CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Loan Agreement
4. Public Service Commission Order
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Bond

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

CERTIFICATES

12. General Certificate of Issuer and Attorney

13. Certificate as to Arbitrage

14. Certificate of Engineer, with Schedule B Attached

15. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

16. County Commission Orders on Creation and Enlargement of District

17. County Commission Orders Appointing Current Boardmembers

18. Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Affidavit of Publication on Borrowing

21. Minutes of Current Year Organizational Meeting

22. Minutes on Adoption of Bond Resolution and Supplemental Resolution

23. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

24. Acceptance by One Valley Bank, Summersville, of Appointment as Depository Bank

25. Acceptance by One Valley Bank, National Association, of Duties as Registrar

26. Certificate of Registration of Bonds

MISCELLANEOUS DOCUMENTS (Continued)

27. Registrar's Agreement

28. 1964 Bond Resolution

29. 1980 Bond Resolution

30. 1996 Bond Resolution

31. Consent of United States Department of Agriculture to Issuance of Parity Bonds

32. Evidence of Small Cities Block Grant

33. Infrastructure Council Grant Agreement

12/30/97
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	12
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	13
Section 3.02	Terms of Bonds	13
Section 3.03	Execution of Bonds	14
Section 3.04	Authentication and Registration	14
Section 3.05	Negotiability, Transfer and Registration	14
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	15
Section 3.07	Bonds not to be Indebtedness of the Issuer	15
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	15
Section 3.09	Delivery of Bonds	16
Section 3.10	Form of Bonds	16
	FORM OF BOND	17

Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	25
Section 3.12	"Amended Schedule B" Filing	25

ARTICLE IV
[RESERVED] 26

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	27
Section 5.02	Establishment of Funds and Accounts with Commission	27
Section 5.03	System Revenues; Flow of Funds	27

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	32
Section 6.02	Disbursements From the Bond Construction Trust Fund	32

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	34
Section 7.02	Bonds not to be Indebtedness of the Issuer	34
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	34
Section 7.04	Initial Schedule of Rates and Charges	34
Section 7.05	Sale of the System	35
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	36
Section 7.07	Parity Bonds	36
Section 7.08	Books; Records and Facilities	38
Section 7.09	Rates	39
Section 7.10	Operating Budget; Audit and Monthly Financial Report	40
Section 7.11	Engineering Services and Operating Personnel	41
Section 7.12	No Competing Franchise	41
Section 7.13	Enforcement of Collections	41
Section 7.14	No Free Services	42
Section 7.15	Insurance and Construction Bonds	42
Section 7.16	Mandatory Connections	43
Section 7.17	Completion and Operation of Project; Permits and Orders	43

Section 7.18	Tax Covenants	44
Section 7.19	Statutory Mortgage Lien	45
Section 7.20	Compliance with Loan Agreement and Law	45
Section 7.21	Securities Laws Compliance	45
Section 7.22	Contracts	45

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	46
Section 8.02	Arbitrage and Tax Exemption	46
Section 8.03	Tax Certificate and Rebate	47

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	49
Section 9.02	Remedies	49
Section 9.03	Appointment of Receiver	49

ARTICLE X
[RESERVED] 51

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	52
Section 11.02	Bond Legislation Constitutes Contract	52
Section 11.03	Severability of Invalid Provisions	52
Section 11.04	Headings, Etc.	52
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	52
Section 11.06	Covenant of Due Procedure, Etc.	53
Section 11.07	Public Notice of Proposed Financing	53
Section 11.08	Effective Date	54
	SIGNATURES	54
	CERTIFICATION	55
	EXHIBIT A	56

CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,361,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of approximately 8,400 feet of 2" line, 1,810 feet of 4" line, 6,100 feet of 6" line, 40,500 feet of 8" line, one pressure reducing station, one 150,000 gallon water storage tank, and 73 fire hydrants, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment and distribution of potable water (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $1,361,000 (the "Series 1998 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1998 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1998 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1998 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1998 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1998 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer and the Authority (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank either prior and senior to or on a parity with the Series 1998 A Bonds as to liens, pledge and source of and security for payment, being (1) the Series A Water Revenue Bonds, dated June 1, 1964, issued in the original aggregate principal amount of $568,000 (the "Series 1964 Bonds"), (2) the Water Revenue Bonds, Series 1980, dated October 28, 1980, issued in the original aggregate principal amount of $1,050,000 (the "Series 1980 Bonds"), and (3) the Water Revenue Bonds, Series 1996, dated July 23, 1996, issued in the original principal amount of $890,000 (the "Series 1996 Bonds"). The Series 1964 Bonds and the Series 1980 Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1996 Bonds are hereinafter collectively called the "Second Lien Bonds." The First Lien Bonds and the Series 1996 Bonds are hereinafter collectively called the "Prior Bonds".

The Series 1998 A Bonds shall be issued junior and subordinate to the First Lien Bonds and on a parity with the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1998 A Bonds, the Issuer will obtain the written consent of the Holder of the Second Lien Bonds to the issuance of the Series 1998 A Bonds on a parity basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

Provided, however, that upon the payment in full of the Series 1964 Bonds on or about June 1, 2004, the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds shall be considered to be on a parity with one another as to liens, pledge and source of and security for payment, and all payments into all funds and accounts for the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds as provided in this Bond Legislation and the Prior Resolutions shall be made on an equal and pro rata basis. Prior to the issuance of the Series 1998 A Bonds, the Issuer will obtain the written consent of the Holder of the Series 1980 Bonds and the Holder of the Series 1996 Bonds to this change in lien position.

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

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and

operation of the Project and the System and issuance of the Series 1998 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1998 A Bonds or such final order will not be subject to appeal or rehearing.

J. Pursuant to the Act, the Council has approved the Project and authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1998 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, 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 Series 1998 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1998 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

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

"Bonds" means, collectively, the Series 1998 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1998 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 A Bonds from the Authority.

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

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

"Consulting Engineers" means Dunn Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

"Depreciation Fund" means the Depreciation Fund established by the Prior Resolutions and continued hereby.

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

"First Lien Bonds" means, collectively, the Series 1964 Bonds and the Series 1980 Bonds.

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

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded

from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1998 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1998 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1998 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1998 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1998 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1998 A Bonds.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the

payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); and (iii) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1998 A Bonds in the Supplemental Resolution with the written consent of the Authority and the Council.

"Prior Bonds" means, collectively, the First Lien Bonds and the Second Lien Bonds, described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolution and the supplemental resolution of the Issuer duly adopted June 1, 1964, authorizing the Series 1964 Bonds, the resolution and the supplemental resolution of the Issuer duly adopted October 28, 1980 authorizing the Series 1980 Bonds and the resolution and the supplemental resolution of the Issuer duly adopted July 23, 1996, authorizing the Series 1996 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal

income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1998 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1998 A Bonds and the Prior Bonds.

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

"Second Lien Bonds" means, collectively, the Series 1996 Bonds and the Series 1998 A Bonds.

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

"Series 1964 Bonds" means the Series A Water Revenue Bonds of the Issuer, dated June 1, 1964, described in Section 1.02G hereof.

"Series 1980 Bonds" means the Water Revenue Bonds, Series 1980, of the Issuer, described in Section 1.02G hereof.

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996, of the Issuer, described in Section 1.02G hereof.

"Series 1998 A Bonds" means the not more than $1,361,000 in aggregate principal amount of Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1998 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 1998 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1998 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1998 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund and the respective Reserve Accounts.

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions 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.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $1,694,370, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1998 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $1,694,370, of which approximately $1,361,000 will be from proceeds of the Series 1998 A Bonds, approximately $329,000 will be from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately $4,370 will be from a grant by the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1998 A Bonds, funding a reserve account for the Series 1998 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1998 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1998 A Bonds of the Issuer. The Series 1998 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,361,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 A Bonds remaining after funding of the Series 1998 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1998 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1998 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1998 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1998 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1998 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1998 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1998 A 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 Series 1998 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1998 A Bonds shall cease to be such officer of the Issuer before the Series 1998 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1998 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1998 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1998 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1998 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1998 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1998 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, 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 canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1998 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account. No holder or holders of the Series 1998 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 A Bonds

shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, junior and subordinate with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and on a parity to the lien on such Net Revenues in favor of the Holder of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1998 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1998 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1998 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1998 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1998 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAIGSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Craigsville of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia,

including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SERIES A WATER REVENUE BONDS, DATED JUNE 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $568,000 (THE "SERIES 1964 BONDS") AND (3) WATER REVENUE BONDS, SERIES 1980 DATED OCTOBER 28, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 1980 BONDS").

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S WATER REVENUE BONDS, SERIES 1996, DATED JUNE 23, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $890,000 (THE "SERIES 1996 BONDS"). THE SERIES 1964 BONDS AND THE SERIES 1980 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS." THE SERIES 1996 BONDS ARE HEREINAFTER CALLED THE "SECOND LIEN BONDS." THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

PROVIDED, HOWEVER, THAT UPON THE PAYMENT IN FULL OF THE SERIES 1964 BONDS ON OR ABOUT JUNE 1, 2004, THE SERIES 1980 BONDS, THE SERIES 1996 BONDS AND THE SERIES 1998 A BONDS SHALL BE CONSIDERED TO BE ON A PARITY WITH ONE ANOTHER AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND ALL PAYMENTS INTO ALL FUNDS AND ACCOUNTS FOR THE SERIES 1980 BONDS, THE SERIES 1996 BONDS AND THE SERIES 1998 A BONDS AS PROVIDED IN THE BOND LEGISLATION AND THE PRIOR RESOLUTIONS SHALL BE MADE ON AN EQUAL AND PRO RATA BASIS

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, junior and subordinate to the pledge of Net Revenues in favor of the holders of the First Lien Bonds and on a parity with the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds.

Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues senior and prior to, on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding senior and prior to, on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, CRAIGSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary/Treasurer

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Resolutions);

(2) Reserve Fund (established by the Prior Resolutions);

(3) Depreciation Fund (established by the Prior Resolutions); and

(4) Bond Construction Trust Fund.

