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

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

We have examined executed Local Bond numbered R-1 and Supplemental Bond numbered S-1, and in our opinion the form of said bonds and their execution are regular and proper.

Very truly yours,

SCHEDULE X

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Description of Governmental Agency Bonds

| | |
|---------------------------------|-----------------|
| Principal Amount of Local Bonds | \$650,000 |
| Purchase Price of Local Bonds | \$650,000 (par) |

No Supplemental Bonds are to be issued.

Interest on Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9.75% per annum. Principal of Local Bonds is payable on October 1 in each year as set forth on Exhibit A hereof.

Principal Amount of outstanding prior or parity indebtedness as of May 22, 1985: \$-0-

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 12, 1983

CASE NO. 83-256-S-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT,
a public utility. Craigsville,
Nicholas County.

Application for a certificate of convenience
and necessity to construct and operate a
sewerage system in Craigsville and vicinity,
Nicholas County, and for approval of rates,
charges and financing.

HEARING EXAMINER'S DECISION

PROCEDURE

On June 2, 1983, Craigsville Public Service District, a public utility,
Nicholas County, filed an application for a certificate of convenience and
necessity to construct and operate a sewerage system in Craigsville, and
vicinity, Nicholas County, for approval of financing, and for approval of
the following rates and charges:

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial
service.

RATE

Flat Rate

Residential Service

NONE

Meter Rates - (Based on the metered amount of water supplied)

Commercial and Industrial Service

| | | |
|-------|------------------------------|--------------------------|
| First | 3,000 gallons used per month | \$5.00 per 1,000 gallons |
| Next | 3,000 gallons used per month | \$4.00 per 1,000 gallons |
| Next | 4,000 gallons used per month | \$3.00 per 1,000 gallons |

Next 10,000 gallons used per month \$2.00 per 1,000 gallons
All Over 20,000 gallons used per month \$1.00 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$15.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) penalty will be added to the net amount shown.

SERVICE CONNECTION FEE

For connection to sewer main, with connection to be made by the District - \$200.00

By order of the Commission dated June 27, 1983, it was ordered that the matter be set for hearing on July 27, 1983, to be held in the Nicholas County Courthouse, Summersville, Nicholas County. The Applicant was required to give notice of the time and place of said hearing by publishing a copy of the order in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Nicholas County, once a week for two (2) successive weeks between the date of said order and July 27, 1983. Notice was published as required.

The hearing was held as scheduled on July 27, 1983, and the Applicant appeared by T. D. Kauffelt, its attorney. The Commission's Staff was represented by Mark Thessin, Esq., Legal Division; Donna Andrews, Finance and Special Studies Division; and David Hippchen, Division of Engineering. The Town of Camden On Gauley appeared as an intervenor, represented by Michael C. Farber, Esq. At the conclusion of the hearing, counsel for the Applicant was granted leave to file a proposed order and counsel for the intervenor was granted leave to file a memorandum and/or brief within 14 days as of the date of the hearing, and the case was submitted for decision. The Applicant submitted its proposed order on August 11, 1983. The Intervenor did not submit a memorandum and/or brief.

DISCUSSION OF THE EVIDENCE
INCLUDING FINDINGS OF FACT

The Applicant presented three witnesses in this proceeding relating to the need for the service proposed to be rendered. Mr. William Bradford of the State Health Department testified to the health hazards involved in maintaining the septic tank operation generally prevailing in the area and the failure of the soil to keep the sewage from the surface and out of the drainage ditches and streams in the area. (Tr., pp. 11-15). Mr. Paul Mullins, the District Conservationist, for the U.S. Department of Agriculture Soil Conservation Service in charge of Nicholas and Webster County operations, stated that the soil conditions in the area are rated severe, meaning generally that the soil is not good for septic tank operations, and that he had on a number of occasions noticed sewage seeping from the soil. (Tr., pp. 19-22).

Mr. Chester Richmond, Chairman of the Craigsville Public Service District, and a longtime resident of the area, testified as to the need for the project related to sewage leaking from septic tanks and the recognition by the people in the area generally that there was a health hazard in not having a sanitary sewerage system. (Tr., pp. 37-41).

Mr. Eugene Tuckwiller, a highway engineer for the State Department of Highways, testified that he received reports from those working in the Craigsville area regarding sewage flowing in the highway ditches and regarding problems created by such sewage leaks. No evidence was presented to dispute the need for a sewerage system in Craigsville and vicinity. (Tr., pp. 29-32).

Mr. Wayne Morgan, a registered professional engineer of the firm of Milam-BCM Engineering, Incorporated, testified that his organization had designed plans and specifications for a sewerage treatment plant and for

collection lines to deliver the sewage into said plant from the Craigsville area. He indicated that if the facilities were constructed in accordance with the plans and specifications, the pollution problem in the area would be eliminated. He indicated that the approval of these plans and specifications had been obtained from the various agencies of government and copies of the necessary permits were furnished for the record. (Tr., pp. 80-84 & 87-89 and Applicant's Ex. B).

Mr. Morgan emphatically testified that the proposed site for the treatment facility at Allingdale, located on the Nicholas/Webster Counties' border, was the best available site for the project. He further indicated that the plant would be capable of expansion to handle other potential service areas if it becomes financially feasible to install lines and lift stations to deliver the sewage to the treatment facility. (Tr., pp. 84-88).

Mr. Morgan indicated that the total project cost would be \$7,821,775 and that the proposed funding is as follows:

| | |
|---------------------------------------|---------------------------|
| Total Project Cost | <u>\$7,821,775</u> |
| Proposed Funding: | |
| EPA Estimated Eligible Portion | \$5,078,375 |
| Partnership Supplemental Grant | 250,000 |
| Nicholas County Commission | 88,000 |
| WDA Grant | 1,000,000 |
| ARC Grant | 392,844 |
| Small Cities Block Grant | 107,156 |
| Tap Fees | 140,400 |
| Proceeds Required From Sales of Bonds | <u>765,000</u> |
| TOTAL PROPOSED FUNDING | <u>\$7,821,775</u> |
| Annual Debt Service: | <u>\$ 78,279</u> |
| Coverage Requirement 130% | <u>\$ 23,484</u> |

(Tr., pp. 90-91 and Applicant's Ex. C).

Mr. Morgan testified that all of the grants set out above are available for this project. (Tr., pp. 89-90). He indicated that time for accepting bids would be up on August 16, 1983. (Tr., pp. 91).

Mr. Stanley Adkins, Certified Public Accountant, testified to the Rule 42 Exhibit, his exhibit disclosed that the rates set out above were designed to produce \$183,216 per year which was the amount required, for the expected 709 customers, to pay the \$80,000 estimated operating cost of the facilities plus the debt service requirements of \$101,763 leaving a surplus of \$1,453. Mr. Adkins indicated that he had obtained the estimate of operating expenses from the engineering company, more specifically Mr. Morgan, and that based on those estimates the rates would produce the revenue necessary to operate the plant and pay the amount required to retire the bond issue. (Tr., pp. 173-182 and Applicant's Ex. C).

Mr. Adkins also showed that for principle and interest \$78,279 per year was needed, which would, with a coverage of 130%, retire the proposed \$765,000 bond issue, at 10%. He further indicated that in order to pay costs during construction, bond anticipation notes and grant anticipation notes in the amount of \$5,500,000 at an interest not to exceed 12%, with maturities not to exceed 36 months, was necessary to make the project feasible. (Tr., pp. 180-182).

Counsel for intervenor, the Town of Camden On Gauley, did not question the need for the proposed sewerage service, as outlined above or the general engineering or financing of the project. The intervenor's position related to the location of the plant site at Allingdale. Intervenor contended:

1. That the sewerage plant could not be located on the tract purchased by the Applicant at Allingdale because the parcel was partly in Webster County.

2. That no appraisal of the property had been made before the purchase of the Allingdale tract as required by the federal government in projects in which it is participating.

3. That the treatment plant should be located on the Dodson property, across and down river from the treatment site at Allingdale.

In regard to the first objection that the treatment site is located partly in Webster County, an examination of West Virginia Code §16-13A-8, as amended at the 1981 legislature, resolves this issue. This section reads, in part, as follows:

"The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district:

Provided, that if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders or any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in

accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations. . . ."

The above quoted language makes it clear that the property may be owned by the District inside or outside the district and within ten miles of its boundaries without restriction. It should also be noted that the legislature was not hesitant to indicate in which political subdivision property should not be located, and then placed no restriction on the facilities being outside the county. It would not be logical to prevent this by the magic of some county boundary so that a public service district could not leave the county to purchase water, or take its sewage for treatment out to a municipality located outside of the county, or build its gas lines to reach a gas supply outside the county for serving those within the district. It is not clear perhaps that the district is entitled to serve customers outside of but within ten miles of the district. However, that is not at issue in this case.

As to the second issue raised by intervenor, it should be noted that, as the record in this proceeding stands at this time, there was an appraisal by a real estate expert to the value of the Allingdale site before it was purchased by the District. Funds for the purchase were furnished by the County Court of Nicholas County. As the record now stands, there was an appraisal and the property was purchased for less than the appraised value. As the question does not involve the need for this project or the rates to be charged to the customers to be served, a technical violation of a federal regulation even if established would not be a reason to deny the certificate and approve the rates, particularly in light of the imminent health hazards that exist in the area that should be corrected at the earliest possible moment. If the federal government wishes to take a position regarding the

appraisal of this property, they are certainly entitled to do so; but it does not appear to be a matter for this proceeding.

Regarding the third issue raised by the intervenor, the location of the treatment plant site at Allingdale rather than on the Dodson property across the Gauley River from that point, Mr. Wayne Morgan, the engineer, indicated that he selected the Allingdale site for its accessibility, as heavy equipment was needed to be brought in for construction and for maintenance thereafter. Mr. Morgan indicated, upon questioning by counsel for intervenor, that there was no question in his mind that the Allingdale site was the proper site for this plant. The intervenor presented no evidence of comparable quality to question the use of the proposed site or to establish the superiority of the Dodson site. When considering the question of access, counsel for the intervenor indicated that there were three ways that access could be had to the Dodson site. The first was over a bridge and through Mr. Dodson's other property. The weight limits on the bridge, however, would not permit any heavy equipment to cross it. The second way would be to go to Richwood and back through some property of the National Forest. perhaps a distance of twenty-five to thirty miles. The third way was to bring equipment in on the railroad that is located on or near the Dodson property. These three limited methods of access make the use of the Dodson property for the proposed project clearly inferior to the use of a site located on a first-class highway, with no limitations on its use. It is obvious that Mr. Morgan's selection of the Allingdale site was correct. Moreover, this Commission should inject itself into such a matter only on the clearest evidence that a District was making a mistake that would be costly to its customers. That is certainly not the case here and this record does not justify any action by the Commission.

The Staff of the Commission had no objection to the engineering of the project or to the methods of financing the project. An accounting witness, Ms. Donna Andrews, testified that they wish to revise the rate schedule slightly, although the revenue to be produced thereby would not change, and the witness on behalf of the District indicated that there was no objection to the revision suggested.

CONCLUSIONS OF LAW

The Examiner is of the opinion and finds that:

1. Public convenience and necessity require the granting of the application for a certificate of public convenience and necessity to construct facilities applied for in this case, and as more fully described in the plans and specifications on file with this Commission.
2. The financing arrangements, both as to the permanent and construction financing, outlined above, should be approved.
3. The rates and charges applied for by the Applicant, as amended by the recommendation of the Staff witness, should be approved.
4. Questions regarding the plant site at Allingdale, raised by the intervenor, present no basis for Commission action to change that location or affect it in any way.

ORDER

IT IS, THEREFORE, ORDERED that:

1. The application filed herein by Craigsville Public Service District, requesting a certificate of convenience and necessity to operate and construct a sewerage system at Craigsville and vicinity, Nicholas County, be, and the same hereby is, granted as applied for.

2. The financing arrangements for obtaining the revenue to finance this project consisting of grants and the issuing of revenue bonds as set forth above is hereby approved.

3. The interim financing arrangement for the issuance of bond anticipation notes and grant anticipation notes in the amount of \$5,500,000 at an interest rate not to exceed 12%, with a maturity of not over 36 months, is approved.

4. The rates and charges contained in Appendix A, attached hereto, are hereby approved and authorized for sewage service to be rendered by the Applicant when said system is complete and available for service.

5. The Applicant shall file a tariff within sixty (60) days with this Commission, setting forth the rules and regulations, the rates and charges, and other tariff provisions herein above authorized.

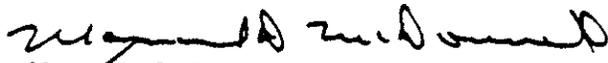
The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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 a Hearing Examiner'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 Hearing Examiner's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Maynard D. McDonnell
Hearing Examiner

APPENDIX A

CRAIGSVILLE PUBLIC SERVICE DISTRICT
CASE NO. 83-256-S-CN

APPROVED RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

METER RATES (Based on the metered amount of water supplied)

ALL CUSTOMERS

| | | |
|-------|------------------------------|--------------------------|
| First | 3,000 gallons used per month | \$5.00 per 1,000 gallons |
| Next | 3,000 gallons used per month | \$4.00 per 1,000 gallons |
| Next | 4,000 gallons used per month | \$3.00 per 1,000 gallons |

All over 10,000 gallons used per month \$1.51 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$15.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

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

SERVICE CONNECTION FEE

For connection to sewer main, with connection to be made by the District - \$200.00.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: December 16, 1985

CASE NO. 85-486-S-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate
of convenience and necessity
to provide sewer service to
Beaver area of Nicholas County
and for approval of financing.

On August 19, 1985, Craigsville Public Service District ("Craigsville" or "Applicant") filed an application for amendment of its certificate of convenience and necessity authorizing service in the Beaver area of Nicholas County, West Virginia, and for approval of the construction of facilities necessary to serve the Beaver area and for approval of financing. The Applicant submitted the plans and specifications for the proposed extension to the Engineering Division of the Public Service Commission. The Applicant also filed a Rule 42 Exhibit and certification of posting and publication pursuant to West Virginia Code §16-13A-25.

Craigsville proposes to extend its collector sewer lines to serve ninety-nine (99) additional residential customers and the Beaver Grade School, all located in the Beaver area of Nicholas County. These customers were originally included in Craigsville's initial construction project. However, when the anticipated financing did not materialize, this collector line was eliminated from the project. The remaining collector lines and a sewage treatment plant were constructed following the

Commission's approval of Craigsville's application for a certificate of convenience and necessity in Case No. 83-256-S-CN. (Craigsville Application).

Craigsville presented its application to the Commission as an amendment to the certificate of convenience and necessity granted in Case No. 83-256-S-CN. Therefore, all project costs and funding sources presented by the Applicant represent the summation of the initial and amended construction project in the Beaver area. The Applicant estimates its project costs as follows:

| | |
|------------------------|--------------|
| WDA Loan Repayment | \$ 73,275 |
| Sewer Easements | 10,000 |
| Construction Costs | 7,080,167 |
| Engineering | 1,186,800 |
| Legal | 60,000 |
| Administrative | 120,500 |
| Capitalized Interest | 45,000 |
| Equipment and Supplies | 10,000 |
| Contingency | 498,633 |
| TOTAL | \$ 9,084,375 |

Craigsville represents that its funding sources, in the aggregate, will be as follows:

| | |
|--------------------------------------|--------------|
| EPA Estimated Eligible Portion | \$ 5,846,775 |
| Partnership Supplemental Grant | 250,000 |
| Nicholas County Commission | 348,000 |
| WDA Grant | 1,000,000 |
| ARC Grant | 337,585 |
| Small Cities Block Grant | 162,415 |
| User Fee (810 x \$200 x 80%) | 129,600 |
| Proceeds Required From Sale of Bonds | 1,010,000 |
| TOTAL PROPOSED FUNDING | \$ 9,084,375 |

Craigsville represents that the Environmental Protection Agency Grant has been increased by \$783,000 in order to construct the Beaver area collector line. Craigsville intends to charge the Beaver area customers the rate currently being charged to all Craigsville customers.

According to the Commission's policy, this application for a certificate of convenience and necessity was circulated among the Commission's

Operating Divisions. By Memorandum dated August 23, 1985, Utilities Financial Analyst, Danny Ellis of the Commission's Finance and Special Studies Division, reviewed the construction history of Craigsville and requested additional information. By Memorandum dated September 3, 1985, David A. Hippchen of the Commission's Engineering Division, indicated that bids will be received on September 17, 1985 and that he will make subsequent recommendations. By Memorandum dated September 11, 1985, Staff Attorney, Daniel L. Frutchey of the Commission's Legal Division, indicated that the Commission's Staff would meet with Craigsville following the receipt of bids on September 17, 1985.

On November 5, 1985, the Applicant supplied specific billing information requested by Mr. Ellis.

On November 25, 1985, the Commission received the final recommendations of Mr. Hippchen. Mr. Hippchen recommended that the Commission waive a hearing and grant this application for a certificate of convenience and necessity. Mr. Hippchen summarized the project costs for the Beaver extension as follows:

| | | |
|--------------------------|----|--------------------|
| WDA Loan Repayment | \$ | 0 |
| Construction | | 858,000 |
| Electrical Power Service | | 5,000 |
| Engineering Fees | | 233,800 |
| Administrative Fees | | 40,000 |
| Legal Fees | | 20,000 |
| Land and Rights | | 10,000 |
| Capitalized Interest | | 20,000 |
| Equipment | | 0 |
| Contingency | | 60,200 |
| TOTAL PROJECT COSTS | | <u>\$1,247,000</u> |

Mr. Hippchen also reviewed the operating and maintenance expenses and found them to be reasonable based on the Engineering estimates. Mr.

Hippchen summarized the operating and maintenance expenses as follows:

| | | |
|--|----|---------------|
| Collection System | \$ | 1,500 |
| Pumping System | | 3,500 |
| Treatment and Disposal | | 5,000 |
| Billing and Collecting | | 350 |
| Administrative and General | | 1,650 |
| TOTAL OPERATING AND MAINTENANCE EXPENSES | \$ | <u>12,000</u> |

Mr. Hippchen reports that Craigsville received favorable bids on September 17, 1985, and that those bids will expire on December 17, 1985. The current low bids are approximately \$14,000 less than the estimated construction cost. Mr. Hippchen notes that Craigsville has been named as Defendant in several formal and informal complaints, but indicates that these complaints do not relate to this project. In summary, Mr. Hippchen "strongly urge(s) the Commission to approve the application without a formal hearing in the interest of proceeding with these low bids." (Memorandum of David A. Hippchen, P.E., November 25, 1985).