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

(1) Series 1964 Bonds Sinking Fund (established by the Prior Resolutions);

(2) Within the Series 1964 Bonds Sinking Fund, the Series 1964 Bonds Reserve Account (established by the Prior Resolutions);

(3) Series 1998 A Bonds Sinking Fund; and

(4) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, pay from the moneys in the Revenue Fund the required interest, principal and reserve payments with respect to the Series 1964 Bonds and the Series 1980 Bonds, as defined in the Prior Resolutions.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) pay the required principal and interest payment with respect to the Series 1996 Bond, as defined in the Prior Resolutions, and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, for deposit in the Series 1998 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) deposit in the Reserve Fund the amount required for the Series 1996 Bonds by the Prior Resolutions, and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Series 1998 A Bonds, for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1998 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Resolutions and not in addition thereto), transfer to the Depreciation Fund, such amount as is required by the Prior Resolutions so long as the Prior Bonds are outstanding; provided that however, that when none of the Prior Bonds are any longer outstanding, such payment shall equal 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation 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 Depreciation Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Fund.

Provided, however, that upon the payment in full of the Series 1964 Bonds on or about June 1, 2004, the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds shall be considered to be on a parity with one another as to liens, pledge and source of and security for payment, and all payments into all funds and accounts for the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds as provided in this Bond Legislation and the Prior Resolutions shall be made on an equal and pro rata basis.

Moneys in the Series 1998 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1998 A Bonds as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1998 A Bonds as the same shall come due, when other moneys in the Series 1998 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1998 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1998 A Bonds Reserve Account which result in a reduction in the balance of the Series 1998 A Bonds Reserve Account to below the Series 1998 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1998 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which

will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund or the Series 1998 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1998 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, and thereafter, with respect to the Second Lien Bonds and the Series 1998 A Bonds, all in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1998 A Bonds Sinking Fund, including the Series 1998 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1998 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1998 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period

as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

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

F. 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; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1998 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1998 A Bonds, there shall first be deposited with the Commission in the Series 1998 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1998 A Bonds for the period commencing on the date of issuance of the Series 1998 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1998 A Bonds, there shall be deposited with the Commission in the Series 1998 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 A Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so transferred or expended, are hereby pledged as additional security for the Series 1998 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1998 A Bonds shall be applied as directed by the Council and the Authority.

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

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1998 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1998 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1998 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1998 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 A Bonds shall be secured forthwith equally and ratably by a second lien on the Net Revenues derived from the System, junior and subordinate to the lien on such Net Revenues in favor of the Holder of the First Lien Bonds and on a parity with the lien on such Net Revenues in favor of the Holder of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Provided, however, that upon the payment in full of the Series 1964 Bonds on or about June 1, 2004, the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds shall be considered to be on a parity with one another as to liens, pledge and source of and security for payment, and all payments into all funds and accounts for the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds as provided in this Bond Legislation and the Prior Resolutions shall be made on an equal and pro rata basis.

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

West Virginia entered July 31, 1995, in Case No. 94-0444-PWD-CN, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 1998 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1998 A Bonds, immediately be remitted to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1998 A Bonds. Any balance remaining after the payment of the Series 1998 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, 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 Depreciation Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Depreciation 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 Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, 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 Series 1998 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1998 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1998 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1998 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any outstanding Bonds, 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, 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, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues 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 issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period 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 Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, 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 of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1998 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1998 A 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.

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

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

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 1998 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 A Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act 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 the Series 1998 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1998 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been 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. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 A Bonds and all other obligations secured by a lien on or payable from such revenues senior and prior to, on a parity with or junior to the Series 1998 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1998 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with or junior to the Series 1998 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1998 A Bonds and all other obligations secured by a lien on or payable from such revenues senior and prior to, on a parity with or junior to the Series 1998 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by 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 the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for

operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and 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 in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act, the report of which audit shall be submitted to the Authority and the Council and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 15th day of each month.

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

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

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 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. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the waterworks system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as 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:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Depreciation Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT 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.

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1998 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1998 A Bonds during the term thereof is, under the terms of the Series 1998 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1998 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1998 A Bonds during the term thereof is, under the terms of the Series 1998 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1998 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1998 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1998 A Bonds or $5,000,000 are used,

directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1998 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1998 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1998 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1998 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1998 A Bonds and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the First Lien Bonds and on a parity with the statutory mortgage lien in favor of the Holder of the Second Lien Bonds.

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

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

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

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

B. The Issuer will submit all proposed change orders to the Council for written approval. The Issuer will obtain the written approval of the Council before expending any proceeds of the Series 1998 A Bonds held in "contingency" as set forth in the final Schedule B to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 1998 A Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, 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.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1998 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1998 A Bonds which would cause the Series 1998 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1998 A Bonds) so that the interest, if any, on the Series 1998 A Bonds will be and remain excluded from gross income

for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1998 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1998 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1998 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all

funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1998 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1998 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1998 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1998 A Bonds shall be junior and subordinate to the Holders of the First Lien Bonds and on a parity with the Holder of the Second Lien Bonds.

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

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

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

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 completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the 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

[RESERVED]

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1998 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1998 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1998 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1998 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1998 A Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Craigsville Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 1998 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 1998 A Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

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

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 5th day of January, 1998.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CRAIGSVILLE PUBLIC SERVICE DISTRICT on the 5th day of January, 1998.

Dated: January 6, 1998.

[SEAL]

Joan Russell
Secretary/Treasurer

12/30/97
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF CRAIGSVILLE PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE 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 resolution, effective January 5, 1998 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,361,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS;

AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund) (the "Bonds" or the "Series 1998 A Bonds"), of the Issuer, in an aggregate principal amount not to exceed $1,361,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale 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 Loan Agreement has been presented to the Issuer at this meeting;

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 resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price 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 Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,361,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2037, and shall bear no interest. The principal installments of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1999, and ending December 1, 2037, and in the amounts as set forth in "Schedule X" and "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate One Valley Bank, Summersville, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Series 1998 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1998 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1998 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1998 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 1998 A Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 1998 A Bonds.

Section 10. The Chairman and Secretary/Treasurer are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1998 A Bonds hereby and by the Resolution approved and provided for, to the end that the Series 1998 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about January 6, 1998.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 1998 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Series 1998 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 1998 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of January, 1998.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of CRAIGSVILLE PUBLIC SERVICE DISTRICT on the 5th day of January, 1998.

Dated: January 6, 1998.

[SEAL]

Secretary/Treasurer

12/30/97
195340/96001

IC/WDA-1
(July 1996)

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the governmental agency designated below (the "Governmental Agency");

CRAIGSVILLE PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

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

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

6.4 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable

from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.1 hereof; or

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

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

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

CRAIGSVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By: Alden D. Bayless
Its: Chairman

Attest:

Date: 01-06-98

Joan Russell
Its: Secretary - Treasurer

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyntkoski
Director

Attest:

Date: 01-06-98

Barbara B Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in ___ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the ____ of the Issuer on _____, 19_, effective ___, 19_, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19_.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

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 and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has 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 by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the ____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this __ day of ____, 19_.

_____

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

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

6. [If required, the Local Bonds are, by statute, exempt _____ ___, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes.]

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

_____

[Name of Governmental Agency]

_____

_____

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this __ day of ____, 19_.

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$1,361,000
Purchase Price of Bonds	$1,361,000

Principal on the Bonds is payable quarterly, commencing March 1, 1999 to and including December 1, 2037, at a rate of 0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a junior and subordinate basis to the lien of the District's Series A Water Revenue Bonds, dated June 1, 1964 (Series 1964 Bonds) and the Water Revenue Bonds, Series 1980, dated October 28, 1980 (Series 1980 Bonds), and on a parity with the lien of the Water Revenue Bonds, Series 1996, dated July 23, 1996 (Series 1996 Bonds). Upon the payment in full of the Series 1964 Bonds, the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds will be on a parity with one another as to liens, pledge and source of and security for payment.

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and such Bonds shall grant the Authority a second lien on the net revenues of the Governmental Agency's system, until such time as the Series 1964 Bonds are paid in full when the Bonds shall grant the Authority a first lien on the net revenues of the Governmental Agency's system.

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

SCHEDULE Y

Quarterly Debt Service Schedule

Craigsville PSD
$1,361,000
Infrastructure Fund Loan

Term (Yrs.): 40 Loan Rate: 0.00%

First Payment: 03/01/99 Final Payment: 12/1/37

Date	#	Principal	Interest	Total
12/1/97		-	-	-
3/1/98		-	-	-
6/1/98		-	-	-
9/1/98		-	-	-
12/1/98		-	-	-
3/1/99	1	8,724.36	-	8,724.37
6/1/99	2	8,724.36	-	8,724.37
9/1/99	3	8,724.36	-	8,724.37
12/1/99	4	8,724.36	-	8,724.37
3/1/00	5	8,724.36	-	8,724.37
6/1/00	6	8,724.36	-	8,724.37
9/1/00	7	8,724.36	-	8,724.37
12/1/00	8	8,724.36	-	8,724.37
3/1/01	9	8,724.36	-	8,724.37
6/1/01	10	8,724.36	-	8,724.37
9/1/01	11	8,724.36	-	8,724.37
12/1/01	12	8,724.36	-	8,724.37
3/1/02	13	8,724.36	-	8,724.37
6/1/02	14	8,724.36	-	8,724.37
9/1/02	15	8,724.36	-	8,724.37
12/1/02	16	8,724.36	-	8,724.37
3/1/03	17	8,724.36	-	8,724.37
6/1/03	18	8,724.36	-	8,724.37
9/1/03	19	8,724.36	-	8,724.37
12/1/03	20	8,724.36	-	8,724.37
3/1/04	21	8,724.36	-	8,724.37
6/1/04	22	8,724.36	-	8,724.37
9/1/04	23	8,724.36	-	8,724.37
12/1/04	24	8,724.36	-	8,724.37
3/1/05	25	8,724.36	-	8,724.37
6/1/05	26	8,724.36	-	8,724.37
9/1/05	27	8,724.36	-	8,724.37
12/1/05	28	8,724.36	-	8,724.37
3/1/06	29	8,724.36	-	8,724.37
6/1/06	30	8,724.36	-	8,724.37
9/1/06	31	8,724.36	-	8,724.37
12/1/06	32	8,724.36	-	8,724.37
3/1/07	33	8,724.36	-	8,724.37
6/1/07	34	8,724.36	-	8,724.37
9/1/07	35	8,724.36	-	8,724.37
12/1/07	36	8,724.36	-	8,724.37