On December 10, 1985, the Commission received a Memorandum from Danny Ellis recommending approval of the application for a certificate of convenience and necessity without a hearing subject to the receipt of verification of proper notification and absence of customer protests. Mr. Ellis reviewed the project cash flow for its reasonableness. He also reviewed the \$12,000 operation and maintenance expenses attributable to the Beaver extension and found that estimate to be reasonable.

Mr. Ellis indicates that Craigsville will borrow \$651,515 from the Water Development Authority at a 9.75% interest rate for a term of 38 years. Since the District will prefund its Reserve Account, the debt coverage is reduced from 115% to 110%. In addition, Craigsville must fund its Renewal and Replacement Reserve in an amount equal to 2.5% of the gross operating revenues. This Renewal and Replacement Reserve in both

places is a discretionary fund and may be used for capital improvements, extensions or other purposes.

Mr. Ellis explains that 153% coverage reflected in the cash flow analysis might indicate the need to reduce rates under normal circumstances. However, Mr. Ellis notes that the historical information on Craigsville's operation and maintenance expenses reflect the initial months of operation and are limited. Further, Mr. Ellis states that funds would be available to address a financial need arising from the resolution of the pending complaint cases. Therefore, Mr. Ellis recommends that the currently approved tariff rates should be maintained and applied to the Beaver extension. However, he recommends that this certificate case be reopened upon completion of the Beaver extension to confirm the customer account in annual revenue projections as well as the level of operation and maintenance expenses.

Mr. Ellis also urges that this application for a certificate of convenience and necessity be approved in time for Craigsville to award bids based on the favorable low bid received.

On December 11, 1985, the Commission received a final Memorandum from Mr. Frutchey. Primarily, Mr. Frutchey addresses the issue of whether or not failure to publish pursuant to West Virginia Code §24-2-11 constitutes a fatal flaw in terms of Craigsville's ability to award the favorable low bids on or before December 16, 1985. As discussed, the District has effectuated proper publication pursuant to West Virginia Code §16-13A-25. In response to that publication, no registered voters signed the available forms in opposition to the financing of the project. Mr. Frutchey states "I am convinced that even if notice had been given under West Virginia Code §24-2-11 little or no protests would have been received from

customers to be served by the Beaver extension. For this reason, Mr. Frutchey recommends that this application be approved without a hearing. As an alternative, Mr. Frutchey suggests a conditional granting of the certificate application, provided Craigsville submits publication notice pursuant to West Virginia Code §24-2-11. Finally, Mr. Frutchey indicates that the Water Resources Construction Grants Branch of the Department of Natural Resources has informed him that such a conditional order would not prevent the District from accepting the favorable low bids.

On December 11, 1985, the Commission received a Memorandum from R. L. Skiles, Jr., P.E., of the Commission's Division of Engineering. Mr. Skiles discusses the nexus between this certificate application and several formal and informal complaints. In so doing, he has attached a letter from the Department of Natural Resources indicating that Craigsville's Waste Water Treatment Facility has been designed and constructed in accordance with acceptable engineering practice and is structurally sound. Mr. Skiles recommends approval of this certificate application without formal hearing.

On December 11, 1985, Counsel for the Applicant submitted a Proposed Final Order.

On December 13, 1985, Mr. Ellis submitted his final Memorandum in this proceeding. He informs that the sources of funds to finance the Beaver extension construction are as follows:

| | |
|----------------------------------|--------------------|
| EPA Grant | \$ 783,000 |
| Nicholas County Commission Grant | 160,000 |
| Tap Fees | 16,000 |
| WDA Grant | 125,000 |
| WDA Loan | 81,500 |
| Net System Operating Revenues | 81,500 |
| TOTAL FUNDS | <u>\$1,247,000</u> |

While the Environmental Protection Agency awarded additional monies to Craigsville in order to extend the collector lines to the Beaver area, the Water Development Authority Grant and Loan Funds are prorated amounts based on the total customers in the completed sewer system. Since WDA Funding is a function of the customer account, the 100 additional customers on the Beaver extension proportionately increases the WDA's financing. Mr. Ellis represents that as of September 30, 1985, Craigsville has accrued \$52,460 in net revenues. The remaining \$29,040 is to be earned through the remaining construction period. Craigsville also anticipates approximately \$68,807 in favorable arbitrage earnings. Mr. Ellis believes that this surplus estimate is reasonable and would be available for project funding should other sources of funding be deficient. He states "if the bottom line, though, is that it would appear that sufficient funding is available for both the Beaver extension and the balance of the overall project."

DISCUSSION

The Examiner finds that inasmuch as the Beaver extension was part of the original Craigsville application for a certificate of convenience and necessity, there is sufficient need to require Craigsville to extend its collector lines to serve the Beaver area. The Examiner finds that the residents of the Beaver area will be inconvenienced by the addition of public sewers in the area.

The Examiner has reviewed the financial and engineering recommendations of the Commission's Staff and finds them to be reasonable. However, the Examiner must at this time express two concerns. First, the Examiner shares the concern of Mr. Ellis that the project cash flow reflects a

coverage factor of 153%. However, the Examiner has reviewed the formal complaints on file with the Commission and finds it reasonable to assume that there may be additional financial expenditures as a result of the formal resolution in those proceedings. Therefore, the Examiner will retain the existing rates for all Craigsville customers.

The second area of concern was addressed by Mr. Frutchey in his final Memorandum. There is no question that Craigsville failed to publish as required by West Virginia Code §24-2-11. Code §24-2-11 requires a Class I Legal Advertisement giving formal notice of the filing of the application for a certificate of convenience and necessity in stating that a formal hearing may be waived in the absence of protest. The statute further provides that the Commission may waive formal hearing on the application if no protest is received within thirty (30) days after the notice is given. This statutory notice provision and subsequent opportunity to be heard represent fundamental due process considerations "and cannot be waived except as provided by statute."

However, the Examiner has reviewed the evidence submitted by the Applicant and the Commission's Staff in favor of granting this application for a certificate of convenience and necessity without formal hearing. The Examiner finds that this application warrants a conditional granting of the application for a certificate of convenience and necessity.

FINDINGS OF FACT

1. On August 19, 1985, Craigsville Public Service District filed an application for an amendment of its certificate of convenience and necessity authorizing service in the Beaver area of Nicholas County, West

Virginia, and for approval of the construction and facilities necessary to serve such area and for approval of the financing required.

2. Craigsville Public Service District plans to extend service to ninety-nine (99) residential customers and the Beaver Grade School.

3. The Commission's Staff estimates that the Beaver extension will cost approximately \$1,247,000.

4. The Commission's Staff finds that Craigsville Public Service District will have the following sources of funding available to it:

| | |
|---------------------------------------|------------------|
| Environmental Protection Agency Grant | \$ 783,000 |
| Nicholas County Commission Grant | 160,000 |
| Tap Fees | 16,000 |
| Prorated WDA Grant | 125,000 |
| Prorated WDA Grant | 81,500 |
| Net System Revenues | 81,500 |
| TOTAL FUNDING SOURCES | <u>1,247,000</u> |

5. Craigsville Public Service District proposes to continue to charge the current rates in effect for Craigsville's sewer customers.

6. Craigsville will utilize local interim financing containing an adequate line of credit at either the Cherry Run National Bank or Farmers and Merchants Bank, both located in Craigsville.

7. Craigsville made publication pursuant to West Virginia Code §16-13A-25.

8. Craigsville Public Service District made no attempt to publish pursuant to West Virginia Code §24-2-11.

9. Inasmuch as this Beaver extension was originally a part of the initial Craigsville Construction Project, the Applicant has demonstrated a need for collector lines in this area.

CONCLUSIONS OF LAW

1. The public convenience and necessity require that the Commission grant Craigsville Public Service District's application for a certificate of convenience and necessity to construct collector lines in order to provide sewer service to the Beaver area of Nicholas County.

2. The project, as proposed by the Applicant, will provide adequate service to the Community.

3. The committed permanent financing, as reflected in the discussion above, will provide adequate financing for the anticipated construction and related capital expenditures.

4. The application for a certificate of convenience and necessity should be approved as an economically feasible project.

5. The rates and charges proposed by the Craigsville Public Service District are just and reasonable, are not unduly discriminatory, and will provide revenues which are adequate but not more than adequate and serve to make the project economically feasible.

o. The Craigsville Public Service District failed to comply with the publication notice requirements of West Virginia Code §24-2-11 which require publication of a Class I Legal Advertisement to give public notice of the filing of the application and as a precondition to waiving the hearing requirement.

7. Although Craigsville Public Service District did not comply with the statutory public notice requirement contained in West Virginia Code §24-2-11, this application for a certificate of convenience and necessity warrants a conditional approval. This approval is to become final only if Craigsville publishes pursuant to West Virginia Code §24-2-11 and no substantial protests are received.

ORDER

IT IS, THEREFORE, ORDERED that the application of the Craigsville Public Service District for a certificate of convenience and necessity to construct collector lines in order to provide service to the Beaver area of Nicholas County be, and it hereby is granted provided Craigsville Public Service District fulfills the notice conditioned below.

IT IS FURTHER ORDERED that as a condition for the granting of this certificate of convenience and necessity, Craigsville Public Service District shall publish a Class I Legal Ad in accordance with West Virginia Code §24-2-11 and shall submit certification of this publication to the Commission.

IT IS FURTHER ORDERED that if no substantial protest is received by the Commission within thirty (30) days of the date of publication pursuant to West Virginia Code §24-2-11, the Hearing Examiner shall enter an order unconditionally granting this certificate. However, if substantial protest is received following publication, the Examiner shall set the matters herein for hearing.

IT IS FURTHER ORDERED that the proposed permanent financing for this project consisting of an Environmental Protection Agency Grant, a Nicholas County Commission Grant, Tap Fees, a Water Development Authority Grant, a Water Development Authority Loan, and Net System Revenues, be, and it hereby is, approved.

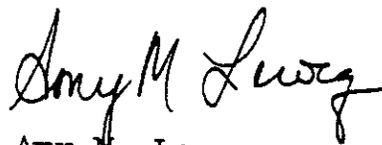
IT IS FURTHER ORDERED that the interim financing proposed by the Applicant consisting of a line of credit at one of two local banks be, and it hereby is, approved.

IT IS FURTHER ORDERED that the proposed rates, those being the rates currently in effect for Craigsville sewer customers be, and they hereby are, approved.

IT IS FURTHER ORDERED that 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 Certified Mail, return receipt requested.

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

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



Amy N. Lecocq
Hearing Examiner

AL:jas

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 28, 1986

CASE NO. 85-486-S-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT,
a public utility, Craigsville, Nicholas
County.

Application for a certificate of convenience
and necessity to provide sewer service to
Beaver area of Nicholas County and for
approval of financing.

FINAL ORDER

WHEREAS, by order entered on December 16, 1985, this Hearing Examiner conditionally approved the application of Craigsville Public Service District for a certificate of convenience and necessity to provide sewer service to the Beaver area of Nicholas County; and

WHEREAS, the order of December 16, 1985, required Craigsville Public Service District to give notice of the filing of said application by publishing a Class I legal advertisement in accordance with West Virginia Code Section 24-2-11, and to submit certification of said publication to the Commission following publication; and

WHEREAS, the order of December 16, 1985 further specified that if no substantial protests are received by the Commission within thirty (30) days of the date of publication, the Hearing Examiner shall enter an order unconditionally granting the certificate in question; and

WHEREAS, the affidavits of publication in this proceeding indicate that notice was published on December 25, 1985 in The Nicholas County News Leader, Richwood; and on December 26, 1985 in The Nicholas Chronicle, Inc., Summersville, Nicholas County; and

WHEREAS, no protests have been received.

IT IS, THEREFORE, ORDERED that the application of Craigsville Public Service District for a certificate of convenience and necessity to provide sewer service to Beaver area of Nicholas County, be, and the same hereby is, finally approved.

IT IS FURTHER ORDERED that Craigsville Public Service District, be, and it hereby is, required to file with the Commission a proper tariff containing rates and charges to be applied to customers in the Beaver area within twenty (20) days from the date hereof.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Commission Staff by hand delivery and upon Craigsville Public Service District by United States First Class Mail.

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

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


Amy M. Lecocq
Hearing Examiner

AML:hmc



CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned, EDGAR N. HENRY, Director of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and Karen Daniels, Chairman of the Public Service Board of Craigsville Public Service District (the "Governmental Agency"), hereby certify as follows:

1. On the 18th day of February, 1986, the Authority received the entire original issue of \$650,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A (the "Governmental Agency Bonds"), issued as a single Bond, numbered R-1, dated February 18, 1986, in the denomination of \$650,000.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by Karen Daniel, as Chairman of the Public Service Board of the Governmental Agency, by her manual signature, and by Norma Sue Malcomb, as Secretary of the Public Service Board of the Governmental Agency, by her manual signature, and the official seal of the Governmental Agency had been imprinted upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of the proceeds of the Bonds in the amount of \$650,000 (100% of par), there being no interest accrued thereon.

IN WITNESS WHEREOF, EDGAR N. HENRY duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and CRAIGSVILLE PUBLIC SERVICE DISTRICT has caused this receipt to be executed by the Chairman of its Public Service Board, as of this 18th day of February, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By


Its Director

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By


Chairman, Public Service Board

02/17/86
CRARF1-E

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Gentlemen:

There are delivered to you herewith:

- (1) Bond No. R-1, constituting the entire original issue of the Craigsville Public Service District Sewer Revenue Bonds, Series 1986 A, dated February 18, 1986, in the principal amount of \$650,000 (the "Governmental Agency Bonds") executed by the Chairman and Secretary of the Public Service Board of Craigsville Public Service District (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond and Notes Resolution, an Amendatory Bond Resolution and Supplemental Bond Resolution duly adopted by the Governmental Agency (collectively, the "Local Act");
- (2) A copy of the Local Act authorizing the above Governmental Agency Bond issue, duly certified by the Secretary of the Public Service Board of the Governmental Agency;
- (3) An executed counterpart of the Loan Agreement dated February 10, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (the "Loan agreement");
- (4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Governmental Agency Bonds.

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the account of the Governmental Agency of the sum of \$650,000, representing the agreed purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental

7

Agency Bonds to be authenticated by an authorized officer, as Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 18th day of February, 1986.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By David S. David
Chairman, Public Service Board

02/17/86
CRARF1-F



(SPECIMEN 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

8

"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 of and 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

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:

02/17/86
CRARF1-S

STEPTOE & JOHNSON

ATTORNEYS AT LAW

CLARKSBURG

EUGENE G. EASON
RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
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J. GREG GOODY KOONTZ
IRENE M. KEFF
EVANS L. KING, JR.
WALTER L. WILLIAMS
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C. DAVID MORRISON
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HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.
WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

February 18, 1986

Craigsville Public Service District Sewer Revenue Bonds, Series 1986 A

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated February 10, 1986 (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated February 18, 1986 (the "Governmental Agency Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Governmental Agency Bonds are in the principal amount of \$650,000, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1986, at the rate of 9.75% per annum, and with principal installments payable on October 1 in each of the years 1986 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, the Local Statute, for the purpose of paying a portion of the Governmental Agency's Sewerage System Construction Notes, Series 1983,

dated September 1, 1983, and paying certain issuance and other costs in connection therewith.

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.
3. The Governmental Agency is a duly organized and presently existing public service district and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Governmental Agency Bonds, all under the Local Statute and other applicable provisions of law.
4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Governmental Agency Bonds.
5. The Governmental Agency Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Governmental Agency Bonds and the Local Act, and have been duly issued and delivered to the Authority.

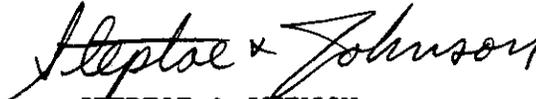
6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Governmental Agency Bonds, as provided in the Local Act.

7. The Governmental Agency Bonds are, under the Local Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Governmental Agency Bonds is exempt from federal income taxation; and, additionally, in the event that the "Tax Reform Act of 1985," passed by the United States House of Representatives on December 18, 1985 ("H.R. 3838"), or successor legislation having the same provisions as H.R. 3838 becomes law, and assuming compliance by the Governmental Agency with the special covenants relating thereto set forth in the Local Act the interest on the Governmental Agency Bonds will continue to be exempt from federal income taxation. Interest on the Governmental Agency Bonds is exempt from personal income taxes imposed directly thereon by the State of West Virginia.

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

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

Very truly yours,


STEPTOE & JOHNSON

STEPTOE & JOHNSON

ATTORNEYS AT LAW

CLARKSBURG

EUGENE G. EASON
RALPH BOHANNON
ERNEST C. SWIGER
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STEVEN P. MCGOWAN

OF COUNSEL

ROBERT W. LAWSON, JR.
WILLIS O. SHAY

WRITER'S DIRECT DIAL NUMBER

February 18, 1986

Craigsville Public Service District Sewer Revenue Bonds, Series 1986 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$650,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A (the "Governmental Agency Bonds") of Craigsville Public Service District (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Chairman of the Public Service Board of the Governmental Agency on this date.

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

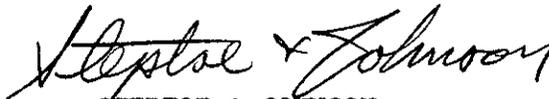
Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions the Governmental Agency Bonds are not "arbitrage bonds" as so defined. Moreover, it is further our opinion that, interest on the Governmental Agency Bonds is exempt from Federal income taxation under existing statutes, regulations, rulings and court decisions, and, additionally, in the event that the "Tax Reform Act of 1985," passed by the United States House of Representatives on December 18, 1985 ("H.R. 3838"), or successor legislation having the same provisions as H.R. 3838 becomes law,

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West Virginia Water Development Authority
Page 2

and assuming compliance by the Governmental Agency with the special covenants relating thereto set forth in the Local Act the interest on the Governmental Agency Bonds will continue to be exempt from federal income taxation.