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/08	37	8,724.36	-	8,724.37
6/1/08	38	8,724.36	-	8,724.37
9/1/08	39	8,724.36	-	8,724.37
12/1/08	40	8,724.36	-	8,724.37
3/1/09	41	8,724.36	-	8,724.37
6/1/09	42	8,724.36	-	8,724.37
9/1/09	43	8,724.36	-	8,724.37
12/1/09	44	8,724.36	-	8,724.37
3/1/10	45	8,724.36	-	8,724.37
6/1/10	46	8,724.36	-	8,724.37
9/1/10	47	8,724.36	-	8,724.37
12/1/10	48	8,724.36	-	8,724.37
3/1/11	49	8,724.36	-	8,724.37
6/1/11	50	8,724.36	-	8,724.37
9/1/11	51	8,724.36	-	8,724.37
12/1/11	52	8,724.36	-	8,724.37
3/1/12	53	8,724.36	-	8,724.37
6/1/12	54	8,724.36	-	8,724.37
9/1/12	55	8,724.36	-	8,724.37
12/1/12	56	8,724.36	-	8,724.37
3/1/13	57	8,724.36	-	8,724.37
6/1/13	58	8,724.36	-	8,724.37
9/1/13	59	8,724.36	-	8,724.37
12/1/13	60	8,724.36	-	8,724.37
3/1/14	61	8,724.36	-	8,724.37
6/1/14	62	8,724.36	-	8,724.37
9/1/14	63	8,724.36	-	8,724.37
12/1/14	64	8,724.36	-	8,724.37
3/1/15	65	8,724.36	-	8,724.37
6/1/15	66	8,724.36	-	8,724.37
9/1/15	67	8,724.36	-	8,724.37
12/1/15	68	8,724.36	-	8,724.37
3/1/16	69	8,724.36	-	8,724.37
6/1/16	70	8,724.36	-	8,724.37
9/1/16	71	8,724.36	-	8,724.37
12/1/16	72	8,724.36	-	8,724.37
3/1/17	73	8,724.36	-	8,724.37
6/1/17	74	8,724.36	-	8,724.37
9/1/17	75	8,724.36	-	8,724.37
12/1/17	76	8,724.36	-	8,724.37
3/1/18	77	8,724.36	-	8,724.37
6/1/18	78	8,724.36	-	8,724.37
9/1/18	79	8,724.36	-	8,724.37
12/1/18	80	8,724.36	-	8,724.37
3/1/19	81	8,724.36	-	8,724.37
6/1/19	82	8,724.36	-	8,724.37
9/1/19	83	8,724.36	-	8,724.37
12/1/19	84	8,724.36	-	8,724.37
3/1/20	85	8,724.36	-	8,724.37

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/20	86	8,724.36	-	8,724.37
9/1/20	87	8,724.36	-	8,724.37
12/1/20	88	8,724.36	-	8,724.37
3/1/21	89	8,724.36	-	8,724.37
6/1/21	90	8,724.36	-	8,724.37
9/1/21	91	8,724.36	-	8,724.37
12/1/21	92	8,724.36	-	8,724.37
3/1/22	93	8,724.36	-	8,724.37
6/1/22	94	8,724.36	-	8,724.37
9/1/22	95	8,724.36	-	8,724.37
12/1/22	96	8,724.36	-	8,724.37
3/1/23	97	8,724.36	-	8,724.37
6/1/23	98	8,724.36	-	8,724.37
9/1/23	99	8,724.36	-	8,724.37
12/1/23	100	8,724.36	-	8,724.37
3/1/24	101	8,724.36	-	8,724.37
6/1/24	102	8,724.36	-	8,724.37
9/1/24	103	8,724.36	-	8,724.37
12/1/24	104	8,724.36	-	8,724.37
3/1/25	105	8,724.36	-	8,724.37
6/1/25	106	8,724.36	-	8,724.37
9/1/25	107	8,724.36	-	8,724.37
12/1/25	108	8,724.36	-	8,724.37
3/1/26	109	8,724.36	-	8,724.37
6/1/26	110	8,724.36	-	8,724.37
9/1/26	111	8,724.36	-	8,724.37
12/1/26	112	8,724.36	-	8,724.37
3/1/27	113	8,724.36	-	8,724.37
6/1/27	114	8,724.36	-	8,724.37
9/1/27	115	8,724.36	-	8,724.37
12/1/27	116	8,724.36	-	8,724.37
3/1/28	117	8,724.36	-	8,724.37
6/1/28	118	8,724.36	-	8,724.37
9/1/28	119	8,724.36	-	8,724.37
12/1/28	120	8,724.36	-	8,724.37
3/1/29	121	8,724.36	-	8,724.37
6/1/29	122	8,724.36	-	8,724.37
9/1/29	123	8,724.36	-	8,724.37
12/1/29	124	8,724.36	-	8,724.37
3/1/30	125	8,724.36	-	8,724.37
6/1/30	126	8,724.36	-	8,724.37
9/1/30	127	8,724.36	-	8,724.37
12/1/30	128	8,724.36	-	8,724.37
3/1/31	129	8,724.36	-	8,724.37
6/1/31	130	8,724.36	-	8,724.37
9/1/31	131	8,724.36	-	8,724.37
12/1/31	132	8,724.36	-	8,724.37
3/1/32	133	8,724.36	-	8,724.37
6/1/32	134	8,724.36	-	8,724.37

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
9/1/32	135	8,724.36	-	8,724.37
12/1/32	136	8,724.36	-	8,724.37
3/1/33	137	8,724.36	-	8,724.37
6/1/33	138	8,724.36	-	8,724.37
9/1/33	139	8,724.36	-	8,724.37
12/1/33	140	8,724.36	-	8,724.37
3/1/34	141	8,724.36	-	8,724.37
6/1/34	142	8,724.36	-	8,724.37
9/1/34	143	8,724.36	-	8,724.37
12/1/34	144	8,724.36	-	8,724.37
3/1/35	145	8,724.36	-	8,724.37
6/1/35	146	8,724.36	-	8,724.37
9/1/35	147	8,724.36	-	8,724.37
12/1/35	148	8,724.36	-	8,724.37
3/1/36	149	8,724.36	-	8,724.37
6/1/36	150	8,724.36	-	8,724.37
9/1/36	151	8,724.36	-	8,724.37
12/1/36	152	8,724.36	-	8,724.37
3/1/37	153	8,724.36	-	8,724.37
6/1/37	154	8,724.36	-	8,724.37
9/1/37	155	8,724.36	-	8,724.37
12/1/37	156	8,724.36	-	8,724.37
		1361000.00	0.00	2226274.05

Summary Statistics:

Average Annual Cost -	$17,536.90
Average Life -	20.875
Average Interest Rate -	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.000006%
Tax Yield (I.R.C. Section 148)	0.000006%
All-In Yield (AIC)	0.000006%

Data for Form 8038:

	Line 19:	Line 20:
(a)	12/1/37	N/A
(b)	0.000%	N/A
(c)	$8,724.36	$1,361,000.00
(d)	$8,724.36	$1,361,000.00
(e)	N/A	20.875
(f)	N/A	0.0000%
(g)	N/A	0.0000%

Keep w/file

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
9-18-97

Entered: August 29, 1997

RECEIVED
SEP 19 1997
WATER & WASTEWATER DIVISION

CASE NO. 97-0039-PWD-CN

CRAIGSVILLE PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct a waterline extension project to serve the Nile Road and surrounding area.

RECOMMENDED DECISION

On March 12, 1997, Craigsville Public Service District, a public utility, filed an application for a certificate of convenience and necessity to construct a waterline extension project to provide the Nile Road and surrounding areas in Nicholas County with a potable water supply.

Craigsville Public Service District estimates that construction will cost approximately $1,836,500, and will be financed by a Water Revenue Bond in an aggregate principal amount not to exceed $2,000,000, bearing interest at a rate not to exceed 7%, and with maturities not to exceed forty (40) years. Pending the issuance of the bonds, the District may borrow a sum not to exceed $1,000,000 in the aggregate, to be in the form of a line of credit note or notes, bearing an interest rate not to exceed 10% per annum and having maturities not to exceed 24 months.

By Notice of Filing Order entered on March 12, 1997, the District was directed to give notice of its application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Nicholas County. If no public protests are timely filed in response to the published notice, the Commission is authorized to render a decision, without a hearing, by virtue of West Virginia Code §24-2-11.

On March 25, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before October 27, 1997.

On March 24, 1997, the District filed its affidavit of publication indicating that publication of the Notice of Filing occurred on March 20, 1997, in the Nicholas Chronicle, a newspaper of general circulation in Nicholas County. The thirty-day protest period expired on April 19, 1997, with no protests having been filed either as of that date or as of the date of this order.

On July 23, 1997, Cecelia G. Jarrell, Staff Attorney, filed a Final Joint Staff Memorandum in this proceeding. Attached to that memorandum was

a Further Final Internal Memorandum from Robert L. Skiles, Jr., P.E., Engineer IV, and Randy Lengyel, Utilities Analyst, Water and Wastewater Division. According to Staff, this project will initially serve 144 new customers.

The total estimated project cost is $1,836,500. The District plans to finance this project with a Small Cities Block Grant in the amount of $329,000 and a West Virginia Infrastructure and Job Development Council Grant and Loan in the amounts of $160,000 and $1,361,000, respectively. The District has received all of the commitment letters from the above-mentioned parties. The District is also requesting to raise the resale rate to the City of Summersville, and charge a monthly surcharge in the amount of $15.34 to the 144 new customers in the Glade Creek area.

Previously, Craigsville Public Service District had filed another certificate application with the Commission, Case No. 94-0444-PWD-CN. In that case, the District asked to increase its rates and increased rates were previously approved and became effective on May 25, 1997.

According to Staff, the proposed project consists of the installation of approximately 8,400 LF of 2", 1,810 LF of 4", 6,100 LF of 6", and 40,500 LF of 8" water main; one (1) pressure reducing station; one (1) 150,000 gallon water storage tank; 73 fire hydrants, and all necessary valves and appurtenances. The construction cost of the proposed project is estimated to be $1,497,500, and the total project cost is estimated at $1,850,000. Staff noted that the $1,850,000 amount is higher than the $1,836,500 figure in the application and published in the Notice of Filing. The District's consultant has indicated that the $1,850,000 figure is the most current one and reflects a revised project budget.