Very truly yours,


STEPTOE & JOHNSON

02/19/86
CRARF1-H



LAW OFFICE OF
GARY L. JOHNSON
SIX WEST MAIN STREET
P. O. BOX 631
RICHWOOD, WEST VIRGINIA 26261

AREA CODE 304
846-2272

HOURS BY
APPOINTMENT

February 18, 1986

CRAIGSVILLE PUBLIC SERVICE DISTRICT
Sewer Revenue Bonds, Series 1986 A

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

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

Gentlemen:

I am counsel to Craigsville Public Service District, in Nicholas County, West Virginia (the "Governmental Agency"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, the Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency, dated February 10, 1986, the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Governmental Agency. Terms used in said opinion, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

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

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

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

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or the validity of the Governmental Agency Bonds.

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

Sincerely,



GARY L. JOHNSON

GLJ:ajb

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Craigsville Public Service District, in Nicholas County, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with \$650,000 aggregate principal amount of the Craigsville Public Service District Sewer Revenue Bonds, Series 1986 A (the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Governmental Agency, adopted August 16, 1983, as amended and supplemented by an Amendatory Bond Resolution and Supplemental Bond Resolution, both adopted February 10, 1986 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, receipt of the Grant Receipts, or in any way contesting or affecting the validity of the Governmental Agency Bonds or the Grants or any proceedings of the Governmental Agency taken with respect to the issuance or sale of the Governmental Agency Bonds, the pledge or application of any moneys or security

provided for the payment of the Governmental Agency Bonds or the existence or the powers of the Governmental Agency insofar as they relate to the authorization, sale and issuance of the Governmental Agency Bonds, receipt of the Grant Receipts, such pledge or application of moneys and security, the acquisition and construction of the Project or the collection of rates and charges from the users of the System.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Governmental Agency since the issuance and delivery of the Notes. There are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System, except the Sewerage System Construction Notes, Series 1983 (the "Notes"), of the Governmental Agency, dated September 1, 1983, which mature on March 1, 1986, and are payable, in part, from proceeds of the Governmental Agency Bonds.

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

Order of County Commission creating Public Service District.

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

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

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Petition Form.

Bond and Notes Resolution.

Amendatory Bond Resolution.

Supplemental Bond Resolution.

Minutes on adoption of Bond and Notes Resolution, Amendatory Bond Resolution, Supplemental Bond Resolution and an Organizational Meeting.

Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

ARC Grant Agreement.

HUD Grant Agreement.

GOCID Grant Agreement.

County Commission Grant Agreement.

Public Service Commission Final Order entered December 16, 1985.

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

| <u>Name</u> | <u>Date of Commencement of Office</u> | <u>Date of Termination of Office</u> |
|---------------|---------------------------------------|--------------------------------------|
| Karen Daniel | July, 1985 | September, 1986 |
| Ralph Lambert | November, 1985 | November, 1991 |
| Emery Boone | September, 1983 | January, 1988 |

The names of the duly elected, qualified and acting Chairman and Secretary/Treasurer of the Public Service Board of the

Governmental Agency are as follows, offices commencing January, 1986, and ending January, 1987:

| | | |
|---------------------|---|-------------------|
| Chairman | - | Karen Daniel |
| Secretary/Treasurer | - | Norma Sue Malcomb |

The duly appointed and acting Attorney for the Governmental Agency is Gary L. Johnson of Richwood, West Virginia.

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

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

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

10. GRANTS: As of the date hereof, the EPA has committed to the Governmental Agency the approximate amount of \$5,063,775, all of which, assuming that construction of the Project progresses as presently expected and receipt of EPA Grant installments does not lag expenditures by more than 120 days (except that amount withheld by the EPA pending satisfactory completion of the EPA audit) is expected to be received prior to the maturity of the Notes. Said commitment of EPA is as of this date is still in force and effect.

The Other Grants are committed to the Governmental Agency and as of this date remain in force and effect.

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

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Governmental Agency Bonds of the aforesaid issue, originally represented by a single bond, dated February 18, 1986, by her manual signature, and the undersigned Secretary did officially cause the official seal of the Governmental Agency to be imprinted upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

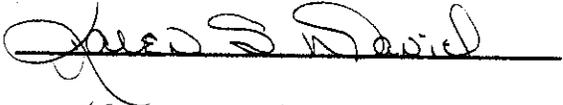
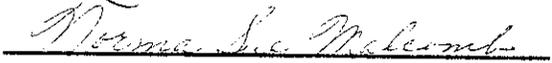
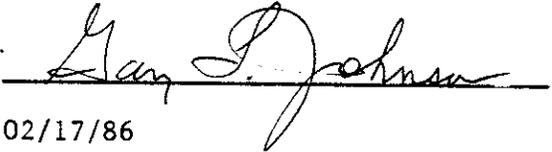
13. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority the agreed purchase price of the Bonds, being \$650,000 (100% of par value), there being no interest accrued thereon.

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

15. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith is a true and accurate specimen of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of
CRAIGSVILLE PUBLIC SERVICE DISTRICT on this 18th day of February,
1986.

[CORPORATE SEAL]

| <u>SIGNATURE</u> | <u>OFFICIAL TITLE</u> |
|---|----------------------------------|
|  | Chairman |
|  | Secretary |
|  | Attorney for Governmental Agency |

02/17/86
CRARF1-J



CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

CERTIFICATE AS TO ARBITRAGE

I, KAREN DANIEL, Chairman of the Public Service Board of Craigsville Public Service District, in Nicholas County, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$650,000 Sewer Revenue Bonds, Series 1986 A, of the Governmental Agency dated February 18, 1986 (the "Governmental Agency Bonds"), hereby certify as follows:

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

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on February 18, 1986, the date on which the Governmental Agency Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Governmental Agency set forth herein are reasonable.

5. In the Local Act pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to make no use of the proceeds of the Governmental Agency Bonds which

would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Regulations or Section 103(c).

6. The Governmental Agency Bonds were sold on February 18, 1986, to the West Virginia Water Development Authority (the "Authority") for a purchase price of \$650,000.

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of financing payment of the costs of issuance of the Governmental Agency Bonds and payment of a portion of the Sewerage System Construction Notes, Series 1983, of the Governmental Agency, dated September 1, 1983, which mature on March 1, 1986 (the "Notes"), which were issued to temporarily finance the costs of construction of certain sanitary sewage facilities (the "Project"), which costs have been and are expected to be reimbursed in part primarily by the United States Environmental Protection Agency (the "EPA") pursuant to the provisions of the Federal Water Pollution Control Act Amendments of 1972, as amended by the Clean Water Act of 1977, and certain grant agreements by and between the Governmental Agency and EPA, and in part paid by other grants from various federal, state and local agencies. The net proceeds of the Governmental Agency Bonds, together with the other moneys available therefor, will be sufficient to pay in full the Notes at or prior to the maturity thereof.

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

9. The total cost of the Project is estimated at \$9,127,242. The amount of Project costs not expected to be reimbursed or paid from any of such grants is estimated to be at least \$650,000. Except for the funds set forth in paragraph 7 above, no other funds of the Governmental Agency will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

(1) Revenue Fund.

- (2) Operation and Maintenance Fund.
- (3) Renewal and Replacement Fund.
- (4) Bond Construction Trust Fund.
- (5) Sinking Fund, and within the Sinking Fund:
 - (a) Reserve Account.

The entire \$650,000 aggregate purchase price of the Governmental Agency Bonds, less the costs of issuance thereof (the "Proceeds"), will be deposited in the Notes Debt Service Fund and will be used solely to pay a portion of the principal amount of the Notes at their maturity, being March 1, 1986.

11. All moneys in the Sinking Fund (including any income earned thereon) will be held for the payment of the interest to accrue on the Governmental Agency Bonds on or prior to the maturity thereof. Moneys held in the Sinking Fund will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

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

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

14. All of the spendable proceeds of the Governmental Agency Bonds will be expended on the Project (or to pay the Notes or other construction borrowings of the Governmental Agency, the proceeds of which were expended on the Project) within 30 days from the date of issuance thereof.

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

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

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

IN WITNESS WHEREOF, I have set my hand this 18th day of February, 1986.



Chairman, Public Service Board
Craigsville Public Service District

02/17/86
CRARF1-P

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

ENGINEER'S CERTIFICATE

I, WAYNE D. MORGAN, Registered Professional Engineer, West Virginia License No. 8884 of Dunn Engineers, Consulting Engineers, Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain public service properties for the collection of sewage and industrial wastes (the "Project") for Craigsville Public Service District, in Nicholas County, West Virginia (the "Governmental Agency"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency (the "EPA") and other agencies.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the WDA and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of said District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals and permits for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount compatible with the plan of financing described in said Application and I have ascertained that all contractors 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 and completeness; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project or will have received all such permits prior to commencement of construction of the Project, including permits from the EPA and the West Virginia Department of Natural Resources; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the rates and charges for the sewerage system of the Governmental Agency comply

with the applicable provisions of the Loan Agreement by and between WDA and the Governmental Agency; and (vii) the completion of the portion of the Project known as the "Beaver Extension" is not an essential factor in the Governmental Agency's ability to pay the costs of operation and maintenance of the remainder of the Project and to meet the debt service coverage requirements of the Local Act.

WITNESS my signature on this 18th day of February, 1986.

DUNN ENGINEERS, INC.

By *[Handwritten Signature]*

02/17/86
CRARF1-K



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

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

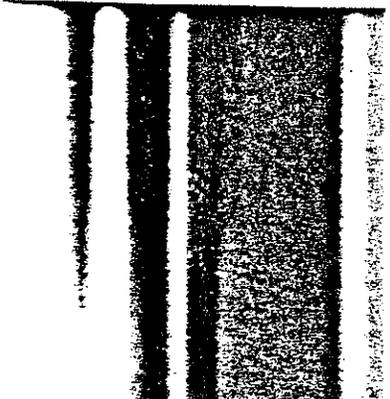
CERTIFIED A TRUE COPY.

Attest:

Ira E. Hill
Clerk

Attest Tom Blankenship
Clerk

By Alvin Townsend
Deputy



State of West Virginia,
County of Nicholas, ss:

In the County Court thereof.

ORDER ANNEXING AN AREA TO THE
CRAIGSVILLE PUBLIC SERVICE DISTRICT
IN NICHOLAS COUNTY, WEST VIRGINIA

.....

WHEREAS, heretofore, to-wit, on the 4th day of January, 1960, the County Court of Nicholas County adopted an order fixing a date for a public hearing on the annexation of an area to the previously created Craigsville Public Service District, and in and by said order and the notice published in pursuance thereof, provided that all persons residing in or owning or having any interest in property in the Public Service District and in the area proposed to be annexed thereto, might appear before the County Court at this meeting and have the opportunity to be heard for and against the annexation of said area to said District; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Article 13A of Chapter 16 of the Code of West Virginia, and all interested parties having been afforded an opportunity of being heard for and against the annexation of the proposed area to said Public Service District, but not written protest has been filed by the requisite number of qualified voters registered and residing within the said District and the area proposed to be annexed thereto, 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 annexing the proposed area to the said District heretofore created;

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

Section 1. That an area is hereby annexed to and made a part of the previously created Craigsville Public Service District, and that said annexed area shall have the following boundaries:

Beginning at a point in the Craigsville Public Service District boundary having a latitude of N 38° 18' 44" and a longitude of W 80° 40', thence with the existing boundary line East 1.66 mile, N 45° 00' W 1.19 mile to a point at Gauley River having a latitude of N 38° 19' 26" and a longitude of W 80° 27' 15", thence South 0.841 mile to a point having a latitude of N 38° 18' 44" and a longitude of W 80° 18' 44" and a longitude of W 80° 37' 15", thence S 45° 00' W 1.414 miles, thence N 60° 00' W 0.70 mile, thence N 60° 00' W 0.70 mile, thence West 0.90 mile to a point having a latitude of N 38° 18' 10" and longitude of W 80° 40', thence North 0.65 mile to beginning, containing 1.90 square miles.

Containing an area of approximately 1.9 square miles, the total area of the whole

District, with the annexation herein provided, consisting of an area of approximately 10.55 square miles, and the the communities of Craigsville, Cottle and and Allingdale, all within Beaver Magisterial District of Nicholas County, West Virginia, as shown upon a map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, being dated July 21, 1959, and revised December 10, 1959.

Section 2. That said Public Service District, consisting of the two parts as here-
inabove provided, shall continue to 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 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 bounaries and having also as a part thereof the boundaries created by the former order of this Court as well, 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 health, comfort and convenience of said area.

Section 4. The County Court of Nicholas County, West Virginia, hereby notes upon the record that this order is intended to extend the boundaries of the former order creating the Craigsville Public Service District; that the annexation herein made shall hereafter be and constitute as full a part of the Craigsville Public Service District as if it had been included in the original order; that it is not the intention of this Court to create a new Public Service District, but that the sole purpose of this order is to annex the proposed area to the previously created Craigsville Public Service District, making the same a complete and total part thereof.

And it is further ordered by the Court, in view of the previous appointment of Commissioners for the said Craigsville Public Service District, and the designation of their respective terms of office, and in view of the further fact that no municipal corporation is included within the outside boundaries as amended, the Court does not herein make any further or new designation of Commissioners or their respective terms of office.

Given under our hands this the 1 day of Feb., 1960.

Morris McClung
President

John W. White
Commissioner

Arley M. Johnson
Commissioner

CERTIFIED A TRUE COPY

Attest Tom Blanton
Clerk

By Agnes Cannon
Deputy

Attest:

Isa E. Hill
Clerk

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

WHEREAS, The County Court of Nicholas County, West Virginia, did heretofore by a resolution and order adopted on October 10 1979 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 Court 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 Court has given due consideration to all matters for which such hearing was offered; and,

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

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND 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 enlarged, and said district shall be further bounded

District, with the annexation herein provided, consisting of an area of approximately 10.55 square miles, and the the communities of Craigsville, Cottle and and Allingdale, all within Beaver Magisterial District of Nicholas County, West Virginia, as shown upon a map prepared by J. E. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, being dated July 21, 1959, and revised December 10, 1959.

Section 2. That said Public Service District, consisting of the two parts as hereinabove provided, shall continue to 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 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 and having also as a part thereof the boundaries created by the former order of this Court as well, 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 health, comfort and convenience of said area.

Section 4. The County Court of Nicholas County, West Virginia, hereby notes upon the record that this order is intended to extend the boundaries of the former order creating the Craigsville Public Service District; that the annexation herein made shall hereafter be and constitute as full a part of the Craigsville Public Service District as if it had been included in the original order; that it is not the intention of this Court to create a new Public Service District, but that the sole purpose of this order is to annex the proposed area to the previously created Craigsville Public Service District, making the same a complete and total part thereof.

And it is further ordered by the Court, in view of the previous appointment of Commissioners for the said Craigsville Public Service District, and the designation of their respective terms of office, and in view of the further fact that no municipal corporation is included within the outside boundaries as amended, the Court does not herein make any further or new designation of Commissioners or their respective terms of office.

Given under our hands this the 1 day of Feb., 1960.

Morris McClung
President

John W. White
Commissioner

Arley M. Johnson
Commissioner

CERTIFIED A TRUE COPY

Attest Tom Blankinship
Clerk

By Agnes [Signature]
Deputy

Attest:

Joe E. Hill
Clerk

N 38° 23' 13" and a longitude of 80° 33' 12"; thence, S 30° 55' W, 3.33 miles to the place of beginning, containing an area of 6.43 square miles, as shown on map prepared by Milam Engineering, Inc., entitled "CRAIGSVILLE PUBLIC SERVICE DISTRICT", Webster County, West Virginia, dated April 10, 1979.

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 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 Court 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 meets the requirements of Code § 16-13a-3.

ADOPTED BY THE COUNTY COURT 31ST , 1979.

D. H. M. [Signature]
President

ATTEST:

[Signature]
Clerk

- 3 -
and last

Book 25 - Page 607

CERTIFIED A TRUE COPY

Attest *[Signature]*
Clerk

By *[Signature]*
Deputy

TO THE COUNTY COMMISSION OF NICHOLAS COUNTY, WEST VIRGINIA:

IN RE: Town of Camden-On-Gauley vs. Craigsville Public Service District

O R D E R

This matter came on to be considered upon the petition of the Town of Camden-On-Gauley seeking relief in the form of being excluded from the physical boundaries of the Craigsville Public Service District, the Town of Camden-On-Gauley being represented by Ernest V. Morton, Jr., and the Craigsville Public Service District by Gary Johnson. Upon consideration of the petition, the Commission is of the opinion that the relief applied for should be granted and accordingly it is hereby adjudged and ordered that the boundaries and territory of the Craigsville Public Service District insofar as the same may include any land within the corporate limits of the Town of Camden-On-Gauley, and any lands within Webster County, but outside the corporate limits of Camden-On-Gauley be, and the same are, hereby altered and changed so as to exclude from the Craigsville Public Service District any and all lands lying within the corporate boundaries of the Town of Camden-On-Gauley and any and all lands lying outside the corporate boundaries of the Town of Camden-On-Gauley, but within Webster County. It is further ordered that a certified copy of this order be served on the Town of Camden-On-Gauley by mailing a true copy thereof, to its attorney, Ernest V. Morton, Jr., and to the attorney for those persons being outside the corporate boundaries of Camden-On-Gauley, but within Webster County, by mailing a true copy thereof to Attorney, Linda Nelson Garrett, and that a certified copy of this order be served upon the

Craigsville Public Service District by mailing a true copy thereof to its attorney, Gary Johnson, addressed to him at Richwood, West Virginia 26651.

ENTER this 16 day of March, 1983.

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

APPROVED BY:

[Signature]
Attorney for Town of Camden-On-Gauley

[Signature]
Attorney for Leonard Wood and all residents situate outside the corporate boundaries of Camden-On-Gauley, but within Webster County

[Signature]
Attorney for Craigsville Public Service District

STATE OF WEST VIRGINIA

Nicholas County Commission Office March 19 1983
This Order was this day presented in said office and thereupon together with the certificate thereto annexed is admitted to record.

Teste [Signature] Clerk
AT!

RECORDED
INDEXED
MAR 19 1983
MAR 19 1983

CERTIFIED A TRUE COPY

Attest [Signature]
BY [Signature] Clerk



STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION, THEREOF

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

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 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 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 the said Mr. Jim Brown to the said board for a full six (6) year term, and,

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE COUNTY COMMISSION of Nicholas County, West Virginia, as follows:

Section 1 That the County Commission of Nicholas County West Virginia, hereby finds and determines that Mr. Jim Brown, a person residing within the Craigsville Public Service District and the aforesaid person is hereby appointed as a member of the Public Service Board of said district and his respective term of office shall be as follows:

(1) Mr. Jim Brown for a term of six (6) years, starting January 6, 1982.

Given under our hands this 6th day of January, 1982.

BOOK 026 PAGE 483

APPROVED

PRES. Jim O.

JAN 6 1982
COMM. CG

COMM. _____

STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

ORDER REAPPOINTING MEMBER TO THE
PUBLIC SERVICE BOARD OF THE
Craigsville Public Service Board

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 is no city incorporated town of 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 Commission shall appoint member of said board who shall be persons residing within the district; and

WHEREAS, by prior order of the County Commission of Nicholas County, Chester Richmond was appointed as a member of the Public Service Board of said District for a specified term, and

WHEREAS, the said County Commission finds that it is proper and desirable to reappoint Chester Richmond to the said Board for a full six (6) year term of office; and,

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

Section 1. That the County Commission of Nicholas County, West Virginia, hereby finds and determines that Chester Richmond is a person residing within the Craigsville Public Service District and the aforesaid person is hereby appointed as a member of the Public Service Board of said District, and his respective term of office shall be as follows:

STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF.

C O R R E C T I O N O R D E R

WHEREAS, a previous Order was entered in the Office of the Clerk of the Nicholas County Commission in Order Book 26 at page 70 by the Nicholas County Commission reappointing Chester Richmond as a member of the Craigsville Public Service District Board.

WHEREAS, a typographical error was made in said Order concerning the date of commencement of the six year term of said Chester Richmond. It was stated to be November 1, 1980.

NOW, THEREFORE, it is hereby Ordered that the previous Order is amended to reflect the correct date of commencement of the six year term of Chester Richmond to November 1, 1979 and his term shall end October 31, 1985.

Given under our hand this 19 day of August, 1983.

RECEIVED FOR RECORD

1983 AUG 19 AM 11:25

BOOK NO. PAGE NO.
NICHOLAS COUNTY COM. CLERK
FOR BLANKSHIP, CLERK

027 529

Shirley G. Cutlip
Shirley G. Cutlip, President

Carroll T. Lay
Carroll T. Lay, Commissioner

W. Don Hartley, Commissioner

CERTIFIED A TRUE COPY

Attest _____ Clerk,
By _____ Deputy

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF,

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

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 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 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 Spurgeon (Jinks) Hinkle for a four year term.

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

Section 1) That the County Commission finds and determines that Spurgeon (Jinks) Hinkle, a person residing within the Craigsville Public Service District, and the aforesaid person is hereby appointed as a member of the Public Service Board of said District, and his respective term of office shall be as follows:

(1) Spurgeon (Jinks) Hinkle for a four (4) year term of office, commencing on September 1, 1982, and expiring

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, ss.

IN THE COUNTY COMMISSION, THEREOF

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

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 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 Commission shall appoint members of said board who shall be persons residing within the district; and,

WHEREAS, by prior order of the County Commission of Nicholas County, William Cottrill was appointed as a member of the public service board of said district for a six year term.

WHEREAS, the said William Cottrill has since said appointment been removed as a member of the public board of said district; and,

WHEREAS, the said County Commission finds that it is proper and desirable to appoint the said Karen Daniels to fill the unexpired term of said William Cottrill with term ending September 1, 1986.

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

Section 1 That the County Commission of Nicholas County, West Virginia, hereby finds and determines that Karen Daniels is a person residing within the Craigsville Public Service District and the aforesaid person is hereby appointed as a member of the Public Service Board of said District and her respective term of office shall be as follows:

(1) Karen Daniels to fill the unexpired term of William Cottrill ending September 1, 1986.

Given under our hands this 17 day of July, 1985.

BOOK 0028 PAGE 561

Tom. Blakenship
Lisa Barber

[Handwritten signatures]

W. Don Hartley
16

STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF,

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

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 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 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 Ralph Lambert for a six year term commencing November 1, 1985.

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

1) That the County Commission finds and determines that Ralph Lambert resides within the Craigsville Public Service District and the aforesaid person is hereby appointed as a member of the public service board of said district, and his respective term of office shall be as follows:

Ralph Lambert for a six year term of office, commencing on November 1, 1985.

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS, ss:

BOOK 21 PAGE 596

IN THE COUNTY COMMISSION THEREOF

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

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 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 Commission shall appoint members of said board who shall be persons residing within the district; and,

WHEREAS, by prior order of the County Commission of Nicholas County, James Brown was appointed as a member of the public service board of said district for a six year term.

WHEREAS, the said James Brown has since said appointment resigned as a member of the public board of said district, and,

WHEREAS, the said County Commission finds that it is proper and desirable to appoint Emery Boone to fill the unexpired term of said James Brown with term ending January 6, 1988.

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

Section 1 That the County Commission of Nicholas County West Virginia, hereby finds and determines that Emery Boone is a person residing within the Craigsville Public Service District and the aforesaid person is hereby appointed as a member of the Public Service Board of said district and his respective term of office shall be as follows:

(1) Emery Boone to fill the unexpired term of James Brown with term ending January 6, 1988.

Given under our hands this 21 day of September, 1983.

Shirley J. Cutlip
Shirley J. Cutlip, President

Carroll T. Lay
Carroll T. Lay, Commissioner

W. Don Hartley
W. Don Hartley, Commissioner

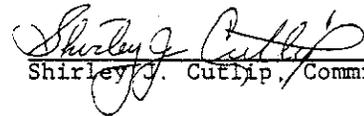
AUG: *Tom Blankenship*
By *Lisa Bailes*

BOOK 027 PAGE 597

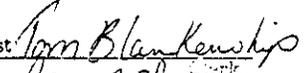
Order Appointing Mr. Ralph Lambert
to the Craigsville Public Service District
pg. 2

Entered this 30 day of October, 1985.


Carroll T. Lay, President


Shirley J. Cutlip, Commissioner

W. Don Hartley, Commissioner

Attest 
Tom Blankenship
Clerk
By 
Lisa Bailey
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 ^{Members of} office Craigsville Public Service District to the best of my skill and judgement SO HELP ME GOD.

[Signature]
(Signature of Affiant)

Subscribed and sworn to before me, in said County and State this 26th day of July, 19 85.

Tom Blankenship, Clerk
By [Signature] Deputy.

ORIGINAL FILED IN CASE COPY.

Attest Tom Blankenship
Clerk

By Lisa Barber
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 of
the Craigsville Public Service District
to the best of my skill and judgement SO HELP ME GOD.

Emerg Boone
(SIGNATURE OF AFFIANT)

Subscribed and sworn to before me, in said County and
State this 21 day of September, 1983.

BY: Tom Blankenship
Lisa Bailes

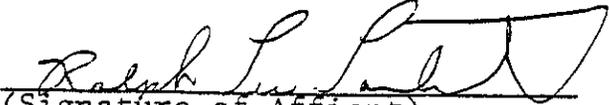
Patricia Huff

My Commission expires: August 9, 1989

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 of the Craigsville Public Service District to the best of my skill and judgement SO HELP ME GOD.


(Signature of Affiant)

Subscribed and sworn to before me, in said County and State this 1 day of November, 19 85.

Tom Blankenship Clerk
By: Agnes Townsend, Dp Clerk

BOOK 0005 PAGE 747

CERTIFIED A TRUE COPY

Attest

Tom Blankenship
Clerk

By

Lisa Baker
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 Member Craysville Public Service Commission 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 21st day of December, 1979.

[Handwritten Signature] Clerk
By [Handwritten Signature] Deputy

By _____
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

Member to the Council Public Service District
to the best of my skill and judgment SO HELP ME GOD.

James D. Brown
(Signature of Affiant)

Subscribed and sworn to before me, in said County and State,
this 7th day of January 1982.

Tom Bledsoe Club
By: Royce Townsend Deputy Clerk.

CERTIFIED A TRUE COPY:

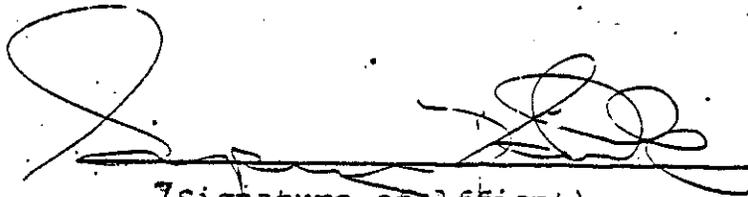
Attest Tom Bledsoe
Clerk

By W. G. [Signature]
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 Craigsville Public Service Dist to the best of my skill and judgment SO HELP ME GOD.


(Signature of Affiant)

Subscribed and sworn to before me, in said County and State, this 7 day of September, 1982.

Wanda Henderson, Deputy

CERTIFIED A TRUE COPY
By _____ Clerk
Deputy

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 Craigsville, West Virginia

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Craigsville Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

Purpose

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

ARTICLE III

Membership

Section 1. The members of the Public Service Board of this District shall be those persons appointed by the County Commission of Nicholas County, who shall serve for such terms as may be specified in the order of the County Commission.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County

Commission and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission of the pending termination and request the County Commission to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

Meetings of the Public Service Board

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second Monday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Notice to members by letter or telephone shall be required for regular meetings. Notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least three (3) days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Public Notice of Meetings

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such public service board, and the time, place and purpose of all special sessions of such public service board shall be made available to the public and news media as follows:

A. A notice shall be posted by the Secretary of the public service board of such Public Service District at the front door of the Nicholas County Courthouse of the time and place fixed and entered of record by the public service board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front door of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the public service board at the front door of the Nicholas County Courthouse at least twenty-four hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front door of the Courthouse as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

PUBLIC SERVICE DISTRICT

Notice of Special Session

The public service board of _____
_____ Public Service District will
meet in special session on _____,
19____, at _____ m., E__T, at _____,
West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond
Authorizing Resolution providing for the issuance of
a _____ Bond, Series _____, of
_____ facilities of the
District.

2.

Secretary

Date: _____

ARTICLE V

Officers

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, 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 the month of January of 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 as hereinabove provided.

ARTICLE VI

Duties of Officers

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these by-laws, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

Amendments to Rules of Procedure

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members

when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

The Rules of Procedure were adopted in a special session on August 15, 1983 at 8:00 O' Clock AM in the water office

Norma Sue Malcomb, Secy.



MINUTES OF ORGANIZATIONAL MEETING FOR CURRENT YEAR

On January 13, 1986, and January 15, 1986, meetings were held at Craigsville, West Virginia, to nominate and reelect officers for the year 1986 for Craigsville Public Service District Board.

The meeting was called to order by Chairman, Karen Daniel, and the following people were nominated and elected to the following offices:

| | | |
|-----------|---|-------------------|
| Chairman | - | Karen Daniel |
| Secretary | - | Norma Sue Malcomb |
| Treasurer | - | Norma Sue Malcomb |

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.

Secretary, Public Service Board
Craigsville Public Service District

02/19/86
CRARF1-U

CERTIFICATE OF PUBLICATION

OFFICE OF

The Nicholas County News Leader

Richwood, W. Va. July 7 1983

I, Mary O'Neil, Secretary

of The Nicholas County News Leader, a weekly newspaper published in the City of Richwood, County of Nicholas and State of West Virginia, do certify that the hereunto attached Notice Sewer Bonds was duly published in said paper for twice (2) consecutive weeks, commencing on Wednesday, June 29 1983 and ending on Wednesday July 7 1983

Mary O'Neil
Words 708 Times Published 2 @ 4¢ Total \$ 45.37

Attorney, _____

Subscribed and Sworn to before me on the 7th day of

July, 1983

Charles E. Kenna

Notary Public in and for Nicholas County, West Virginia

My Commission Expires March 28 1984

NOTICE CRAIGSVILLE PUBLIC SERVICE DISTRICT NICHOLAS COUNTY, WEST VIRGINIA

\$800,000 Sewer Revenue Bonds and \$5,500,000 Sewerage System Construction Notes

NOTICE IS HEREBY GIVEN to the residents of Craigsville Public Service District, Nicholas County, West Virginia, that Craigsville Public Service District intends to acquire, construct, operate and maintain certain public service properties described below (the "Project") in Craigsville Public Service District.

Craigsville Public Service District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of approximately Eight Hundred Thousand Dollars (\$800,000) (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years.

Prior to issuance of the bonds, the District contemplates the issuance of its Sewerage System Construction Notes in the aggregate principal amount of approximately Five Million, Five Hundred Thousand Dollars (\$5,500,000) (the "Notes") bearing interest at a rate not to exceed 12% per annum, and with maturities not to exceed 36 months.

Public Service properties to be acquired and constructed are as follows: One secondary sewage treatment plant; Seven sewage lift stations; approximately twelve miles of collection lines; and four hundred ninety-five manholes. The total project cost is Seven Million, Seven Hundred Eighty-three Thousand, Five Hundred Dollars (\$7,783,500).

The anticipated rates to be charged by the District for sewer service are: Applicable in the territory served PROPOSED TARIFF

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Meter Rates -- (Based on the metered amount of water supplied) Residential, Commercial and Industrial Service

| | | |
|----------|-------------------------------|--------------------------|
| First | 3,000 gallons used per month | \$5.00 per 1,000 gallons |
| Next | 3,000 gallons used per month | \$4.00 per 1,000 gallons |
| Next | 4,000 gallons used per month | \$3.00 per 1,000 gallons |
| Next | 10,000 gallons used per month | \$2.00 per 1,000 gallons |
| All Over | 20,000 gallons used per month | \$1.00 per 1,000 gallons |

MINIMUM CHARGE

No bill will be rendered for less than \$15.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten per cent (10%) penalty will be added to the net amount shown.

SERVICE CONNECTION FEE

For connection to sewer main, with connection to be made by the District -- \$200.00

Residents of that portion of the public service district to be served by the Project who wish to register opposition to the issuance of the Bonds or the Notes may do so by signing a form available for that purpose, which will be maintained for a period of 30 days from the date hereof in the office of the Clerk of the County Commission of Nicholas County and in the office of Craigsville Public Service District, Craigsville, West Virginia.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Craigsville, West Virginia 26205

August 10, 1983

I certify that the attached Notice of Intent to Borrow Money-Craigsville Public Service District was posted in the following places:

Auto Supply

Craigsville Cash Store

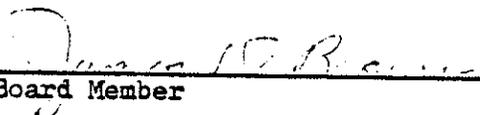
Craigsville Exxon Service Station

Lee's Grill

Dodd's General Store

beginning on the 28th day of June 1983 and ending on the 3rd day of August, 1983.

Given under my hand this 10th day of August, 1983.



Board Member

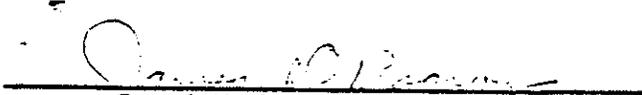
CRAIGSVILLE PUBLIC SERVICE DISTRICT

Craigsville, West Virginia 26205

August 10, 1983

This is to certify that the Notice of Intent to Borrow Money-
Craigsville Public Service District, a copy of which is attached hereto,
was on file in the office of the Craigsville Public Service District from
June 28, 1983 to August 3, 1983 and available to be signed by those who
presented themselves and indicated such a desire. The signatures of
those who did sign are shown accurately on the attached Notice.

Given under my hand this the 10th day of August 1983.



Board Member



Office Of Nicholas County Clerk
SUMMERSVILLE, WEST VIRGINIA 26651

AGNES TOWNSEND
CHIEF DEPUTY CLERK

TELEPHONE 872-3630
1-800-642-3688

TOM BLANKENSHIP
CLERK

August 10, 1983

This is to certify that the Notice of Intent to Borrow Money-Craigsville Public Service District, a copy of which is attached hereto, was on file in the Nicholas County Clerk's Office from June 28, 1983 to August 3, 1983 and available to be signed by those who presented themselves and indicated such a desire. The signatures of those who sign are shown accurately on the attached Notice.

Given under my hand this the 10 day of August, 1983.

Tom Blankenship, County Clerk

Wanda Hendrickson

By Wanda Hendrickson, Deputy
Nicholas County Clerk's Office

NOTICE

CRAIGSVILLE PUBLIC SERVICE DISTRICT
NICHOLAS COUNTY, WEST VIRGINIA

\$800,000 Sewer Revenue Bonds and
\$5,500,000 Sewerage System Construction Notes

NOTICE IS HEREBY GIVEN to the residents of Craigsville Public Service District, Nicholas County, West Virginia, that Craigsville Public Service District intends to acquire, construct, operate and maintain certain public service properties described below (the "Project") in Craigsville Public Service District.

Craigsville Public Service District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of approximately Eight Hundred Thousand Dollars (\$800,000) (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years.

Prior to issuance of the bonds, the District contemplates the issuance of its Sewerage System Construction Notes in the aggregate principal amount of approximately Five Million Five Hundred Thousand Dollars (\$5,500,000) (the "Notes") bearing interest at a rate not to exceed 12% per annum, and with maturities not to exceed 36 months.

Public Service properties to be acquired and constructed are as follows: One secondary sewage treatment plant; Seven sewage lift stations; approximately twelve miles of collection lines; and four hundred ninety-five manholes. The total project cost is Seven Million, Seven Hundred Eighty-three Thousand Five Hundred Dollars (\$7,783,500).