The total project cost of $1,850,000 translates to a cost of $12,847 per customer, which is viewed as a high per customer cost for the provision of water service. Project density is 13.4 customers per mile of main, which is regarded as a low density figure.

Need for the proposed project is addressed in the Preliminary Engineering Report on file for the proposed project. Residents in the project area are currently provided with water service from individual wells. Some of the wells, particularly those on Nile Road, have been exhausted, and residents are carrying water from a local creek for washing and bathing and they are buying water from stores for drinking. The inconvenience and expense have motivated area residents to support the project, even at the rates proposed, as evidenced by the petitions in favor of the project lodged in the case file. According to Staff, the project is believed to be necessary.

The file contains Permit No. 13,019 from the West Virginia Office of Environmental Health Services. Technical Staff accepts this permit as evidence that the project is in conformance with that agency's regulations and standards. Staff pointed out, however, that the quantities of pipe listed in the permit do not match those in the construction cost estimate. The 2" pipe quantity in the construction cost estimate is 8,400 LF, while, in the permit, it is 8,600 LF. There is not any 4" pipe in the permit, but

the construction cost estimate contains 1,810 LF of 4" main. According to Staff, revisions to the permit are necessary.

Plans and specifications are on file for the proposed project. A review of these documents did not reveal any issues of engineering concern or conflicts with the Commission's Water Rules.

The Preliminary Engineering Report estimates water usage for the new customers of 150 gallons per day (GPD) per customer. The District's Annual Report for FYE 6/30/96 shows residential usage at 131 GPD per customer. Unaccounted for water is reported to be 17%, which makes average residential usage a total of 182 GPD. Initially, the proposed main extension's piping will be relatively tight and leakage will be minimal for the first few years. Thus, unaccounted for water in the area served by the new customers should be anywhere between 1% to 5% of system delivery. Further, the extension area's proposed rates are fairly high, and, if accepted by the Commission, will tend to hold consumption down. Thus, Technical Staff will accept the estimated water usage figure of 150 GPD. Total water usage for the 144 new customers will be an estimated 21,000 GPD.

Sizing calculations for the proposed storage tank are included in the Preliminary Engineering Report. According to Technical Staff, a master meter and vault will be installed at a location near the proposed storage tank. Water from the District will be purchased through that master meter by the City of Summersville for an extension project it has in progress. The proposed storage tank will benefit both the customers in the Craigsville project and the Summersville project. The tank has been sized to provide two days of storage for both, plus future growth and fire flow at 250 GPM for two hours, which is believed to be adequate. Since the tank does benefit new customers of both utilities, the debt associated with construction of the tank should be allocated to both utilities and not borne solely by the Craigsville extension customers.

According to Staff, operation and maintenance expenses associated with the project have been reviewed. The Preliminary Engineering Report contains an estimate of $14,000 for distribution system and storage tank maintenance, meter reading, billing and collecting. Nothing is included for power and chemicals associated with production of additional water. This estimate, as provided by the consultant, is contrary to the methodology used by the District's accounting firm to make proforma expense adjustments found in the Rule 42 exhibit. In the Rule 42 exhibit, the project-related expense adjustments are made by taking per books adjusted operation and maintenance expenses, excluding administrative and general expenses, and developing a per customer cost. The per customer cost is then multiplied by the number of new customers to be served. Technical Staff believes this method is incorrect.

The use of annual report or per books adjusted figures as estimated operation and maintenance expenses for a new project may be done, but it must be done correctly. Power and chemical expenses must be calculated on a cost per thousand gallons basis, since they are related to gallons produced. Billing and collection costs, on the other hand, are customer-related costs and should be allocated on a per customer basis. Labor costs should not be allocated, but should be based upon a demonstrated need for

hiring additional employees or the need for overtime by existing employees. Finally, maintenance of mains should not be directly allocated, because the expense figures represent expenses associated with the maintenance of older system pipelins. New mains should have minimal maintenance in the first several years and are under warranty in the first year of operation. In consideration of all the preceding, Technical Staff developed its own estimate of operation and maintenance expenses and presented it for review as Attachment RLS-1 to the Final Joint Staff Memorandum. The estimated level of additional operation and maintenance expenses recommended by Technical Staff is $6,615 annually.

Since the District has all of its commitment letters for the proposed financing, Staff has no objection to this filing. Therefore, Staff recommends that the certificate application be approved. However, Staff did not recommend approval of the surcharge for the additional Glade Creek customers. Staff feels that the District currently has more than adequate rates so provide a cash flow surplus for its current operations and the new project. In addition, Staff does not recommend a resale rate of $1.88 for the City of Summersville. Staff recommends a resale rate of $1.87, the same rate charged currently to the Town of Camden-On-Gauley by the District. Further, Staff recommended that the Commission adopt Staff's estimate of operation and maintenance expense. Finally, Staff recommended that, if there are any changes in the scope of the project or the financing, the District be required to seek approval from the Commission for those charges before proceeding with construction.

On August 21, 1997, Staff Attorney Cheelia G. Jarrell filed a Further Final Joint Staff Memorandum in this proceeding. Attached to that memorandum was a Further Final Internal Memorandum from Mr. Lengyel and Mr. Skiles. According to Staff, Craigsville Public Service District has filed additional financial information pertaining to this case. This information states that the District will need additional overtime payroll in the amount of $23,205, in order to serve the new Glade Creek customers. Staff has added this additional payroll to operation and maintenance expense and prepared an additional cash flow statement. According to Staff, the new financial information submitted by the District does not change Staff's recommendation.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the application should be approved, as amended by Staff, in its Final Joint Staff Memorandum filed July 23, 1997, along with the proposed financing.

FINDINGS OF FACT

1. On March 12, 1997, Craigsville Public Service District filed an application for a certificate of convenience and necessity to construct a water main extension to provide Nile Road and surrounding areas in Nicholas County with a potable water supply. (See, application).

2. By Order entered on March 12, 1997, the Craigsville Public Service District was required to provide public notice of this application. (See, Order entered March 12, 1997).

3. On March 24, 1997, Craigsville Public Service District filed an affidavit of publication in this proceeding, indicating that the required notice was published on March 20, 1997. (See, affidavit of publication filed on March 24, 1997).

4. The thirty-day protest period expired on April 19, 1997, with no protests having been filed. (See, affidavit of publication filed March 24, 1997; case file generally).

5. The West Virginia Department of Environmental Protection has issued Permit No. 13,019, approving the project. (See, Final Joint Staff Memorandum filed July 23, 1997).

6. The total project cost is estimated to be $1,850,000, and will be financed by a Small Cities Block Grant in the amount of $329,000 and a West Virginia Infrastructure and Job Development Council Grant and Loan in the amounts of $160,000 and $1,361,000, respectively. (See, Final Joint Staff Memorandum filed July 23, 1997).

7. Staff is of the opinion that the project is in the public interest, adequately designed and funded and should be approved. (See, Final Joint Staff Memorandum filed July 23, 1997).

8. Staff recommended specific rates and expense levels, to which the District did not object. (See, Final Joint Staff Memorandum filed July 23, 1997; case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed project will provide adequate service.

3. The proposed project is adequately financed and is economically feasible.

4. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.

5. The issuance of a certificate of convenience and necessity shall be valid for the project, as proposed. Any substantial changes in the scope of this project and/or funding after the granting of a certificate will require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Craigsville Public Service District to construct a water main extension to provide the Nile Road and surrounding areas in Nicholas County with a potable water supply, all as set forth in the application filed herein on March 12, 1997. However, the requested surcharge of $15.34 per month is not approved for the additional Glade Creek customers. In addition, the requested resale rate of $1.88 for

the City of Summerville is not approved. The resale rate of $1.67 is approved for charge by the District to the City of Summerville.

IT IS FURTHER ORDERED that the proposed funding of this project, consisting of a Small Cities Block Grant in the amount of $329,000, a West Virginia Infrastructure and Job Development Council Grant and Loan in the amounts of $160,000 and $1,361,000, respectively, be, and it hereby is, approved.

IT IS FURTHER ORDERED that formal hearing in this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remain no outstanding issues to be litigated.

IT IS FURTHER ORDERED that, if there are any changes to the scope, financing or cost of the projects certificated herein, Craigsville Public Service District shall obtain Commission approval of those changes prior to construction.

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

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

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

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

Miles C. Cary
Miles C. Cary
Administrative Law Judge

MCC:pat

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

May 2, 1996

Mr. Arden Bayless
Craigsville PSD
P.O. Box 1088
Craigsville WV 26205

PRELIMINARY APPLICATION -
CRAIGSVILLE PUBLIC SERVICE DISTRICT - WATER PROJECT

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preliminary Application for the above-referenced project and has determined that the project is technically feasible within the guidelines of the Act. (See attached Water Assessment Committee comments.)

The Council recommends that the Craigsville PSD use the $329,000 Small Cities Block Grant already received through the West Virginia Development Office toward financing this $1,715,000 project. The Craigsville PSD may be eligible to receive Infrastructure Fund assistance for the remaining $1,386,000, and it is recommended that the Council's decision be deferred pending availability of Infrastructure Fund moneys.

If you have any questions, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

Daniel B. Yonkosky
for RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

c Fred Cutlip, West Virginia Development Office

enclosed

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Craigsville Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 6th day of January, 1998, the Authority received the Craigsville Public Service District Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), issued in the principal amount of $1,361,000, as a single, fully registered Bond, numbered AR-1 and dated January 6, 1998 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of $63,466, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the West Virginia Infrastructure and Jobs Development Council as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 6th day of January, 1998.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Chairman

12/30/97
195340/96001

221603.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Craigsville Public Service District Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the principal amount of $1,361,000, dated January 6, 1998 (the "Bonds"), executed by the Chairman and Secretary of Craigsville Public Service District (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on January 5, 1998 (the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated January 6, 1998, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $63,466, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 6th day of January, 1998.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Chairman

12/30/97
195340/96001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAIGSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,361,000

KNOW ALL MEN BY THESE PRESENTS: That CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Craigsville of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION THREE HUNDRED SIXTY-ONE THOUSAND DOLLARS ($1,361,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated January 6, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond

Resolution duly adopted by the Issuer on January 5, 1998, and a Supplemental Resolution duly adopted by the Issuer on January 5, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SERIES A WATER REVENUE BONDS, DATED JUNE 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $568,000 (THE "SERIES 1964 BONDS") AND (3) WATER REVENUE BONDS, SERIES 1980 DATED OCTOBER 28, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,050,000 (THE "SERIES 1980 BONDS").

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S WATER REVENUE BONDS, SERIES 1996, DATED JUNE 23, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $890,000 (THE "SERIES 1996 BONDS"). THE SERIES 1964 BONDS AND THE SERIES 1980 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS." THE SERIES 1996 BONDS ARE HEREINAFTER CALLED THE "SECOND LIEN BONDS." THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

PROVIDED, HOWEVER, THAT UPON THE PAYMENT IN FULL OF THE SERIES 1964 BONDS ON OR ABOUT JUNE 1, 2004, THE SERIES 1980 BONDS, THE SERIES 1996 BONDS AND THE SERIES 1998 A BONDS SHALL BE CONSIDERED TO BE ON A PARITY WITH ONE ANOTHER AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND ALL PAYMENTS INTO ALL FUNDS AND ACCOUNTS FOR THE SERIES 1980 BONDS, THE SERIES 1996 BONDS AND THE SERIES 1998 A BONDS AS PROVIDED IN THE BOND LEGISLATION AND THE PRIOR RESOLUTIONS SHALL BE MADE ON AN EQUAL AND PRO RATA BASIS.

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, junior and subordinate to the pledge of Net Revenues in favor of the holders of the First Lien Bonds and on a parity with the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall

the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues senior and prior to, on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding senior and prior to, on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, CRAIGSVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated January 6, 1997.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary/Treasurer

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 6, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$63,466	1/6/98	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

January 6, 1998

Craigsville Public Service District
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

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

West Virginia Infrastructure and Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Craigsville Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $1,361,000 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated January 6, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1999, and ending December 1, 2037, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on January 5, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 5, 1998 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a second lien on and pledge of the Net Revenues of the System, junior and subordinate with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 1964, and (ii) Water Revenue Bonds, Series 1980 (collectively, the "First Lien Bonds"), and on a parity with respect to liens, pledge and source of and security for payment to the Issuer's Water Revenue Bonds, Series 1996, all in accordance with the terms of the Bonds and the Bond Legislation. Provided, however, that upon the payment in

full of the Series 1964 Bonds on or about June 1, 2004, the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds shall be considered to be on a parity with one another as to liens, pledge and source of and security for payment, and all payments into all funds and accounts for the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds as provided in this Bond Legislation and the Prior Resolutions shall be made on an equal and pro rata basis. The Issuer has obtained the written consent of the Holders of the Series 1980 Bonds and the Series 1996 Bonds for the issuance of parity bonds.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

STEPTOE & JOHNSON

12/30/97
195340/96001

LAW OFFICE
GREGORY A. TUCKER
719 MAIN STREET
P.O. BOX 524
SUMMERSVILLE, WEST VIRGINIA 26651

TELEPHONE: (304) 872-2500

FAX: (304) 872-1188

January 6, 1998

Craigsville Public Service District
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund

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

West Virginia Infrastructure and Jobs
Development Council
980 One Valley Square
Charleston, West Virginia 25301

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Ladies and Gentlemen:

I am counsel to Craigsville Public Service District, a public service district in Nicholas County, West Virginia (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated January 6, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on January 5, 1998, the Supplemental Resolution duly adopted by the Issuer on January 5, 1998 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Nicholas County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created, organized and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

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

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

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

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

6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Nicholas County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on September 18, 1997, in Case No. 97-0039-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the latter Final Order has expired prior to the date hereof.

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

8. To the best of 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 an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Respectfully,

Gregory A. Tucker

GAT:skc

LAW OFFICE
GREGORY A. TUCKER
719 MAIN STREET
P.O. BOX 524
SUMMERSVILLE, WEST VIRGINIA 26651

TELEPHONE: (304) 872-2500

FAX: (304) 872-1188

January 6, 1998

West Virginia Infrastructure Fund
1320 One Valley Square
Charleston, WV 25301

Re: Craigsville Public Service District
water extension project
Case No. 97-0039-PWD-CN

OPINION OF COUNSEL
RELATIVE TO RIGHTS-OF-WAY

I have reviewed the action taken by the Craigsville Public Service District, a public utility, (hereinafter called the "District") in obtaining the rights-of-way for the construction, operation and maintenance of the facilities to be installed, repaired or enlarged with the proceeds of a loan made or insured by, and/or a grant from the West Virginia Infrastructure Fund to the District. I have examined the right-of-way instrument, permits or licenses obtained from landowners, public bodies and public utilities and made such searches of the public records necessary to determine legal sufficiency of the instruments covered by the "Right-of-Way Certificate," executed by the District on January 5, 1998. I also have examined the "Right-of-Way Map" to determine whether continuous and adequate land and right-of-way are owned or have been acquired by the instrument covered in the "Right-of-Way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information and belief, I am of the opinion that:

A. The legal instrument by which the District has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the District the necessary rights-of-way for the construction, operation and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) will be properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated.

B. The legal instrument referred to above give unto the District a continuous and adequate right-of-way to permit the construction, operation and maintenance of the District's facilities except as below noted.

C. Exceptions:

a. A defect exists in that the District has yet to receive the executed right of way agreement of Sewell Coal Company (now A. T. Massey). We have been advised that the agreement has been approved and will be returned as soon as possible. Should the easement not be in hand at the start of construction, a condemnation action will be filed affording legal access to the property.

Respectfully,

Gregory A. Tucker

GAT:skc

RIGHT-OF-WAY CERTIFICATE

The undersigned, Craigsville Public Service District, hereby certifies except as noted in item 4 below:

1. That the undersigned has acquired and presently holds continuous and adequate rights-of-way on private lands needed for the construction, operation and maintenance of the facilities to be installed, repaired or enlarged with the proceeds of a loan made or insured by, and/or a grant from the West Virginia Infrastructure Fund and such omissions, defects or restrictions as may exist will in no substantial way or manner endanger the value of the operation of the facilities.

2. That the undersigned has acquired the necessary permits, franchises and authorizations or other instruments by whatever name designate, from public utilities and public bodies, commissioners or agencies authorizing the construction, operation and maintenance of the facilities upon, along or across streets, roads, highways and public utilities.

3. That the attached "Right-of-Way Map" shows the location and description of all land and rights-of-way or easement deeds, permits or other instruments.

4. Exceptions:

   a. The District has yet to receive the executed right of way agreement of Sewell Coal Company (now A. T. Massey). We have been advised that the agreement has been approved and will be returned as soon as possible. Should the easement not be in hand at the start of construction, a condemnation action will be filed affording the District with legal access to the property.

WITNESS WHEREOF, Applicant hereunto affixes its name and corporate seal this 06th day of January, 1998.

CRAIGSVILLE PUBLIC SERVICE DISTRICT
a public utility

BY: Arden D. Bayless

ITS: Chairman

Attest:

Joan Russell
Secretary

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY/TREASURER of the Public Service Board of Craigsville Public Service District in Nicholas County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the $1,361,000 Craigsville Public Service District Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 1998 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of the Issuer duly adopted January 5, 1998, and a Supplemental Resolution of the Issuer duly adopted January 5, 1998 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

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

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

There are outstanding obligations of the Issuer which will rank either senior and prior to the Series 1998 A Bonds as to liens, pledge and source of and security for payment, being (1) the Series A Water Revenue Bonds, dated June 1, 1964, issued in the original aggregate principal amount of $568,000 (the "Series 1964 Bonds"), (2) the Water Revenue Bonds, Series 1980, dated October 28, 1980, issued in the original aggregate principal amount of $1,050,000 (the "Series 1980 Bonds"), and (3) the Water Revenue Bonds, Series 1996, dated July 23, 1996, issued in the original principal amount of $890,000 (the "Series 1996 Bonds"). The Series 1964 Bonds and the Series 1980 Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1996 Bonds are hereinafter collectively called the "Second Lien Bonds."

The Series 1998 A Bonds shall be issued junior and subordinate to the First Lien Bonds and on a parity with the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Provided, however, that upon the payment in full of the Series 1964 Bonds on or about June 1, 2004, the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds shall be considered to be on a parity with one another as to liens, pledge and source of and security for payment, and all payments into

all funds and accounts for the Series 1980 Bonds, the Series 1996 Bonds and the Series 1998 A Bonds as provided in this Bond Legislation and the Prior Resolutions shall be made on an equal and pro rata basis. The Issuer has obtained the written consent of the Holders of the Series 1980 Bonds and the Second Lien Bonds to the issuance of the Series 1998 A Bonds on a parity with the Series 1980 Bonds and the Second Lien Bonds, and the change in lien position upon the payment in full of the Series 1964 Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

1964 Bond Resolution

1980 Bond Resolution and Supplemental Resolution

1996 Bond Resolution and Supplemental Resolution

Consent of United States Department of Agriculture to Issuance of Parity Bonds

Evidence of Small Cities Block Grant

Evidence of Infrastructure Council Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Craigsville Public Service District." The Issuer is a public service district and public corporation 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 Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Arden D. Bayless	November 5, 1997	November 1, 2003
Alice M. Cutlip	September 2, 1992	September 2, 1998
Carroll D. Stalnaker	January 12, 1994	January 12, 2000

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1998 are as follows:

Chairman	-	Arden D. Bayless
Secretary/Treasurer	-	Beverly Joan Russell

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

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the 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. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on July 31, 1995, in Case No. 94-0444-PWD-CN, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on September 18, 1997, in Case No. 97-0039-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the

Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $63,466 from the Council and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING: The Issuer has published any required notice with respect to, among other things, the amount of the Bonds, the interest rate and terms of the Bonds, the acquisition and construction of the Project, the anticipated user rates and charges, and the date of filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and are to be determined in accordance with and within the meaning of the Internal

Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

17. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

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

WITNESS our signatures and the official seal of CRAIGSVILLE PUBLIC SERVICE DISTRICT on this 6th day of January, 1998.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary/Treasurer
_____	Counsel to Issuer

12/30/97
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of Craigsville Public Service District in Nicholas County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,361,000 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, dated January 6, 1998 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on January 5, 1998 (as supplemented, the "Bond Resolution").