The anticipated rates to be charged by the District for sewer service are:

PROPOSED TARIFF

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Meter Rates - (Based on the metered amount of water supplied)

NOTICE

CRAIGSVILLE PUBLIC SERVICE DISTRICT
NICHOLAS COUNTY, WEST VIRGINIA

\$800,000 Sewer Revenue Bonds and
\$5,500,000 Sewerage System Construction Notes

NOTICE IS HEREBY GIVEN to the residents of Craigsville Public Service District, Nicholas County, West Virginia, that Craigsville Public Service District intends to acquire, construct, operate and maintain certain public service properties described below (the "Project") in Craigsville Public Service District.

Craigsville Public Service District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of approximately Eight Hundred Thousand Dollars (\$800,000) (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years.

Prior to issuance of the bonds, the District contemplates the issuance of its Sewerage System Construction Notes in the aggregate principal amount of approximately Five Million Five Hundred Thousand Dollars (\$5,500,000) (the "Notes") bearing interest at a rate not to exceed 12% per annum, and with maturities not to exceed 36 months.

Public Service properties to be acquired and constructed are as follows: One secondary sewage treatment plant; Seven sewage lift stations; approximately twelve miles of collection lines; and four hundred ninety-five manholes. The total project cost is Seven Million, Seven Hundred Eighty-three Thousand Five Hundred Dollars (\$7,783,500).

The anticipated rates to be charged by the District for sewer service are:

PROPOSED TARIFF

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Meter Rates - (Based on the metered amount of water supplied)

*Onfiled at Water office
for public view until August 3rd 1988*
J. Brown

Residential, Commercial and Industrial Service

| | | |
|----------|-------------------------------|---------------------------|
| First | 3,000 gallons used per month | \$ 5.00 per 1,000 gallons |
| Next | 3,000 gallons used per month | 4.00 per 1,000 gallons |
| Next | 4,000 gallons used per month | 3.00 per 1,000 gallons |
| Next | 10,000 gallons used per month | 2.00 per 1,000 gallons |
| All Over | 20,000 gallons used per month | 1.00 per 1,000 gallons |

MINIMUM CHARGE

No bill will be rendered for less than \$15.00 per month.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

On all accounts not paid in full within twenty (20) days of the billing date, ten per cent (10%) penalty will be added to the net amount shown.

SERVICE CONNECTION FEE

For connection to sewer main, with connection to be made by the District - \$200.00

Residents of that portion of the Public Service District to be served by the Project who wish to register opposition to the issuance of the Bonds or the Notes may do so by signing a form available for that purpose, which will be maintained for a period of 30 days from the date hereof in the office of the Clerk of the County Commission of Nicholas County and in the office of Craigsville Public Service District, Craigsville, West Virginia.

WE, THE UNDERSIGNED, are residents of the portion of the Public Service District which will be served by the sewage system to be constructed and hereby oppose borrowing money upon these terms for construction of the sewage system.

NAME

ADDRESS

Mr. & Mrs. Henry Hutcheson

Craigsville, W. Va. 26205

CERTIFICATE OF PUBLICATION

OFFICE OF

The Nicholas County News Leader

Richwood, W. Va. July 2 1985

I, Helen of Cook

of The Nicholas County News Leader, a weekly newspaper published in the City of Richwood, County of Nicholas and State of West Virginia, do certify that the hereunto attached Notice of Petition was duly published in said paper for two (2) consecutive weeks, commencing on Wednesday, June 19 1985 and ending on Wednesday June 26 1985

Words 790 Times Published 2 @ 37 50 Total \$ 29.13

Attorney, Doug Johnson

Subscribed and Sworn to before me on the 2 day of

July 1985, Dona Ellen Byler

Notary Public in and for Nicholas County,

West Virginia

My Commission Expires Feb. 23, 1993

RECEIVED

RECEIVED JUN 19 85

Public Notice

NOTICE OF PETITION. CRAIGSVILLE PUBLIC SERVICE DISTRICT, NICHOLAS COUNTY, WEST VIRGINIA

\$300,000 Sewer Revenue Bonds and \$2,000,000
Sewerage System Interim Borrowing

NOTICE IS HEREBY GIVEN to the residents of Craigsville Public Service District, Nicholas County, West Virginia, that the Craigsville Public Service District, intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of collection lines, force mains and lift stations for the unincorporated community of Beaver, West Virginia, and all appurtenant facilities (the "Project") in Craigsville Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$300,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and West Virginia Water Development Authority and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to Dunn Engineers, Inc., Consulting Engineers, is \$1,249,500. The Project is expected to serve 104 customers when completed.

At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$2,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, refunding notes or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, connection fees, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$300,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreements.

The anticipated rates, fees and charges to be charged by the District for sewer service are the same as those heretofore approved and set forth in the Order of the Public Service Commission of West Virginia entered August 12, 1983 (Case No. 83-254-S-CN), being as follows: First 3,000 gallons used per month — \$5.00 per 1,000 gallons; next 3,000 gallons used per month — \$4.00 per 1,000 gallons; next 4,000 gallons used per month — \$3.00 per 1,000 gallons; all over 10,000 gallons used per month — \$1.51 per 1,000 gallons. Minimum monthly bill — \$15.00. On all accounts not paid in full within 20 days of date of bill, 18% will be added to the net amount shown. A service connection fee of \$200 will be charged to each user of the system.

For a period of 30 days following publication of this Notice, a form will be available in the office of the Clerk of the County Commission of Nicholas County at the Nicholas County Courthouse, Summersville, West

Virginia, and in the office of the District at the intersection of State Routes 53 and _____, Craigsville, West Virginia, for registered voters who are residents of that portion of the District which will be served by the Project to sign indicating their opposition to the District's borrowing money or issuing the Bonds upon the terms or for the purpose stated herein. These forms will be available during regular business hours, West Virginia Code, Chapter 14, Article 13A, Section 25, which authorizes such form, provides for the signing of such form only by registered voters who are residents of that portion of the District which will be served by the Project.

Chester A. Richmond, Chairman
Public Service Board
Craigsville Public
Service District
6/19, 6/26

LAW OFFICE OF
GARY L. JOHNSON
SIX WEST MAIN STREET
P. O. BOX 631
RICHWOOD, WEST VIRGINIA 26261

AREA CODE 304
846-2272

HOURS BY
APPOINTMENT

August 1, 1985

RECEIVED
AUG 2 1985

Mr. Wayne D. Morgan
Dunn Engineers, Inc.
706 Central Avenue
Charleston, WV 25302

Dunn Engineers, Inc.

Dear Wayne:

Enclosed are the notarized affidavits concerning the posting of the Notice of Petition.

Sincerely,

Gary L. Johnson
Gary L. Johnson

GLJ:ajb

Enclosures

cc: Craigsville Public Service District

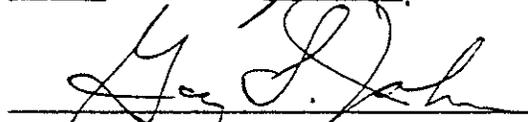
STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, TO-WIT:

I, Tom Blankenship, Clerk of the County Commission of Nicholas County do hereby certify that the attached Notice of Petition was available in my office for signatures opposing the borrowing of money from June 19, 1985 until July 25, 1985, and during that time no signatures were recorded.



Tom Blankenship
County Clerk of Nicholas County

Taken, subscribed, sworn and acknowledged before me by Tom Blankenship on this the 29th day of July, 1985.



Notary Public

My commission expires: 2-21-98

ORDER OF THE PUBLIC SERVICE COMMISSION

CRAIGSVILLE PUBLIC SERVICE DISTRICT, NICHOLAS COUNTY, WEST VIRGINIA
\$300,000 Sewer Revenue Bonds and \$2,000,000 Sewerage System Interim Borrowing

NOTICE IS HEREBY GIVEN to the residents of Craigsville Public Service District Nicholas County, West Virginia, that the Craigsville Public Service District intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of collection lines, force mains and lift stations for the unincorporated community of Beaver, West Virginia, and all appurtenant facilities (the "Project") in Craigsville Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$300,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and West Virginia Water Development Authority and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to Dunn Engineers, Inc., Consulting Engineers, is \$1,249,500. The Project is expected to serve 104 customers when completed.

At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$2,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, refunding notes or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, connection fees, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$300,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will be interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreement.

The anticipated rates, fees and charges to be charged by the District for sewer service are the same as those heretofore approved and set forth in the Order of the Public Service Commission of West Virginia entered August 12, 198 (Case No. 83-256-S-CN), being as follows: First 3,000 gallons used per month - \$5.00 per 1,000 gallons; next 3,000 gallons used per month - \$4.00 per 1,000 gallons; next 4,000 gallons used per month - \$3.00 per 1,000 gallons; all over 10,000 gallons used per month - \$1.51 per 1,000 gallons. Minimum monthly bill \$15.00. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A service connection fee of \$200 will be charged to each user of the system.

Page Two
Notice of Petition

For a period of 30 days following publication of this Notice, a form will be available in the office of the Clerk of the County Commission of Nicholas County at the Nicholas County Courthouse, Summersville, West Virginia, and in the office of the District, located at the intersection of State Routes 55 and 20, Craigsville, West Virginia, for registered voters who are residents of the portion of the District which will be served by the Project to sign indicating their opposition to the District's borrowing money or issuing the Bonds upon the terms or for the purpose stated herein. These forms will be available during regular business hours. West Virginia Code, Chapter 16, Article 13A, Section 25, which authorizes such form, provides for the signing of such form only by registered voters who are residents of that portion of the District which will be served by the Project.

Chester A. Richmond, Chairman
Public Service Board
Craigsville Public Service District

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, TO-WIT:

I, James D. Brown, an employee of the Craigsville Public Service District, do hereby certify that a copy of the attached Notice of Petition was posted at John's Phillip's 66 in the Beaver area, the only public place in the area to be served, on June 19, 1985.



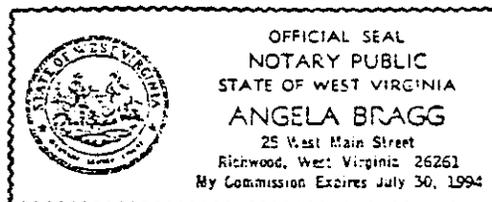
JAMES D. BROWN

Taken, subscribed, sworn and acknowledged before me by James D. Brown on this the 31st day of JULY, 1985.



NOTARY PUBLIC

My commission expires: JULY 30, 1994



CRAIGSVILLE PUBLIC SERVICE DISTRICT, NICHOLAS COUNTY, WEST VIRGINIA
\$300,000 Sewer Revenue Bonds and \$2,000,000 Sewerage System Interim Borrowing

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At or prior to commencement of construction of the Project, the District contemplates borrowing on an interim basis from time to time, sums not to exceed \$2,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, refunding notes or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, connection fees, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$300,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreement.

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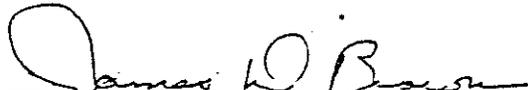
Chester A. Richmond, Chairman
Public Service Board
Craigsville Public Service District

STATE OF WEST VIRGINIA,
COUNTY OF NICHOLAS, TO-WIT:

I, NORMA SUE MALCOMB, Secretary of the Craigsville Public Service District, do hereby certify that the attached Petition was on display at the office of the Craigsville Public Service District for signatures opposing the borrowing of money from June 19, 1985 to July 22, 1985 and no signatures were recorded on said Petition.


NORMA SUE MALCOMB
Secretary, Craigsville Public
Service District

Taken, subscribed, sworn and acknowledged before me this
the 26th-day of July, 1985.


NOTARY PUBLIC

My Commission Expires: November 30, 1992.

CRAIGSVILLE PUBLIC SERVICE DISTRICT, NICHOLAS COUNTY, WEST VIRGINIA
\$300,000 Sewer Revenue Bonds and \$2,000,000 Sewerage System Interim Borrowing

NOTICE IS HEREBY GIVEN to the residents of Craigsville Public Service District, Nicholas County, West Virginia, that the Craigsville Public Service District intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of collection lines, force mains and lift stations for the unincorporated community of Beaver, West Virginia, and all appurtenant facilities (the "Project") in Craigsville Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$300,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and West Virginia Water Development Authority and in part from fees to be charged to customers of the Project and if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to Dunn Engineers Inc., Consulting Engineers, is \$1,249,500. The Project is expected to serve 104 customers when completed.

At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$2,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, refunding notes or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, connection fees, revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter of credit from a commercial bank or banks for an amount not to exceed \$300,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreement.

The anticipated rates, fees and charges to be charged by the District for sewer service are the same as those heretofore approved and set forth in the Order of the Public Service Commission of West Virginia entered August 12, 1978 (Case No. 83-256-S-CN), being as follows: First 3,000 gallons used per month - \$5.00 per 1,000 gallons; next 3,000 gallons used per month - \$4.00 per 1,000 gallons; next 4,000 gallons used per month - \$3.00 per 1,000 gallons; all over 10,000 gallons used per month - \$1.51 per 1,000 gallons. Minimum monthly bill \$15.00. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A service connection fee of \$200 will be charged to each user of the system.

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Chester A. Richmond, Chairman
Public Service Board

- Craigsville Public Service District

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewerage System Construction Notes, Series 1983

MINUTES ON ADOPTION OF BOND AND NOTES
RESOLUTION AND SUPPLEMENTAL NOTES RESOLUTION

I, Norma Sue Malcomb, SECRETARY of the Public Service Board of Craigsville Public Service District, hereby certify 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 given and posted, on the 16th day of August, 1983, at Craigsville, West Virginia, at the hour of 5:30 p.m.

PRESENT: Chester A. Richmond) Members,
James D. Brown) Public Service
Spurgeon D. ("Jinks") Hinkle, Jr.) Board

Norma Sue Malcomb, Secretary to Public Service Board
Gary L. Johnson, Esquire, Attorney for District

ABSENT: None

Also present were Mr. Gary L. Cottrill of the investment banking firm of Young Moore & Company, Inc. and Vincent A. Collins, Esquire of Steptoe and Johnson, bond counsel.

Chester A. Richmond, Chairman, presided and Norma Sue Malcomb 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 Resolution in writing 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. 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.

and caused the same to be read and there was discussion. Thereupon, on motion of Jenks Hinkle, seconded by Chester Richmond it was unanimously ordered that the said Bond and Notes Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon the Chairman presented a proposed Supplemental Resolution (the "Notes Resolution") in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND SALE PRICE OF THE SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983, OF THE DISTRICT; AUTHORIZING AND APPROVING A CONTRACT OF PURCHASE, REIMBURSEMENT AGREEMENT AND AN OFFICIAL STATEMENT RATING TO THE NOTES; DESIGNATING A REGISTRAR, PAYING AGENT AND TRUSTEE; AND MAKING OTHER PROVISIONS AS TO THE NOTES

and the Chairman caused the Notes Resolution to be read and there was discussion. There was also discussion of the Contract of Purchase presented to the meeting by Mr. Cottrill and referred to in the Notes Resolution and of other matters and documents referred to in the Notes Resolution. Thereupon, on motion of Jenks Hinkle, seconded by Chester Richmond it was unanimously ordered that the said Notes Resolution be adopted.

Thereupon the Chairman stated that it would be appropriate for the Board to formally appoint, by resolution, Gary Johnson, Esquire, of Richwood, West Virginia, as attorney for the District for all matters relating to the sewer system financing. A resolution so appointing Mr. Johnson was presented. Thereupon, on motion of Jenks Hinkle, seconded by

Chester Richmond, it was unanimously ordered that Mr. Johnson be so appointed.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 8th day of September, 1983.

Norma Sue Malcolm
Secretary as aforesaid

08/31/83
CRAIG1-K

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

MINUTES ON ADOPTION OF AMENDATORY BOND RESOLUTION
AND SUPPLEMENTAL BOND RESOLUTION

I, NORMA SUE MALCOMB, SECRETARY of the Public Service Board of Craigsville Public Service District, hereby certify 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 regular session, pursuant to notice duly given and posted, on the 10th day of February, 1986, at Craigsville, West Virginia, at the hour of 6:00 p.m.

| | | | |
|----------|-------------------|---|--|
| PRESENT: | Karen Daniel | - | Chairman and Member, Public Service Board |
| | Ralph Lambert | - | Member, Public Service Board |
| | Norma Sue Malcomb | - | Secretary/Treasurer |
| ABSENT: | Emery Boone | - | Member, Public Service Board |

Karen Daniel, Chairman, presided and Norma Sue Malcomb, 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 Amendatory Bond Resolution in writing entitled:

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.

and caused the same to be read and there was discussion. Thereupon, on motion of Ralph Lambert, seconded by Karen S. Daniel, it was unanimously ordered that said Amendatory Bond Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon the Chairman presented a proposed Supplemental Resolution (the "Supplemental Bond Resolution") in writing entitled:

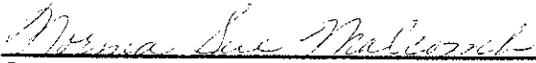
SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A, OF CRAIGSVILLE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY 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

and the Chairman caused the Supplemental Bond Resolution to be read and there was discussion. Thereupon, on motion of Ralph Lambert, seconded by Karen S. Daniel, it was unanimously ordered that the said Supplemental Bond Resolution be adopted.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 18th day of February, 1986.


Secretary as aforesaid

02/17/86
CRARF1-Q



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 REGION III
 6TH AND WALNUT STREETS
 PHILADELPHIA, PENNSYLVANIA 19106

SEP 2 1983

CERTIFIED MAIL

Re: C-540309-03
 Craigsville Public
 Service District

Mr. Chester A. Richmond, Chairman
 Craigsville Public Service District
 P. O. Box 56
 Craigsville, West Virginia 26205

Dear Mr. Richmond:

You were advised by mailgram on August 15, 1983 that the bidding procedures for Contracts A, B, C, D, and E of the referenced project were reviewed and approved and that contracts could be awarded to the low responsive bidders as follows: Miami Valley, Inc. for Contract A, Grace-land Construction, Inc. for Contract B, Kenneth M. Dunn Co., Inc. for Contracts C and D, and Alvarez Contractors for Contract E. Additionally approved is the use of Monongahela Power Company to provide the electrical hook-ups for the project.