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

3. The Issuer 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 Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on January 6, 1998, the date on which the Bonds are to be physically delivered in exchange for an initial advance of $63,466, being more than a de minimis amount of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest, if any, on the

Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on January 6, 1998, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated January 6, 1998, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of $1,361,000 (100% of par). No accrued interest has been or will be paid on the Bonds.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds.

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before December, 1998, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by July, 1998.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $1,694,370. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	$1,361,000
Small Cities Block Grant	329,000
Council Grant	4,370
Total Sources	$1,694,370

USES

Acquisition and Construction of Project	$1,685,370
Capitalized Interest on the Bonds	-0-
Funded Reserve for the Bonds	-0-
Costs of Issuance	9,000
Total Uses	$1,694,370

The amount of the costs of the Project not expected to be paid from proceeds of the grant stated above is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the grant stated above, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

(1) Revenue Fund;

(2) Reserve Fund;

(3) Depreciation Fund;

(4) Bond Construction Trust Fund;

(5) Series 1964 Bonds Sinking Fund;

(6) Within the Series 1964 Bonds Sinking Fund, the Series 1964 Bonds Reserve Account;

(7) Series 1998 Bonds Sinking Fund; and

(8) Within the Series 1998 Bonds Sinking Fund, the Series 1998 Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 1998 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 1998 A Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds as advanced to the Issuer will be deposited in the Bond Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 1998 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account, there are no other funds or accounts established or held by the

Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Depreciation Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1998 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1998 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest, if any, on the Bonds, and will not exceed 125% of average annual principal of and interest, if any, on the Bonds. Amounts in the Series 1998 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1998 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer expects to enter into a contract on the date hereof, or has already entered into such a contract, for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or $100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction is expected to be completed within 12 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 1998 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1998 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 9 months from the date of issuance thereof.

18. The Series 1998 A Bonds Sinking Fund (other than the Series 1998 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1998 A Bonds

Sinking Fund (other than the Series 1998 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1998 A Bonds Sinking Fund (other than the Series 1998 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1998 A Bonds Sinking Fund for payment of the principal of or interest, if any, on the Bonds (other than the Series 1998 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1998 A Bonds Sinking Fund (other than the Series 1998 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

20. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

22. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issues, except to the extent any such proceeds are required for rebate to the United States.

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

24. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest, if any, on the Bonds is excluded from gross income for federal income tax purposes.

25. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

26. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes.

27. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest, if any, on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

28. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

29. The Issuer has either (a) funded the Series 1998 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1998 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1998 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1998 A Bonds Reserve Account and the Series 1998 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

30. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

31. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

32. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest, if any, thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain

from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution authorizing issuance of the Bonds.

33. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

34. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

35. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

37. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

39. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

41. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering any opinion regarding the tax-exempt status of interest, if any, on the Bonds.

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

WITNESS my signature on this 6th day of January, 1998.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Chairman

12/23/97
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, F. Wayne Hypes, Registered Professional Engineer, West Virginia License No. 10949, of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks facilities (the "Project") of Craigsville Public Service District (the "Issuer") to be constructed primarily in Nicholas County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on January 5, 1998, and the Loan Agreement dated January 6, 1998, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").

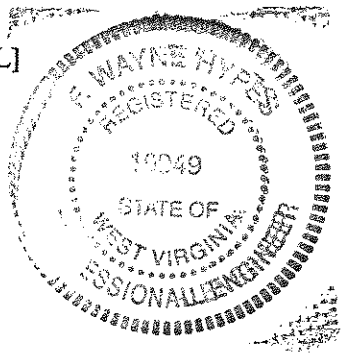
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, and (ii) paying costs of issuance and related costs.

3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has 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 by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition, construction and operation of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the

Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 6th day of January, 1998.

[SEAL]



DUNN ENGINEERS, INC.

F. Wayne Hypes, P.E.
West Virginia License No. 10949

12/23/97
195340/96001

EXHIBIT A

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

Craigsville Public Service Sewer District
Glade Creek Water Line Extension Project 96W-201
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

	Total	SCBG	IJDC Loan	IJDC Grant
A. Cost of Project				
1. Construction (Based on Actual Bids)	1,283,700	258,649	1,025,051	
2. Technical Services	242,100	53,251	188,849	
3. Legal & Fiscal	28,700	14,600	14,100	
4. Administrative				
5. Sites and Other Lands	2,500	2,500		
6. Step I or II or Other Loan Repayment				
7. Interim Financing Costs				
8. Contingency	128,370		124,000	4,370
9. Total of Lines 1 through 8	1,685,370	329,000	1,352,000	4,370
B. Sources of Funds				
10. Federal Grants:				
a. SCBG	329,000	329,000		
b.				
11. State Grants:				
a.				
b.				
12. Other Grants:				
13. Any Other Source:[1]				
a.				
b.				
14. Infrastructure Fund Grant	4,370			4,370
15. Total of Lines 10 through 14	333,370	329,000		4,370
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	1,352,000	0	1,352,000	0
C. Cost of Financing				
17. Funded Reserve Account[2]				
18. Other Costs[3]				
a. Bond Counsel	9,000		9,000	
b.				
19. Total Cost of Financing (Lines 17 and 18)	9,000	0	9,000	0
20. Size of Bond Issue (Line 16 plus Line 19)	1,361,000	0	1,361,000	0

Craigsville PSD - Arden Bayless
GOVERNMENTAL AGENCY

DATE: 12-22-97

Jack E. Ramsey
CONSULTING ENGINEER

DATE: 12-19-97

[1]Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation.

[2]Consult with bond counsel and the Council before assuming a funded reserve.

[3]For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.

SCH Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Beckley Bridgeport Charleston Montgomery Oak Hill
405 Capitol Street ● Suite 908 ● Charleston, West Virginia 25301 ● 304-345-1151 ● Fax 304-346-6731

January 6, 1998

Craigsville Public Service District
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

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

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 94-0444-PWD-CN, entered July 31, 1997, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Dunn Engineers, Inc., Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Craigsville Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 1998 A, (West Virginia Infrastructure Fund) (the "Bonds"),to be issued to the West Virginia Water Development Authority on the date hereof and all other obligations secured by or payable from the revenues of the System, either senior and prior to or on a parity with, the Bonds, including the Issuer's Water Revenue Bonds, Series 1964, Series 1980 and Series 1996 (collectively, the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in the succeeding year after the completion of the improvements to be financed by the 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 Prior Bonds and the Bond.

Very truly yours,

Smith Cochran & Hicks

SMITH, COCHRAN & HICKS, P.L.L.C.

State of West Virginia

County of Nicholas

In the County Court Thereof.

ORDER

This 7th day of September, 1959, came D. J. Sanson, Jasper Williams, W. G. Thayer, and Ewell Spencer, and presented the petition of more than 100 legal voters resident and owning property within the limits of a Public Service District proposed for the Craigsville, Nicholas County, West Virginia area, and it is ordered that such petition with its signatures and description of the proposed area be filed and made a part hereof.

It is further ordered in accordance with the provisions of Chapter 16, Article 13A, Section 2 that a public hearing upon said petition be held at Summersville, West Virginia, on the 5th day of October, 1959, at 9:00 A.M., at the Court House after due notice thereof is published according to law.

And it is further ordered that the Clerk of this Court be and he is hereby authorized to publish a notice of such public hearing setting forth the time and place thereof, and a description of all the territory proposed to be included therein at least once in a newspaper of general circulation in said area at least ten days prior to said hearing.

It is further ordered that the persons filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice.

Given under our hands this 7th day of September, 1959.

Arley M. Johnson President

Morris McClung Commissioner

John W. White Commissioner

16

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

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

Arley M. Johnson
President

Morris McClung
Commissioner

John W White
Commissioner

State of West Virginia,
County of Nicholas, ss:

CERTIFIED A TRUE COPY.
Attest John Greer
Clerk
By Anna McMillion
Deputy

NOTICE OF PUBLIC HEARING
ON CREATION OF
CRAIGSVILLE PUBLIC SERVICE
DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court and has been presented to the County Court of Nicholas County, West Virginia, for the creation of a public service district within Nicholas County for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water service within said district and also outside said district to the extent permitted by law, to be named "Craigsville Public Service District", and having the following described boundaries:

Beginning at a point of latitude N. 38° 20' and longitude W. 80° 40' and thence W. 0.84 miles to a point, thence North 0.80 miles, crossing West Virginia State Route No. 41 to a point, thence West 2.88 miles to a point, thence North 0.65 miles to a point, thence East 3.72 miles to a point, thence N. 45° E 0.42 miles to a point, thence East 0.42 miles crossing West Virginia State Route 39 to a point in Gauley River having a latitude of N. 38° 21' 30", and a longitude of W. 80° 36' 21", 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° 18' 30" and a longitude of W. 80° 37' 15", thence leaving said Gauley River S. 68° W. 1.10 miles to a point, West 2.85 miles crossing West Virginia State Route No. 39 to a point of latitude N. 38° 15' 44" and a longitude of W. 80° 40' 30", thence N. 1.98 miles to the beginning, containing approximately 8.68 square miles and the proposed district of Craigsville, Cottle and Allingdale, all within Grant Magisterial District of Nicholas County, West Virginia, as shown upon map prepared by [illegible]

[illegible] and hereby [illegible] the County Court of Nicholas County [illegible] a public hearing at the [illegible] day of October, 1961, at [illegible] o'clock P.M., in the County Court Room at Summersville, Nicholas County, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court

[illegible]

NICHOLAS CHRO[illegible]
[illegible]ph J. Bursile, Prop[illegible]
Summersville, W. Va.

Attest:
Ira E. Hill
Clerk

State of West Virginia,
County of Nicholas, to:

I, Ira E. Hill, hereby certify that I am the duly qualified and acting Clerk of the County Court of Nicholas County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of September 7, 1961, and a resolution and order then adopted relating to the proposed creating of the Craigsville Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court at Summersville, West Virginia, this 21 day of Sept, 1961.

Ira E. Hill
Clerk, County Court

I, Lotha Hoot, Editor of The Nicholas Chronicle, Inc., a weekly newspaper published at Summersville in the County of Nicholas, and State of West Virginia, do certify that the hereto attached [illegible]

[illegible]

in the Chancery Cause of [illegible]

[illegible], Plaintiff, vs.