In addition, EPA Form 5780-1B is approved as revised by the State:

| <u>Item</u> | <u>For Grant Participation</u> |
|-----------------------|--------------------------------|
| A. Construction | |
| Contract A | \$2,089,000 |
| " B | 392,000 |
| " C | 845,661 |
| " D | 1,729,784 |
| " E | 513,233 |
| Electrical Service | 20,000 |
| Sub-Total | 5,589,678 |
| B. Technical Services | 791,599 |
| C. Legal & Fiscal | 11,277 |
| D. Administrative | 79,720 |
| E. Contingency | 279,426 |
| F. Total | \$ 6,751,700 |

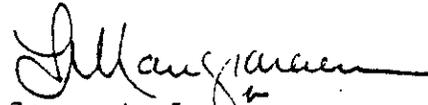
As the revised eligible project cost is \$6,751,700, the grant has been decreased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed \$5,401,360, which includes \$337,585 of ARC funds. The original and one copy of the Assistance Amendment reflecting the decrease in Federal obligation, together with a revised payment schedule, are enclosed. Please execute the Amendment and return the original, within twenty-one days of your receipt, to Mr. Frank Snock, Chief, Grants Management Section. The copy may be retained for your files.

When the contracts have been awarded, one executed copy of the construction agreements, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Assistance Agreement for the project has conditions which require the submission and approval of certain documents to satisfy regulatory requirements of the program and which are enforced through the grant payment process. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in advance of the payment milestone specified in the Assistance Agreement.

We are enclosing informational sheets outlining procedures to be followed in making contract modifications and for submitting partial payment requests.

Sincerely,



Greene A. Jones

Director

Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR
Mr. Edgar Henry, WDA
Milam/BCM Engineering Inc.
Mrs. Margaret Neary, ARC

| U.S. ENVIRONMENTAL PROTECTION AGENCY EPA ASSISTANCE ACT AMENDMENT PART I - ASSISTANCE NOTIFICATION INFORMATION | | | | 1. ASSISTANCE ID NO. C-540209-03-2 | 2. LOG NUMBER Three-C- | | |
|---|---|--|---|---|---------------------------------------|--------------|----------------------------|
| | | | | 3. DATE OF AWARD | 4. MAILING DATE | | |
| 5. AGREEMENT TYPE | | 6. PAYMENT METHOD | | | | | |
| Cooperative Agreement | | <input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit | | | | | |
| Grant Agreement | | Send Payment Request To: | | 7. TYPE OF ACTION | | | |
| Assistance Amendment | | X Grants Management Section | | Augmentation/Decrease | | | |
| RECIPIENT ORGANIZATION | 8. RECIPIENT | | | 9. PAYEE | | | |
| | Craigsville Public Service District P. O. BOX 56 Craigsville, West Virginia 26205 | | | Craigsville Public Service District P. O. BOX 56 Craigsville, West Virginia 26205 | | | |
| | EIN NO. 54067-0612A1 | CONGRESSIONAL DISTRICT 3 | | 10. RECIPIENT TYPE Public Service District | | | |
| 11. PROJECT MANAGER AND TELEPHONE NO. Chester A. Richmond Chairman 304/742-5280 | | | 12. CONSULTANT (WWT Construction Grants Only) Milam/BCM Engineering, Inc. 1400 Ohio Avenue Dunbar, West Virginia 25064 304/766-6224 | | | | |
| EPA CONTACT | 13. ISSUING OFFICE (City/State) Philadelphia, Pa. | | | 14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. Dennis P. Carney, Team Leader West Virginia Section 215/597-4084 | | | |
| | 15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins/202-382-5184 | | 16. STATE APPL ID (Clearinghouse) WV810720-064 | 17. FIELD OF SCIENCE N/A | 18. PROJECT STEP (WWT CG Only) III | | |
| 19. STATUTORY AUTHORITY Clean Water Act, Title II Appalachian Regional Development | | 20. REGULATORY AUTHORITY 40 CFR, Part 35 | | 21. STEP 2 + 3 & STEP 3 (WWT Construction Only) | | | |
| | | | | a. Treatment Level | 3 | | |
| | | | | b. Project Type | New | | |
| | | | | c. Treatment Process | ? | | |
| | | | | d. Sludge Design | 3 | | |
| 22. PROJECT TITLE AND DESCRIPTION This amendment is based on lower bids than originally estimated. | | | | | | | |
| 23. PROJECT LOCATION (Areas Impacted by Project) | | | | | | | |
| City/Place Craigsville | | County Nicholas | | State WV | Congressional District 3 | | |
| 24. ASSISTANCE PROGRAM (CFA Program No. & Title) 66.418 & 23.002 | | | 25. PROJECT PERIOD 7/82 - 10/85 | | 26. BUDGET PERIOD N/A | | |
| 27. COMMUNITY POPULATION (WWT CG Only) 2457 | | 28. TOTAL BUDGET PERIOD COST N/A | | 29. TOTAL PROJECT PERIOD COST \$6,751,700 | | | |
| FUNDS | | FORMER AWARD | | THIS ACTION | AMENDED TOTAL | | |
| 30. EPA Amount This Action | | \$5,892,670 | | -\$828,895 | \$5,063,775 | | |
| 31. EPA In-Kind Amount | | | | | | | |
| 32. Unexpended Prior Year Balance | | | | | | | |
| 33. Other Federal Funds | | 392,844 | | - 55,259 | 337,585 | | |
| 34. Recipient Contribution | | | | | | | |
| 35. State Contribution | | | | | | | |
| 36. Local Contribution | | | | | | | |
| 37. Other Contribution | | | | | | | |
| 38. Allowable Project Cost | | \$7,856,900 | | -\$1,105,200 | \$6,751,700 | | |
| 39. FISCAL | Program Element | FY | Appropriation | Doc. Control No. | Account Number | Object Class | Obligation/Deoblig. Amount |
| | | 82CO | 68-11X0090 | | HZ6U036006 | 41.11 | -\$ 55,259 |
| | | 81CO | 68X0103.D | | FGDJ036006 | 41.11 | -\$328,895 |

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)TOTAL APPROVED ALLOWABLE
BUDGET PERIOD COST

| | |
|--|----|
| 1. PERSONNEL | |
| 2. FRINGE BENEFITS | |
| 3. TRAVEL | |
| 4. EQUIPMENT | |
| 5. SUPPLIES | |
| 6. CONTRACTUAL | |
| 7. CONSTRUCTION | |
| 8. OTHER | |
| 9. TOTAL DIRECT CHARGES | |
| 10. INDIRECT COSTS: RATE % BASE | |
| 11. TOTAL (Share: Recipient _____% Federal _____%) | |
| 12. TOTAL APPROVED ASSISTANCE AMOUNT | \$ |

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

| | |
|--|----|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |
| 11. | |
| 12. TOTAL (Share: Recipient _____% Federal _____%) | |
| 13. TOTAL APPROVED ASSISTANCE AMOUNT | \$ |

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

| | |
|--|--------------|
| 1. ADMINISTRATION EXPENSE | |
| 2. PRELIMINARY EXPENSE | 79,720 |
| 3. LAND STRUCTURES, RIGHT-OF-WAY | |
| 4. ARCHITECTURAL ENGINEERING BASIC FEES | 791,599 |
| 5. OTHER ARCHITECTURAL ENGINEERING FEES | |
| 6. PROJECT INSPECTION FEES | |
| 7. LAND DEVELOPMENT | |
| 8. RELOCATION EXPENSES | |
| 9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES | |
| 10. DEMOLITION AND REMOVAL | |
| 11. CONSTRUCTION AND PROJECT IMPROVEMENT | 5,589,678 |
| 12. EQUIPMENT | |
| 13. MISCELLANEOUS (Legal & Fiscal) | 11,277 |
| 14. TOTAL (Lines 1 thru 13) | |
| 15. ESTIMATED INCOME (If applicable) | |
| 16. NET PROJECT AMOUNT (Line 14 minus 15) | |
| 17. LESS: INELIGIBLE EXCLUSIONS | |
| 18. ADD: CONTINGENCIES | 279,426 |
| 19. TOTAL (Share: Recipient: 20 % Federal 80 %) | 6,751,700 |
| 20. TOTAL APPROVED ASSISTANCE AMOUNT | \$ 5,401,360 |

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS.

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

Decrease EPA grant amount by \$828,895 from \$5,892,670 to \$5,063,775 and decrease ARC grant amount by \$55,259 from \$392,844 to \$337,585 due to lower bids than originally estimated.

Funding

| | | |
|-----------------------------|--------------------|---------------|
| EPA | \$5,063,775 | 75.0% |
| ARC-Section 214 | 337,585 | 5.0% |
| Non-Federal | <u>1,350,340</u> | <u>20.0%</u> |
| Total Eligible Project Cost | <u>\$6,751,700</u> | <u>100.0%</u> |

Section 214 assistance is limited to the lesser of (1) the amount specified above, or (2) the difference between the actual eligible project costs and the sum of the actual non-ARC basic grant(s) and the non-federal funds specified above.

Part III, Special Condition Number 1.d. is hereby deleted in its entirety and the following substituted in lieu thereof:

"1.d. Revised Schedule of Grant Payments

The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

| <u>Payment No.</u> | <u>Date</u> | <u>Amount</u> | <u>Cumulative Amount</u> (not to be exceeded) |
|--------------------|-------------|---------------|--|
| 1 | 10/83 | \$430,000 | \$ 430,000 |
| 2 | 11/83 | 520,000 | 950,000 |
| 3 | 12/83 | 520,000 | 1,470,000 |
| 4 | 1/84 | 430,000 | 1,900,000 |
| 5 | 2/84 | 430,000 | 2,330,000 |
| 6 | 3/84 | 430,000 | 2,760,000 |
| 7 | 4/84 | 430,000 | 3,190,000 |
| 8 | 5/84 | 400,000 | 3,590,000 |
| 9 | 6/84 | 400,000 | 3,990,000 |
| 10 | 7/84 | 370,000 | 4,360,000 |
| 11 | 8/84 | 370,000 | 4,730,000 |
| 12 | 9/84 | 650,000 | 5,380,000 |
| 13 | 10/85 | 21,360 | 5,401,360" |

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

b. SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Craigsville Public Service District

for 80 % of all approved costs incurred up to and not exceeding \$ 5,401,360

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications)

C-540309-03, Craigsville Public Service District, 6/24/83 included herein by reference.

DATE AND TITLE

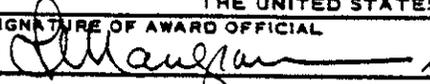
ISSUING OFFICE (Grants Administration Office)

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS
 Grants Management Section (3PM32)
 U. S. EPA, Region III
 Curtis Building, 6th and Walnut Streets
 Philadelphia, Pa. 19106

ORGANIZATION/ADDRESS
 Water Management Division (3WMOO)
 U. S. EPA, Region III
 Curtis Building, 6th and Walnut Streets
 Philadelphia, Pa. 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

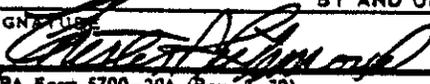
SIGNATURE OF AWARD OFFICIAL


TYPED NAME AND TITLE
 GREENE A. JONES, Director
 Water Management Division

DATE

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE


TYPED NAME AND TITLE
 Chairman

9/6/83

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE ~~PROGRAM~~ AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.

C-540309-03-2

2. LOG NUMBER

Three-C-

3. DATE OF AWARD

4. MAILING DATE

5. AGREEMENT TYPE

Cooperative Agreement

Grant Agreement

Assistance Amendment

6. PAYMENT METHOD

Advance

Reimbursement

Letter of Credit

Send Payment Request To:

X Grants Management Section

7. TYPE OF ACTION

Augmentation/Decrease

8. RECIPIENT

Craigsville Public Service District
P. O. BOX 56
Craigsville, West Virginia 26205

9. PAYEE

Craigsville Public Service District
P. O. BOX 56
Craigsville, West Virginia 26205

EIN NO.

54067-0612A1

CONGRESSIONAL DISTRICT

3

10. RECIPIENT TYPE

Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.

Chester A. Richmond
Chairman
304/742-5280

12. CONSULTANT (WWT Construction Grants Only)

Milam/BCM Engineering, Inc.
1400 Ohio Avenue
Dunbar, West Virginia 25064
304/766-6224

13. ISSUING OFFICE (City/State)

Philadelphia, Pa.

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.

Dennis P. Carney, Team Leader
West Virginia Section
215/597-4084

15. EPA CONGRESSIONAL LIAISON & TEL. NO.

Patricia Gaskins/202-382-5184

16. STATE APPL ID (Clearinghouse)

WV810720-064

17. FIELD OF SCIENCE

N/A

18. PROJECT STEP (WWT CG Only)

III

19. STATUTORY AUTHORITY

Clean Water Act, Title II
Appalachian Regional Development

20. REGULATORY AUTHORITY

40 CFR, Part 35

21. STEP 2 + 3 & STEP 3 (WWT Construction Only)

| | |
|----------------------|-----|
| a. Treatment Level | 3 |
| b. Project Type | New |
| c. Treatment Process | 2 |
| d. Sludge Design | 5 |

22. PROJECT TITLE AND DESCRIPTION

This amendment is based on lower bids than originally estimated.

23. PROJECT LOCATION (Area Impacted by Project)

City/Place

Craigsville

County

Nicholas

State

WV

Congressional District

3

24. ASSISTANCE PROGRAM (C/FDA Program No. & Title)

66.418 & 23.002

25. PROJECT PERIOD

7/82 - 10/85

26. BUDGET PERIOD

N/A

27. COMMUNITY POPULATION (WWT CG Only)

2457

28. TOTAL BUDGET PERIOD COST

N/A

29. TOTAL PROJECT PERIOD COST

\$6,751,700

FUNDS

FORMER AWARD

THIS ACTION

AMENDED TOTAL

30. EPA Amount This Action

\$5,892,670

- \$828,895

\$5,063,775

31. EPA In-Kind Amount

32. Unexpended Prior Year Balance

33. Other Federal Funds

392,844

- 55,259

337,585

34. Recipient Contribution

35. State Contribution

36. Local Contribution

37. Other Contribution

38. Allowable Project Cost

\$7,856,900

+ \$1,105,200

\$6,751,700

39 FISCAL

Program Element

FY

Appropriation

Doc. Control No.

Account Number

Object Class

Obligation/Deoblig. Amount

82C0

68-11X0090

HZ6U036006

41.11

-\$ 55,259

81C0

68X0103.D.

FGDJ036006

41.11

-\$828,895

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)TOTAL APPROVED ALLOWABLE
BUDGET PERIOD COST

| | |
|--|--|
| 1. PERSONNEL | |
| 2. FRINGE BENEFITS | |
| 3. TRAVEL | |
| 4. EQUIPMENT | |
| 5. SUPPLIES | |
| 6. CONTRACTUAL | |
| 7. CONSTRUCTION | |
| 8. OTHER | |
| 9. TOTAL DIRECT CHARGES | |
| 10. INDIRECT COSTS: RATE % BASE | |
| 11. TOTAL (Share: Recipient _____ % Federal _____ %) | |

12. TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

| | |
|--|--|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |
| 11. | |
| 12. TOTAL (Share: Recipient _____ % Federal _____ %) | |

13. TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

| | |
|--|--------------|
| 1. ADMINISTRATION EXPENSE | 79,720 |
| 2. PRELIMINARY EXPENSE | |
| 3. LAND STRUCTURES, RIGHT-OF-WAY | |
| 4. ARCHITECTURAL ENGINEERING BASIC FEES | 791,599 |
| 5. OTHER ARCHITECTURAL ENGINEERING FEES | |
| 6. PROJECT INSPECTION FEES | |
| 7. LAND DEVELOPMENT | |
| 8. RELOCATION EXPENSES | |
| 9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES | |
| 10. DEMOLITION AND REMOVAL | |
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| 12. EQUIPMENT | |
| 13. MISCELLANEOUS (Legal & Fiscal) | 11,277 |
| 14. TOTAL (Lines 1 thru 13) | |
| 15. ESTIMATED INCOME (If applicable) | |
| 16. NET PROJECT AMOUNT (Line 14 minus 15) | |
| 17. LESS: INELIGIBLE EXCLUSIONS | |
| 18. ADD: CONTINGENCIES | 279,426 |
| 19. TOTAL (Share: Recipient 20 % Federal 80 %) | 6,751,700 |
| 20. TOTAL APPROVED ASSISTANCE AMOUNT | \$ 5,401,360 |

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

Decrease EPA grant amount by \$828,895 from \$5,892,670 to \$5,063,775 and decrease ARC grant amount by \$55,259 from \$392,844 to \$337,585 due to lower bids than originally estimated.

Funding

| | | |
|-----------------------------|--------------------|---------------|
| EPA | \$5,063,775 | 75.0% |
| ARC-Section 214 | 337,585 | 5.0% |
| Non-Federal | <u>1,350,340</u> | <u>20.0%</u> |
| Total Eligible Project Cost | <u>\$6,751,700</u> | <u>100.0%</u> |

Section 214 assistance is limited to the lesser of (1) the amount specified above, or (2) the difference between the actual eligible project costs and the sum of the actual non-ARC basic grant(s) and the non-federal funds specified above.

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"1.d. Revised Schedule of Grant Payments

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|--------------------|-------------|---------------|--|
| 1 | 10/83 | \$430,000 | \$ 430,000 |
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| 7 | 4/84 | 430,000 | 3,190,000 |
| 8 | 5/84 | 400,000 | 3,590,000 |
| 9 | 6/84 | 400,000 | 3,990,000 |
| 10 | 7/84 | 370,000 | 4,360,000 |
| 11 | 8/84 | 370,000 | 4,730,000 |
| 12 | 9/84 | 650,000 | 5,380,000 |
| 13 | 10/85 | 21,360 | 5,401,360" |

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

b. SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

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OFFER AND ACCEPTANCE

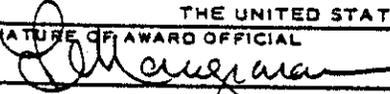
The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Craigsville Public Service District

for 80 % of all approved costs incurred up to and not exceeding \$ 5,401,360

for the support of approved budget period effort described in application (including all application modifications) C-540309-03, Craigsville Public Service District, 6/24/83 included herein by reference.

| ISSUING OFFICE (Grants Administration Office) | AWARD APPROVAL OFFICE |
|--|--|
| ORGANIZATION/ADDRESS Grants Management Section (3PM32) U. S. EPA, Region III Curtis Building, 6th and Walnut Streets Philadelphia, Pa. 19106 | ORGANIZATION/ADDRESS Water Management Division (3WMOO) U. S. EPA, Region III Curtis Building, 6th and Walnut Streets Philadelphia, Pa. 19106 |

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

| | | |
|---|--|------|
| SIGNATURE OF AWARD OFFICIAL  | TYPED NAME AND TITLE GREENE A. JONES, Director Water Management Division | DATE |
|---|--|------|

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

| | | |
|-----------|----------------------|------|
| SIGNATURE | TYPED NAME AND TITLE | DATE |
|-----------|----------------------|------|



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION III

6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

Re: C-540309-0
Craigsville Public
Service District

JUL 6 1982

Mr. Chester Richmond, Chairman
Craigsville Public Service District
P. O. Drawer 24
Craigsville, West Virginia 26205

Dear Mr. Richmond:

In accordance with our letter of April 5, 1982, regarding final payment for the above referenced project, the grant is hereby decreased by \$12,643, based on the final eligible cost as determined by this office. Total Federal participation in the project is now \$193,757.

A copy of Assistance Amendment Number Two reflecting the decrease in grant amount is enclosed for your records.

We look forward to the successful completion of the subsequent Step III project, at which time an audit will be conducted of all costs incurred under all steps of this entire construction grant project.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Greene A. Jones".

Greene A. Jones, Director
Water Management Division

Enclosure

cc: Mr. Warren H. Means
Mr. Edgar Henry

ASSISTANCE AMENDMENT
(Optional)

(Please read instructions on reverse)

ASSISTANCE I.D. NO.

C-540309-02

AMENDMENT NO.

2

Final Amendment with one copy must be executed and returned to the Grants Administration Division for Headquarters and to the Grants Administration Branches for State and local assistance awards within 3 weeks after receipt extension of time as may be granted in writing by EPA. Except as may be otherwise provided, no costs as a result of cost may be incurred prior to the execution of the Assistance Amendment by the parties thereto.

Receipt of a written refusal, or failure to receive the properly executed document within the prescribed time will result in the termination of consideration of the Assistance Amendment by EPA.

GENERAL INFORMATION

APPROPRIATION AND ACCOUNTING DATA

APPROPRIATION NUMBER

68XQ103.A

ACCOUNT NUMBER

Y779036006

OBJECT CLASS CODE

41.11

DESCRIPTION OF AMENDMENT: PURSUANT TO EPA ASSISTANCE REGULATION 40 CFR 30.900 "PROJECT CHANGES AND ASSISTANCE MODIFICATIONS" AND 40 CFR 30.900-1 "FORMAL ASSISTANCE AMENDMENTS," THE ABOVE NUMBERED ASSISTANCE AGREEMENT IS AMENDED AS FOLLOWS:

Decrease obligation by \$12,643, from \$206,400 to \$193,757, based on the final eligible cost as determined by this office.

| <u>Classification</u> | <u>Amount</u> |
|-----------------------------|-----------------|
| Administrative Expense | \$ 917.00 |
| A/E Basic Fees | 250,210.00 |
| Other A/E Fees | <u>7,216.00</u> |
| Total Eligible Project Cost | \$258,343.00 |
| Federal Share @ 75% | \$193,757.00 |

All other terms and conditions remain unchanged.

AWARD APPROVAL OFFICE

ORGANIZATION

Water Management Division

ADDRESS

Environmental Protection Agency
Curtis Building, 6th & Walnut Streets
Philadelphia, Pa. 19106

ISSUING OFFICE

ORGANIZATION

Grants Management Section

ADDRESS

Environmental Protection Agency
Curtis Building, 6th & Walnut Streets
Philadelphia, Pa. 19106

RECIPIENT ORGANIZATION

NAME

Craigsville Public Service District

ADDRESS

P. O. Drawer 24
Craigsville, West Virginia 26205

Except as provided herein all terms and conditions of the basic assistance agreement, including prior amendments, remain unchanged and in full force and effect and subject to all applicable provisions of 40 CFR Chapter 1, Subpart B.

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL

Greene A. Jones

TYPED NAME AND TITLE

Greene A. Jones, Dir., Water Mgmt. Div

DATE
JUL 6 1982

SIGNATURE BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

Robert L. ...

TYPED NAME AND TITLE

...

DATE
7/6/82



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

REC'D

RECEIVED
APR 22 '85

APR 16 1985

CERTIFIED MAIL

RE: C-540309-03
Craigsville Public
Service District

Mr. Chester A. Richmond, Chairman
Craigsville Public Service District
P.O. Box 368
Craigsville, West Virginia 26205

Dear Mr. Richmond:

In accordance with a request by the West Virginia Department of Natural Resources, we are pleased to inform you of a grant increase in the amount of \$783,000 to construct sewers in the Beaver District, for the referenced project. Total Federal participation in the project is now \$6,184,360 which includes ARC funds of \$337,585.

The original and a copy of the Assistance Amendment Number Three (3) are enclosed. The original copy of the amendment should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

Robert J. Morris, Deputy
for Alvin R. Morris, Director
Water Management Division

Enclosures

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Appalachian-Usher-Milam Engineering, Inc.
Mr. Neil Walp, ARC

U.S. ENVIRONMENTAL PROTECTION AGENCY
 EPA ASSISTANCE ~~XXX~~ ~~XXX~~ AMENDMENT
 PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO. C- 09-03-3
 2. LOG NUMBER Three - C
 3. DATE OF AWARD APR 9 1985
 4. FUNDING RATE APR 16 1985

| | | | |
|-----------------------|---|----------------------------------|---|
| 5. AGREEMENT TYPE | | 6. PAYMENT METHOD | |
| Cooperative Agreement | | <input type="checkbox"/> Advance | <input checked="" type="checkbox"/> Reimbursement |
| Grant Agreement | | Send Payment Request To: | |
| Assistance Amendment | X | Grants Management Section | |
| | | 7. TYPE OF ACTION | |
| | | Augmentation/Increase | |

| | | | |
|--------------|---|----------|---|
| 8. RECIPIENT | Craigsville Public Service District P.O. Box 368 Craigsville, West Virginia 26205 | 9. PAYEE | Craigsville Public Service District P.O. Box 368 Craigsville, West Virginia 26205 |
| | RECIPIENT ORGANIZATION | | |

| | | |
|-------------------------|-------------------------------|---|
| EIN NO. 54067-0612A1 | CONGRESSIONAL DISTRICT 3rd | 10. RECIPIENT TYPE Public Service District |
|-------------------------|-------------------------------|---|

| | |
|--|---|
| 11. PROJECT MANAGER AND TELEPHONE NO. Chester A. Richmond, Chairman (304) 742-5522 | 12. CONSULTANT (WWT Construction Grants Only) Appalachian-Usher-Milam Engineering, Inc. 1400 Ohio Avenue Dunbar, West Virginia 25064 304/766-6224 |
|--|---|

| | |
|---|---|
| 13. ISSUING OFFICE (City/State) Philadelphia, Pennsylvania 19107 | 14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. R. Fenton Roudabush, Chief Virginia - West Virginia Section (215) 597-9131 |
|---|---|

| | | | |
|---|-----------------------------------|-----------------------------|---------------------------------------|
| 15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins 202/382-5184 | 16. STATE APPL ID (Clearinghouse) | 17. FIELD OF SCIENCE N/A | 18. PROJECT STEP (WWT CG Only) III |
|---|-----------------------------------|-----------------------------|---------------------------------------|

| | | | |
|--|---|---|-----|
| 19. STATUTORY AUTHORITY Clean Water Act, Title II | 20. REGULATORY AUTHORITY 40 CFR, Parts 30 & 35 | 21. STEP 2 + 3 & STEP 3 (WWT Construction Only) | |
| | | a. Treatment Level | 3 |
| | | b. Project Type | NEW |
| | | c. Treatment Process | D |
| | | d. Sludge Design | 5 |

22. PROJECT TITLE AND DESCRIPTION
 The District is applying for an amendment to their existing Step III Grant for funds to construct sewers in and for the Beaver Addition.

23. PROJECT LOCATION (Areas Impacted by Project)

| | | | |
|---------------------------|--------------------|-------------|-------------------------------|
| City/Place Craigsville | County Nicholas | State WV | Congressional District 3rd |
|---------------------------|--------------------|-------------|-------------------------------|

| | | |
|---|-------------------------------------|--------------------------|
| 24. ASSISTANCE PROGRAM (CFDA Program No. & Title) 66.418 | 25. PROJECT PERIOD 07/82 - 01/87 | 26. BUDGET PERIOD N/A |
|---|-------------------------------------|--------------------------|

| | | |
|---|-------------------------------------|--|
| 27. COMMUNITY POPULATION (WWT CG Only) 2,457 | 28. TOTAL BUDGET PERIOD COST N/A | 29. TOTAL PROJECT PERIOD COST \$7,795,700 |
|---|-------------------------------------|--|

| FUNDS | FORMER AWARD | THIS ACTION | AMENDED TOTAL |
|-----------------------------------|--------------|-------------|---------------|
| 30. EPA Amount This Action | 5,063,775 | 783,000 | 5,846,775 |
| 31. EPA In-Kind Amount | | | |
| 32. Unexpended Prior Year Balance | | | |
| 33. Other Federal Funds ARC | 337,585 | | 337,585 |
| 34. Recipient Contribution | | | |
| 35. State Contribution | | | |
| 36. Local Contribution | | | |
| 37. Other Contribution | | | |
| 38. Allowable Project Cost | 6,751,700 | 1,044,000 | 7,795,700 |

| 39. FISCAL | Program Element | FY | Appropriation | Doc. Control No. | Account Number | Object Class | Obligation/Deoblig. Amount |
|------------|-----------------|------|---------------|------------------|----------------|--------------|----------------------------|
| | GHPW80 | 79-R | 68X0103.B | W79003 | RGHP036006 | 41.11 | \$ 11,594 |
| | GKAW80 | 83-R | 68X0103.F | W83001 | RGKA036006 | 41.11 | 410,167 |
| | GMAW80 | 85 | 68X0103.H | W85009 | 5GMA036006 | 41.11 | 361,239 |

| TABLE A - OF CLASS CATEGORY (Non construction) | TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST |
|--|--|
| 1. PERSONNEL | |
| 2. FRINGE BENEFITS | |
| 3. TRAVEL | |
| 4. EQUIPMENT | |
| 5. SUPPLIES | |
| 6. CONTRACTUAL | |
| 7. CONSTRUCTION | |
| 8. OTHER | |
| 9. TOTAL DIRECT CHARGES | |
| 10. INDIRECT COSTS: RATE % BASE | |
| 11. TOTAL (Share: Recipient _____% Federal _____%) | |
| 12. TOTAL APPROVED ASSISTANCE AMOUNT | \$ N/A |

| TABLE B - PROGRAM ELEMENT CLASSIFICATION (Non-construction) | |
|--|--------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |
| 11. | |
| 12. TOTAL (Share: Recipient _____% Federal _____%) | |
| 13. TOTAL APPROVED ASSISTANCE AMOUNT | \$ N/A |

| TABLE C - PROGRAM ELEMENT CLASSIFICATION (Construction) | |
|--|--------------------------------------|
| 1. ADMINISTRATION EXPENSE | 107,187 |
| 2. PRELIMINARY EXPENSE | |
| 3. LAND STRUCTURES, RIGHT-OF-WAY | |
| 4. ARCHITECTURAL ENGINEERING BASIC FEES | 248,814 |
| 5. OTHER ARCHITECTURAL ENGINEERING FEES | 202,230 |
| 6. PROJECT INSPECTION FEES | 549,887 |
| 7. LAND DEVELOPMENT | |
| 8. RELOCATION EXPENSES | |
| 9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES | |
| 10. DEMOLITION AND REMOVAL | |
| 11. CONSTRUCTION AND PROJECT IMPROVEMENT | 6,352,278 |
| 12. EQUIPMENT | |
| 13. XXXXXXXXXX Legal & Fiscal | 17,777 |
| 14. TOTAL (Lines 1 thru 13) | |
| 15. ESTIMATED INCOME (If applicable) | |
| 16. NET PROJECT AMOUNT (Line 14 minus 15) | |
| 17. LESS: INELIGIBLE EXCLUSIONS | |
| 18. ADD: CONTINGENCIES | 317,527 |
| 19. TOTAL (Share: Recipient <u>20.7</u> % Federal <u>79.3</u> %) | 7,795,700 |
| 20. TOTAL APPROVED ASSISTANCE AMOUNT Combined (\$6,184,360) | \$ EPA \$5,846,775 ARC \$ 337,585 |

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

- A. Part III, Special Conditions 1d & 2 are hereby deleted and the following substituted in lieu of:

"1d. Revised Schedule of Grant Payments

The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

| <u>Payment No.</u> | <u>Date</u> | <u>Payment</u> | <u>Cumulative Amount</u> (not to be exceeded) |
|--------------------|-----------------|----------------|--|
| 1 - 17 | Previously Paid | | 5,132,500 |
| 18 | 04/85 | 15,000 | 5,147,500 |
| 19 | 05/85 | 20,000 | 5,167,500 |
| 20 | 06/85 | 20,000 | 5,187,500 |
| 21 | 07/85 | 106,188 | 5,293,688 |
| 22 | 08/85 | 106,188 | 5,399,876 |
| 23 | 09/85 | 106,188 | 5,506,064 |
| 24 | 10/85 | 106,188 | 5,612,252 |
| 25 | 11/85 | 106,188 | 5,718,440 |
| 26 | 12/85 | 106,190 | 5,824,630 |
| 27 | 01/86 | 346,730 | 6,171,360 |
| 28 | 01/87 | 13,000 | 6,184,360 |

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 01/86. The grantee further agrees to provide the Regional Administrator upon request, with a revised schedule for payment."

All other terms and conditions remain unchanged.

b. SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers

~~XXXXXX~~ amendment to the Craigsville Public Service District
for 79.3 % of all approved costs incurred up to and not exceeding \$ 6,184,360

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications) C-540309-03 Craigsville Public Service District included herein by reference.

DATE AND TITLE

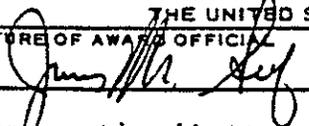
ISSUING OFFICE (Grants Administration Office)

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS
Environmental Protection Agency
Grants Management Section (3PM32)
841 Chestnut Building
Philadelphia, Pennsylvania 19107

ORGANIZATION/ADDRESS
Environmental Protection Agency
Water Management Division (3WM00)
841 Chestnut Building
Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

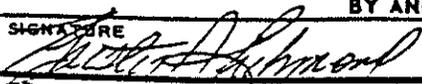
SIGNATURE OF AWARD OFFICIAL


TYPED NAME AND TITLE
James M. Seif, Regional Administrator

DATE
APR 9 1985

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE


TYPED NAME AND TITLE

DATE
4/23/85



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
(304) 348-3612

August 12, 1983

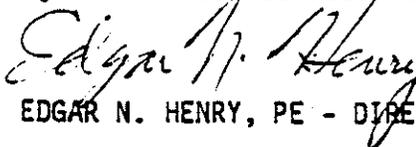
CERTIFIED MAIL

Mr. Chester A. Richmond, Chairman
Craigsville Public Service District
P. O. Box 56
Craigsville, WV 26205

The West Virginia Water Development Authority (WDA) is pleased to make a hardship grant available to the Craigsville PSD. The WDA hardship grant will normally be paid in a manner similar to EPA grant payments which are based essentially on completion of work. However, hardship grant funds may be made available at the time of repayment of the WDA loan(s) by the entity.

If for some reason your project does not proceed into construction, the hardship grant may be terminated. In this case, your project would be held in abeyance awaiting future activity.

The WDA hardship grant is to be for an amount not to exceed \$1,000,000 and is subject to the conditions set forth in the grant agreement and Administrative Regulations. If you desire to participate in the hardship grant program, please sign the enclosed agreement and forward the original and first copy to this office. Also, a copy of the resolution designating the signee of the agreement must be returned.


EDGAR N. HENRY, PE - DIRECTOR

c Senators
Delegates
Water Resources Division
Regional Planning Council
Economic & Community Development
Environmental Health Services
Consulting Engineer

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Nicholas

Craigsville Public Service District
P. O. Box 56
Craigsville, WV 26205

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Chester A. Richmond, Chairman
Craigsville Public Service District
P. O. Box 56
Craigsville, WV 26205

3. GRANT PAYEE (NAME AND ADDRESS):

Craigsville Public Service District
P. O. Box 56
Craigsville, WV 26205

4. APPROVED AMOUNT OF GRANT: \$ 1,000,000.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1984, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

Construction of a .72 million gallon per day treatment facility with collection system to serve the Craigsville and Cottle areas within the Craigsville PSD.

| | |
|---|---------------------|
| 7. TOTAL COSTS | \$ <u>7,783,500</u> |
| ELIGIBLE COSTS | \$ <u>7,783,500</u> |
| FEDERAL (EPA) GRANT AMOUNT (% OF ELIGIBLE COSTS <u>75</u>) | \$ <u>5,063,775</u> |
| STATE (WDA) HARDSHIP GRANT AMOUNT (% OF ELIGIBLE COSTS <u>12.8</u>) | \$ <u>1,000,000</u> |

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Craigsville Public Service District, SUCH GRANT NOT TO EXCEED \$ 1,000,000.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS OR SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540309-03 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Craigsville Public Service District OFFERED ON July 16, 1982, AND ACCEPTED ON July 26, 1982.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry
TITLE: Director
SIGNATURE: *Edgar N. Henry*
DATE: August 12, 1983

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 12th DAY OF August,
1983.

NOTARY: *Barbara A. Butcher*
COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT
ORGANIZATION REPRESENTATIVE: Mr. Chester A. Richmond, Chairman
TITLE: Craigsville Public Service District
SIGNATURE: *Chester A. Richmond*
DATE: 9/6/83

STATE OF WEST VIRGINIA, COUNTY OF Nicholas.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 6th DAY OF September,
1983.