[illegible], Defendant

was published in said newspaper one each week for [illegible] successive weeks commencing on the [illegible] day of [illegible], 19[illegible]

Given under my hand this [illegible] day of [illegible] 19[illegible]

By [illegible], Editor

Fee for Publication:

[illegible] words at .02½ a per word, $ [illegible]

A true copy, teste May [illegible], 1961.

Clerk, Nicholas County Court

October 5, 1959

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

--- ---

State of West Virginia,

County of Nicholas, ss:

In the County Court thereof.

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

WHEREAS, the County Court of Nicholas County, West Virginia, did heretofore by an order adopted on the 7th day ofSeptember, 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 corporat 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

Attest:

Ira E. Hill
Clerk

CERTIFIED A TRUE COPY.
Attest John Green Clerk
By Anna Mc Million Deputy

State of West Virginia,
County of Nicholas, ss:

In the County Court thereof

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

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

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

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

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

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

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

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

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

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

Nicholas County Commission
December 14, 1994

PROPOSED MOTIONS IN REGARD TO CENTRAL PSD AND CRAIGSVILLE PSD

I move that the Central Public Service District be dissolved in accordance with the procedures as outlined in WV Code Chapter 16-13A-2 and, in accordance with these procedures a hearing regarding this matter shall be held on Jan 4, 1995 at 1:30 P.M. in the hearing room of the Nicholas County Commission. N.C.C. Courthouse Commission Room

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

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

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

W. Don Hartley, President

Lloyd G. Paxton, Commissioner

Spurgeon Hinkle, Commissioner

[illegible]

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

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

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

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

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

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

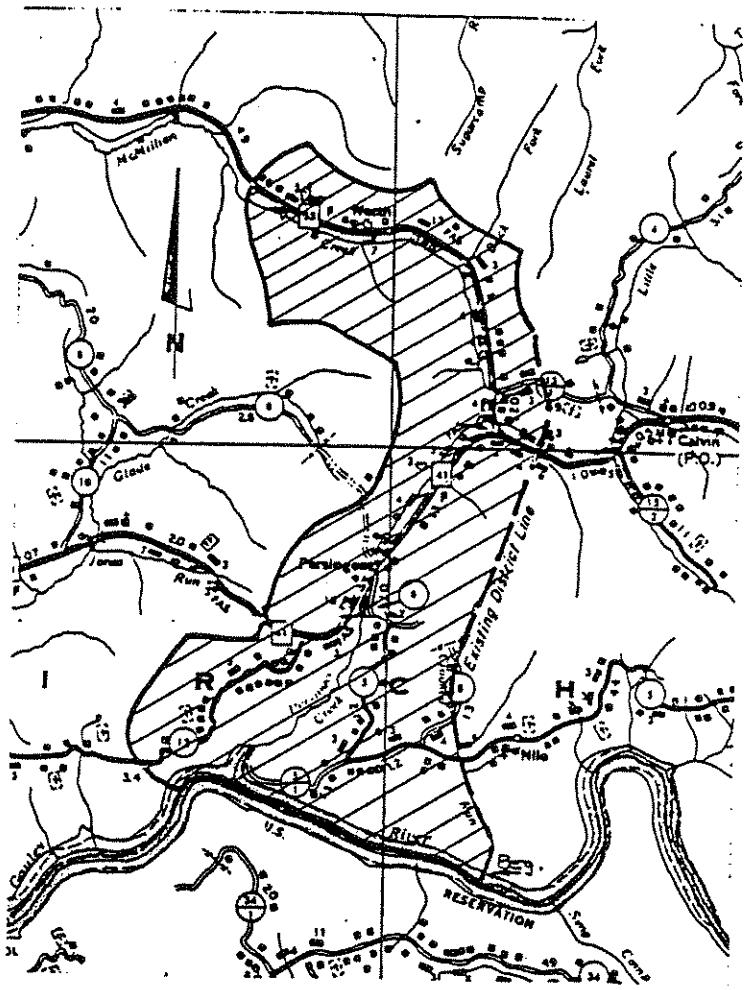
Thence down ridge in a Northern direction at 0.97 Miles crossing McMillion Creek and State Route #55 in all 1.45 Miles to a point at top of Knob on Ridge at Latitude 38° 21' 50" and Longitude 80° 45' 38";

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

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

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

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



LOCATION MAP SHOWING

ADDITION 5

TO

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Scale : 1' = 1 Mile

CERTIFIED A TRUE COPY:

Attest John Greer
Clerk

By Anna McMillion
Deputy

BOOK 0034 PAGE 076

NICHOLAS CHRONICLE
P.O. BOX 503
SUMMERSVILLE, WV 26651
(304) 872-2251

I, Ray Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached

Legal Advertisement - Nicholas County Clerk's Office, John Greer, Clerk, Courthouse, 700 Main St., Suite #2, Summersville, WV 26651, Proposed Motions in Regard to Central PSD and Craigsville PSD

appeared in said newspaper for 1 successive week commencing on the 22nd day of December, 1994

Given under my hand this 22nd day of Dec, 1994.

By Ray Corbin, News Editor.

Fee for publication:

2,475 words at $.05 per word for a total publication cost of $123.75

The foregoing instrument was acknowledged before me this the 27 day of Dec, 1994.

Doris J. McClung
Notary Public

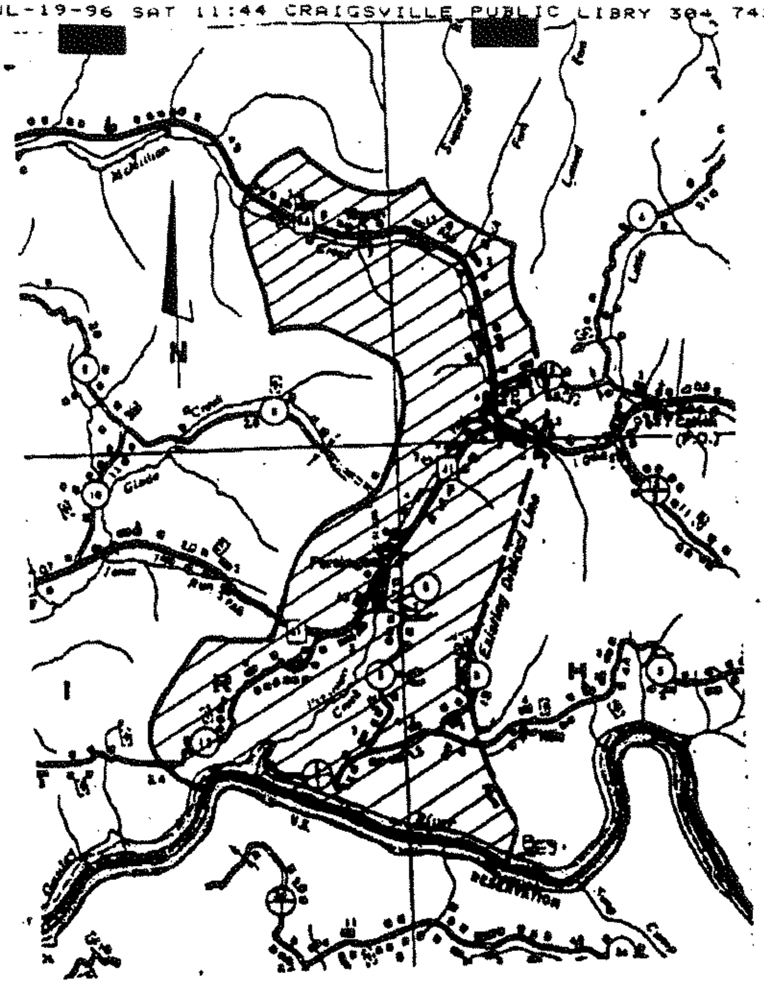
My commission expires July 10, 2001.

DORIS J. McCLUNG
Notary Public
Summersville, West Virginia 26651
My Commission Expires July 10, 2001

CERTIFIED A TRUE COPY:

Attest: John Greer
Clerk

By Anna McMillion
Deputy



LOCATION MAP SHOWING

ADDITION 5

TO

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Scale : 1" = 1 Mile

BOOK 0034 PAGE 077

PROPOSED MOTIONS IN REGARD TO CENTRAL PSD AND CRAIGSVILLE PSD

I move that the Central Public Service District be dissolved in accordance with the procedures as outlined in WV Code Chapter 16-13A-2 and, in accordance with those procedures a hearing regarding this matter shall be held on Jan. 4, 1995, at 10 a.m. at the Nicholas County Courthouse in the hearing room of the Nicholas County Commission.

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

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

Motion was duly made by Commissioner Paxton and seconded by Commissioner Hinkle, with motion passing unanimously.

Entered this 14 day of December, 1994.

W. Dan Hardey, President
Lloyd G. Paxton, Commissioner
Spurgeon Hinkle, Commissioner

Beginning at a point in the center of Gauley River at the mouth of Crooked Run, Latitude N 38° 17' 30" and Longitude W 80° 44' 17" and on the Division Line between Hamilton, Beaver and Kentucky Districts.

Thence with the center of Gauley River in a Northwesterly direction 2.16 Miles to a point 1500 feet West of the Mouth of Persinger Creek, Latitude N 38° 17' 35" and Longitude W 80° 45' 31";

Thence leaving Gauley River and through Central Public Service District and running in a Northwesterly direction 0.97 Miles crossing County Route #13, (Armstrong Road) to a point on Ridge, Latitude 38° 18' 08" and Longitude 80° 46' 50";

Thence continuing along the Ridge between Persinger Creek and Glade Creek in a Northeasterly direction 1.42 Miles to a point in the center of West Virginia State Route #41 and at the Top of Big Cut Hill, Latitude 38° 18' 50" and Longitude 80° 46' 55";

Thence continuing with said Ridge line between Persinger Creek and Glade Creek in a Northeasterly direction 1.80 Miles to a point on top of Ridge 0.80 Miles West of the intersection of State Route #41 and State Route #55 at Latitude 38° 20' 08" and Longitude 80° 44' 54."