NOTARY: *Gay L. Johnson*
COMMISSION EXPIRES: 2-21-90

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III

6TH AND WALNUT STREETS

PHILADELPHIA, PENNSYLVANIA 19106

WDM
SIR
CDR
CE

07-0011-02/07

DEC 17 1982

CERTIFIED MAIL

Re: C-540309-03
Craigsville Public Service District

Mr. Chester A. Richmond, Chairman
Craigsville Public Service District
P.O. Box 56
Craigsville, West Virginia 26205

Dear Mr. Richmond:

We are pleased to inform you that a grant increase of \$392,844 is approved for the Craigsville Public Service District, under the provisions of Section 214 of the Appalachian Regional Development Act of 1965, for the referenced project.

The grant supplements all previous awards made under the provisions of the Clean Water Act. The total grant for the project, therefore, is \$6,285,514. You are reminded that the assurances given in accepting the original offer also apply to this supplemental grant.

The original and a copy of Assistance Amendment Number One are enclosed. The original copy of the Amendment should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

Greene A. Jones
Greene A. Jones, Director
Water Management Division

Enclosures

- cc: Mr. Warren Means, WVDNR
- Mr. Edgar Henry, WDA
- Mr. Wes King, COE
- Ms. Margaret Neary, ARC
- Milam/BCM Engineering, Inc. ✓

ENVIRONMENTAL PROTECTION AGENCY
ASSISTANCE AMENDMENT
 (Optional)
 (Please read instructions on reverse)

ASSISTANCE I.D. NO.
C-540309-03-1
 AMENDMENT NO.
1

The original Amendment with one copy must be executed and returned to the Grants Administration Division for Headquarters grants awards and to the Grants Administration Branches for State and local assistance awards within 3 weeks after receipt, unless any extension of time as may be granted in writing by EPA. Except as may be otherwise provided, no costs as a result of Amendment may be incurred prior to the execution of the Assistance Amendment by the parties thereto.

Receipt of a written refusal, or failure to receive the properly executed document within the prescribed time will result in the termination of consideration of the Assistance Amendment by EPA.

GENERAL INFORMATION

APPROPRIATION AND ACCOUNTING DATA

| | | |
|---|-------------------------------------|-----------------------------------|
| APPROPRIATION NUMBER 68-11X0090 | ACCOUNT NUMBER EZ6U036006 | OBJECT CLASS CODE 41.11 |
|---|-------------------------------------|-----------------------------------|

DESCRIPTION OF AMENDMENT: PURSUANT TO EPA ASSISTANCE REGULATION 40 CFR 101.308 "PROJECT CHANGES AND ASSISTANCE MODIFICATIONS" AND 40 CFR 101.309 "FORMAL ASSISTANCE AMENDMENTS," THE ABOVE NUMBERED ASSISTANCE AGREEMENT IS AMENDED AS FOLLOWS:

Increase grant amount by \$392,844 from \$5,892,670 to \$6,285,514, due to supplemental increase of ARC funds.

Funding

| | | |
|------------------------------------|--------------------|---------------|
| EPA | \$5,892,670 | 75.0% |
| ARC - Section 214 | 392,844 | 5.0% |
| Small Cities | 107,156 | 1.4% |
| Non-Federal (State) | 250,000 | 3.2% |
| Non-Federal (Local) | 1,214,230 | 15.4% |
| Total Eligible Project Cost | \$7,856,900 | 100.0% |

Section 214 assistance is limited to the lesser of: (1) the amount specified above, or (2) the difference between the actual eligible project costs and the sum of the actual non-ARC basic grant(s) and the non-federal funds specified above.

Part III, Special Conditions, is hereby amended by adding the following:

"12. Award Restrictions

The grantee agrees that no portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 USC Section 1913 or Section 607(a) of Public Law 96-74."

All other terms and conditions remain unchanged.

| | |
|---|---|
| AWARD APPROVAL OFFICE | ISSUING OFFICE |
| ORGANIZATION Waste Management Division (JWM00) | ORGANIZATION Grants Management Section (3PM32) |
| ADDRESS Environmental Protection Agency Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106 | ADDRESS Environmental Protection Agency Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106 |
| RECIPIENT ORGANIZATION | ADDRESS |
| Craigsville Public Service District | P.O. Box 56 Craigsville, West Virginia 26205 |

It is provided herein all terms and conditions of the basic assistance agreement, including prior amendments, remain unchanged and shall apply and subject to all applicable provisions of 40 CFR Chapter I, Subpart 2.

FOR THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY
 Peter N. Blisko
 Regional Administrator
 DATE: Dec 15 1967

07-0011-02/07



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

September 17, 1982

JOHN D. ROCKEFELLER IV
Governor

Dear Digger,

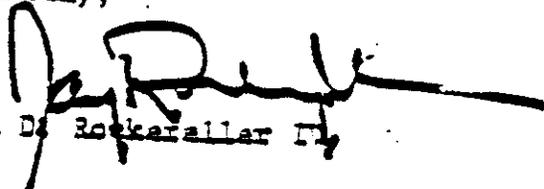
I am pleased to advise you that I am approving \$107,156 from the Small Cities Block Grant Program to the Nicholas County Commission for the Craigsville Public Service District Sewer project.

This commitment is based upon the project's benefits to low and moderate income persons, the elimination of a serious health threat and the long-term growth and development of the community. You should note that the project must be underway within twelve months to avoid loss of these funds.

You will be contacted by my Office of Economic and Community Development. They have been instructed to initiate the action necessary to insure that all required federal documentation and guidelines required by the United States Department of Housing and Urban Development are met and will assist you in the necessary procedures for implementing this project.

Your efforts to provide services to low and moderate income persons while alleviating a serious health threat are commendable.

Sincerely,


John D. Rockefeller IV

Honorable Bob O'Dell
President
Nicholas County Commission
Nicholas County Courthouse
Summersville, West Virginia 25651



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

August 4, 1983

Dear Shirley,

I am pleased to advise you that I am approving \$54,326 from the Small Cities Block Grant Program to the Nicholas County Commission for the Craigsville Public Service District Sewer Project.

This commitment is based upon the project's benefit to low and moderate income persons, the elimination of a serious health threat and the long-term growth and development of the community. You should note that the project must be underway within twelve months to avoid loss of these funds.

You will be contacted by my Office of Economic and Community Development. They have been instructed to initiate the action necessary to insure that all required federal documentation and guidelines required by the United States Department of Housing and Urban Development are met and will assist you in the necessary procedures for implementing this project.

Your efforts to provide services primarily to low and moderate income persons while alleviating a serious health threat are commendable.

Sincerely,


John D. Rockefeller IV

Honorable Shirley Cutlip
President
Nicholas County Commission
Nicholas County Courthouse
Summersville, West Virginia 26651

Craigsville Public Service District
Sewage System Development
Nicholas County

Funding:

54,326 SCBG
107,156 Previous SCBG F.Y. 82
250,000 Partnership
338,558 ARC
5,063,775 EPA
38,000 Nicholas County
1,000,000 WDA Special Legislative Appropriation
140,400 Tap Fees
760,725 Bonds
30,560
\$7,783,500 Total

Description

The funds will enable construction to start on the Craigsville sewage system project. The project consists of a complete central sewage system including collection lines, pump stations, and treatment facilities.

A previous SCBG grant was awarded for this project, but when bids were received, the overall cost of the project dropped considerably and the maximum amounts available through the Environmental Protection Agency and the Appalachian Regional Commission were reduced leaving a funding deficit of \$60,000. To borrow money to cover this amount would require the PSD to raise rates beyond a desirable level. The current proposed rate is \$19.75/month if proposed funds are available.

Construction on this project can begin immediately.

Contact Person

Mr. Shirley Cuclip
President, Nicholas County Commission
Nicholas County Courthouse
Summersville, West Virginia 26651



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

J. ROCKEFELLER IV
GOVERNOR

August 21, 1981

Dear Mr. Young,

Based upon my recent review, I am pleased to advise you that I am committing \$250,000 from the Community Partnership Grant Program to the Craigsville Public Service District for the construction of a sewage collection and treatment system.

This commitment is based upon the merits of the project, its readiness to go to construction, and its contribution to the long-term growth and development of the area.

I commend you for your efforts in securing the funding for this project and assure you of my continuing interest and support. Representatives of my Office of Economic and Community Development will be contacting you shortly regarding the necessary procedures for funding this project.

Please let me know if I can be of any additional assistance in the future.

Sincerely,

John D. Rockefeller IV

Mr. Joe H. Young
Chairman
Craigsville Public Service
District
Post Office Box 56
Craigsville, West Virginia 26205



NICHOLAS COUNTY COMMISSION

SHIRLEY J. CUTLIP, President
CARROLL T. LAY, Commissioner
DON HARTLEY, Commissioner

SUMMERSVILLE, WEST VIRGINIA 26651

County Commission Sessions:
Every Wednesday

TELEPHONE (304) 872-3630

August 17, 1983

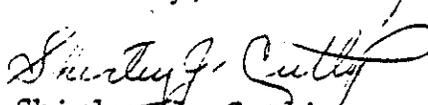
Chester Richmond, Chairman
Craigsville Public Service District
Craigsville, West Virginia 26205

Re: Craigsville Public Service District
Public Sewer System

Dear Mr. Richmond:

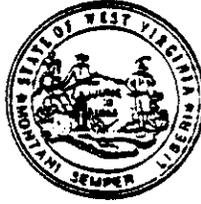
This is to advise you that the Nicholas County Commission's remaining commitment of \$88,000.00 for the above referenced project has been set aside in our 1983-1984 budget.

Sincerely,


Shirley J. Cutlip
President

SJC:pn

cc: Mr. Gary Cottrill
Young, Moore & Company, Inc.



07-0011-27/07

NICHOLAS COUNTY COMMISSION

SUMMERSVILLE, WEST VIRGINIA 26631

TELEPHONE (304) 872-3630

County Commission Sessions:
Every Wednesday

SHIRLEY J. CUTLIP, President
CARROLL T. LAY, Commissioner
DON HARTLEY, Commissioner

May 19, 1983

Young Moore & Company, Inc.
1503 Kanawha Valley Building
Charleston, West Virginia 25301

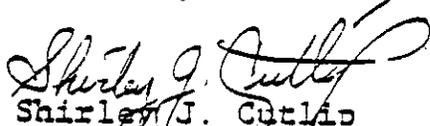
Attn: Mr. Gary Cottrill

Re: Craigsville Public Service District
Public Sewer System

Dear Mr. Cottrill:

This is to advise you that the Nicholas County Commission's remaining commitment of \$88,000.00 for the above referenced project has been set aside in our 1983-1984 budget.

Sincerely,


Shirley J. Cutlip
President

SJC/pn

cc: Milam/BCM Engineering,
✓ Mr. Wayne Morgan
Craigsville PSD,
Chet Richmond, Chairman

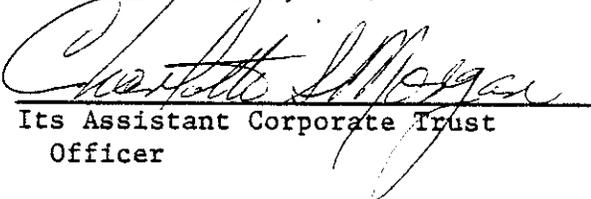
CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

ACCEPTANCE OF DUTIES OF REGISTRAR AND PAYING AGENT

KANAWHA VALLEY BANK, N.A., a national banking association with principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar and Paying Agent in connection with Craigsville Public Service District Sewer Revenue Bonds, Series 1986 A, dated February 18, 1986, in the aggregate principal amount of \$650,000, and agrees to perform all duties of Registrar and Paying Agent in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

KANAWHA VALLEY BANK, N.A.

By 
Its Assistant Corporate Trust
Officer

02/17/86
CRARF1-M

CRAIGSVILLE PUBLIC SERVICE DISTRICT

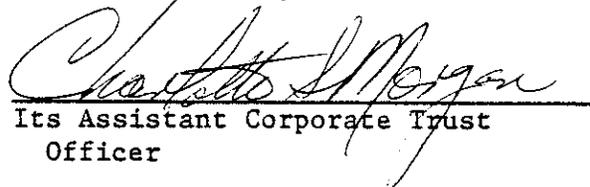
Sewer Revenue Bonds, Series 1986 A

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

KANAWHA VALLEY BANK, N.A., a national banking association with principal office in the City of Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of Craigsville Public Service District adopted August 16, 1983, as amended and supplemented by an Amendatory Bond Resolution and Supplemental Bond Resolution, both adopted February 10, 1986 (collectively, the "Local Act"), authorizing issuance of the Craigsville Public Service District Sewer Revenue Bonds, Series 1986 A, dated February 18, 1986, in the aggregate principal amount of \$650,000 (the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in the Local Act.

KANAWHA VALLEY BANK, N.A.

By


Its Assistant Corporate Trust
Officer

02/17/86
CRARF1-0

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A

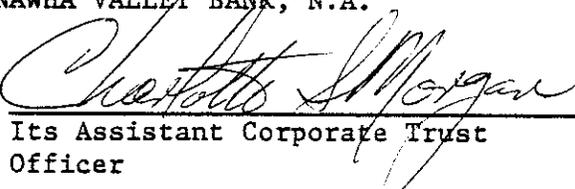
REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Assistant Corporate Trust Officer of Kanawha Valley Bank, N.A., as Registrar under the Local Act providing for the \$650,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of Craigsville Public Service District (the "Governmental Agency"), hereby certify that on the 18th day of February, 1986, (1) the single 1986 Series A Bond of the Governmental Agency in the principal amount of \$650,000 designated "Sewer Revenue Bond, Series 1986 A," numbered A-1, and dated on the date hereof was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 18th day of February, 1986.

KANAWHA VALLEY BANK, N.A.

By


Its Assistant Corporate Trust
Officer

02/17/86
CRARF1-N

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of February, 1986, by and between CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$650,000 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, in fully registered form (the "Governmental Agency Bonds"), pursuant to a Bond and Notes Resolution, adopted August 16, 1983, as amended and supplemented by an Amendatory Bond Resolution and a Supplemental Bond Resolution, both adopted February 10, 1986 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar and Paying Agent for the Governmental Agency Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Paying Agent and Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Paying Agent and Registrar, for the Governmental Agency Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and

shall do so with the intention of maintaining the exemption of interest on the Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Paying Agent and Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. As compensation for acting as Paying Agent and Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Paying Agent and Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

7. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

8. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

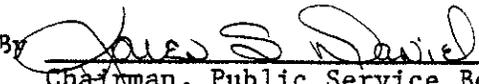
ISSUER: Craigsville Public Service District
 Post Office Box 56
 Craigsville, West Virginia 26205

AGENT: Kanawha Valley Bank, N.A.
 One Valley Square
 Post Office Box 1793
 Charleston, West Virginia 25301
 Attention: Paying Agency Department

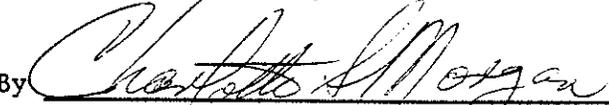
9. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, CRAIGSVILLE PUBLIC SERVICE DISTRICT and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By 
Chairman, Public Service Board

KANAWHA VALLEY BANK, N.A.

By 
Its Assistant Corporate Trust
Officer

02/17/86
CRARF1-L

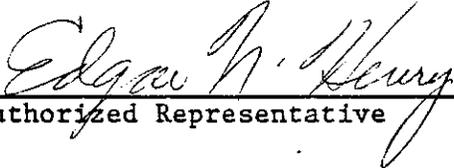
EXHIBIT A

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the revenue bond of the Craigsville Public Service District in the principal amount of \$650,000, No. R-1 herewith, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: February 18, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative

02/17/86
CRARF1-R

Part IV Description of Property Financed by Non-refunding Proceeds
(Do not complete for student loan bonds or mortgage bonds)

22 Type of Property Financed (or portion thereof financed by non-refunding proceeds)

| | | |
|---|---|--|
| a | 3-yr. ACRS property | |
| b | 5-yr. ACRS property | |
| c | 10-yr. ACRS property | |
| d | 15-yr. ACRS property | |
| e | 18-yr. ACRS property | |
| f | Cost of land | |
| g | Cost of other property (see instructions) | |

23 Other use of non-refunding proceeds (subtract lines 22a-g from Part IV, line 21)(see instructions)

24 Standard industrial classification (SIC) of non-refunding proceeds for the financed project.

| | SIC Code | Non-refunding proceeds \$ | | SIC Code | Non-refunding proceeds \$ |
|---|----------|---------------------------|---|----------|---------------------------|
| a | | | d | | |
| b | | | e | | |
| c | | | f | | |

25 Average weighted economic life of the project (complete only for IDBs) years.

Part V Description of Initial Principal Users
(Do not complete for student loan bonds or mortgage bonds)

26 Initial Principal Users:

| (A) User | (B) Name | (C) Address | (D) Employer identification number |
|-------------|-------------|----------------|---------------------------------------|
| (i) | | | |
| (ii) | | | |
| (iii) | | | |
| (iv) | | | |
| (v) | | | |

27 Common parents (if any) of initial principal users listed above:

| (A) User (from above) | (B) Name | (C) Address | (D) Employer identification number |
|--------------------------|-------------|----------------|---------------------------------------|
| | | | |

Part VII Approval of Issue (Complete only for IDBs)

28 Name of Governmental units approving issue ▶

29 Names and positions of applicable elected representatives or date of referendum approving issue ▶

Part VIII Volume Limitations for Qualified Mortgage or Veterans' Bonds

1 Issuer's volume limitation

2 Amount of volume limitation surrendered to other issues (e.g., under section 103A(g)(3)(B) or 25(c)(2)(A)(ii)).

3 Amount of bonds previously issued

4 Unused volume limitation (subtract lines 2 and 3 from line 1)

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: *[Signature]* Date: *2/8/86* Title: *Chairperson, Crispville, SD*

Paid Preparer's Use Only

Preparer's signature: _____ Check if self-employed: Preparer's social security no. _____

Firm's name (or yours, if self-employed) and address: _____ E.I. No. _____ ZIP code _____