Thence leaving the Persinger Creek watershed and with the Ridge between Glade Creek and McMillion Creek in a Northwesterly direction 1.38 Miles to the top of a Knob at Latitude 38° 20' 46" and Longitude 80° 45' 54";

Thence down ridge in a Northern direction at 0.97 Miles crossing McMillion Creek and State Route #35 in all 1.46 Miles to a point at top of Knob on Ridge at latitude 38° 21' 50" and Longitude 80° 45' 38";

Thence with Ridge line between McMillion Creek and Muddlety Creek in a Southeasterly direction 2.0 Miles to a point on High Knob on Divide between McMillion Creek and Sugarcamp Run at Latitude 38° 21' 38" and Longitude 80° 44' 45";

Thence leaving top of Divide and down a ridge in a Southeasterly direction at 0.56 Miles crossing Back Fork of McMillion Creek, in all 0.85 Miles to a point on Divide between Back Fork of McMillion Creek and Laurel Fork of Muddlety at Latitude 38° 21' 14" and Longitude 80° 43' 58";

Thence with said Divide in a Southeasterly direction 0.81 feet to a point on Ridge between McMillion Creek and Little Beaver Creek and on Line of the Craigsville Public Service District and Hamilton and Beaver Districts Line, at Latitude 38° 20' 47" and Longitude 80° 43' 56";

Thence following said District Line and the Craigsville Public Service District Line in a Southerly direction at 1.02 Miles crossing State Route #55 at 1.00 Miles crossing Wildcat Knob and in all 4.30 Miles to the beginning containing 7.27 Square Miles more or less and as shown on a Map by Accord Surveying, Inc. of Summersville, West Virginia, dated December 20, 1994, and attached hereto and otherwise made a part of this description.

12/22 1t

CERTIFIED A TRUE COPY:

Attest John Green
Clerk
By Anna McMillion
Deputy

MINUTES OF THE NICHOLAS COUNTY COMMISSION - JANUARY 4, 1995

The Nicholas County Commission met in regular session at the Courthouse on Wednesday, January 4, 1995. Present were: Commissioner Spurgeon Hinkle, Commissioner Lloyd G. Paxton and Commissioner Birl O'Dell. Also present - Clerk John Greer

Representing the media - Ray Corbin, Fred Kerns and Nelson Deitz

Minutes from commission meeting held December 14 were reviewed and approved as presented.

Invoices were reviewed and approved for payment.

County Clerk John Greer opened the meeting and asked for nominations for President of the Nicholas County Commission for calendar year 1995. Upon motion made by Commissioner Paxton and seconded by Commissioner O'Dell, with motion passing unanimously, Commissioner Spurgeon Hinkle was voted as President of the County Commission for 1995. Order attached to be recorded.

As first order of business, President Hinkle inquired if the Assessor's office had brought down any exonerations for review and approval. The Assessor's office had not, however, were delivered later during the day, at which time the Commission reviewed and approved same.

Appearing before the Commission - Tom Kenner, W.S. Hamrick, Vaden Young and Ina Rosenburg in reference to the Fenwick Mountain Public Service District. Sitting in Board Member Ken Scott, Delegate George Kallai and others who came during the meeting. Mr. Keener being the main spokesperson for the group voiced his concern and dissatisfaction on matters pertaining to misconduct and neglect of the Fenwick Mountain Public Service Board. Following discussion, Commissioner O'Dell relayed that he would be willing to attend the next board meeting set for January 9th and carry his findings back to the Commission. The Commission however relayed that the Public Service Commission in Charleston regulates and governs all public service districts and allegations of wrongdoing would need to be dealt with through the PSC.

At 10:00 a.m., a public hearing was held in the matter of: Dissolution of Central Public Service District and Expansion of Craigsville Public Service District. A large number of citizens attended this hearing and hearing was moved to the circuit courtroom. Attendance sheet is attached. Sitting on the panel along with the Commission to conduct this public hearing was Region 4 Planning and Development Director W. D. Smith.
It is being noted for the purpose of this record that said public hearing was properly advertised and posted within the respective areas.
Aside from a lengthy discussion on area water needs, no one present at this hearing voiced any objections to the matters at hand, which were to dissolve the Central Public Service District, and to expand the boundaries of Craigsville Public Service District as outlined on a map presented at the hearing.
Upon motion made by President Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, the Commission noting no negative protests, so Ordered that the Central Public Service District be dissolved, and further that the boundaries of Craigsville Public Service District be expanded to include the communities of Werth, the entirety of Nile Road, and Persinger to a point commonly known as Big Cut Hill on WV State Route 41. Prosecutor Ken Barnett was directed to prepare the Order. A certified copy of said Order along with all relevant documentation will be forwarded to the State Public Service Commission to act upon.

Appearing before the Commission - Charles R. Stalnaker, Rachel E. Stalnaker, Leona Bell Vass, Silman Mullens, Fred Wilson and Lillian Wilson appeared to discuss extending water to the Beaver Creek Area. Also present: Craigsville Public Service District Members Arden Bayless, and Carroll Stalnaker, Staff members Tim Bennett and David Moore, Attorney Greg Tucker, and Delegate George Kallai.
This group appeared to discuss extending water lines to their homes to service 9 families. This group was advised by the Commission to work closely with the Craigsville Public Service District.

A meeting was called by the Commission to discuss with elected officials and department heads the budget remaining on this fiscal year. Present were: Circuit Clerk June Glover, Assessor Fred Roberts, Clerk John Greer, Sheriff Tom Blankenship, Prosecutor Ken Barnett and Emergency Service Director David King. Also present: Lisa Stanley representing the State Tax Department Office of the Chief Inspector Division, Attorney Greg Tucker, and Wanda Hendrickson.
The Commission informed the group that we anticipate a shortfall within this years budget of $230,000. Different scenarios were put on the floor on how to make up this difference with less than six months remaining. Each department was asked to take their respective budgets and give a 9% cut from the original (July 1, 1994) figures. The Commission did relay that if all departments would not go along with this, then other alternatives would have to be looked into by the Commission. Following a lengthy discussion, no decision was made at this time, however, everyone was asked to return at our next commission meeting on the 18th of January at 9:00 a.m..

Upon motion made by President Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, the Commission set the 1995 holidays. Listing attached to be recorded.

Upon motion made by President Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, the Commission entered an Order designated the payment of salaries and utilities semimonthly. Order attached to be recorded.

Upon motion made by President Hinkle and seconded by Commissioner O'Dell, with motion passing unanimously, Commissioner Paxton was designated as our agency representative to the Nicholas County Extension Service Committee for calendar year 1995. Order attached to be recorded.

Upon motion made by Commissioner Paxton and seconded by Commissioner O'Dell, with motion passing unanimously, Robert Johnson was appointed to serve on the Nicholas County Solid Waste Authority. Mr. Johnson will be filling the unexpired term of Winters Dean, with term of office ending June 30, 1997.

Upon motion made by Commissioner Paxton and seconded by Commissioner O'Dell, with motion passing unanimously, President Hinkle was reaffirmed and designated as our agency representative to the Central Appalachian Empowerment Zone of West Virginia.

Upon motion made by President Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, Bob Henry Baber was designated to act as Nicholas County's representative to the Mountain Resource Conservation and Development Area for an unspecified term.

Upon motion made by President Hinkle and seconded by Commissioner O'Dell, with motion passing unanimously, Commissioner Paxton was appointed to serve as our agency representative to the Region 4 Planning and Development Council for an unspecified term.

Upon motion made by President Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, Commissioner O'Dell was appointed to serve as our agency representative to the Nicholas County Airport Authority. Mr. O'Dell will be filling the vacancy of former Commissioner Hartley for calendar year 1995.

The commission designated February 24, 1995 as the deadline for elected officials and department heads to submit their budgets for fiscal year 1995-96.

The Commission designated the following dates to meet as a Board of Equalization and Review. February 1 - Grant District, February 3 - Beaver District and Richwood Corporation, February 6 - Kentucky and Wilderness District's, February 8 - Summersville District and Corporation, February 10 - Hamilton and Jefferson District's. In addition, the Assessor will contact the State Property Tax Division to determine when their representatives can be present to hear matters on industrial, equipment, managed timberland, coal, oil and gas. Notice to the Taxpayers will be published in both local papers for two consecutive weeks.

In other matters, the Estate of Etta Jane Baughman was brought before the Commission, and upon motion made by President Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, the Commission moved to continue this estate and set it for hearing on January 18 at 10:30 a.m.

It was the decision of the Commission to return to holding our regular scheduled meetings every other Wednesday.

Being no further business to come before the Commission, the Commission adjourned until January 18, 1995.

Spurgeon Hinkle, President

Lloyd G. Paxton, Commissioner

Bill O'Dell, Commissioner

CERTIFIED A TRUE COPY.

Attest _____ Clerk

By _____ Deputy

PUBLIC HEARING JANUARY 4, 1995 @ 10:00 a.m.
IN REGARD: DISSOLUTION OF CENTRAL PUBLIC SERVICE DISTRICT AND EXPANSION OF CRAIGSVILLE PUBLIC SERVICE DISITRICT

Jennifer Coffman	Nile Road
Ruth Nettles	Nile Road
Blaine Nettles	Nile Road
Carrol L. Nicholas	Nile Road
Rodney Facimire	Phillips Run
Doyle R. Wappener	Rt. 41
Jim Marsh	Rt 41
Sam J Argent	Nicholas Cty HO
Donnie Mullens	R.T. 41
JoAnn Mullens	Rt. 41
Michelle Nichols	Central PSD
Wayne Acord	Central PSD
Gregory W. Sproles	Central PSD
Willie D. Smith	Craigsville P.S.D.
William R Davis	Craigsville P.S.D
Tom Blankenship	Smith
Overall Stalnaker	Craigsville P.S.D.
Bob Hughes	WILDERNESS P.S.D.
Virginia McKinney	Nile Road
Everett L. McKinney	Nile Road
Jennings Bailes	Nile Road
Geldie Bailes	Nile Road
Donna Chapman	Rt 41
Crystal Miller	Nile Road
Kermit Sanford	Nile Road
Ellen Sanford	Nile Road
Elizabeth O'Quinn	Nile Road
William Tyler	Nile Road
Phala Tyler	Nile Road

0034 PAGE 036

TOTAL P.06

PUBLIC HEARING JANUARY 4, 1995 @ 10:00 a.m.
IN REGARD: DISSOLUTION OF CENTRAL PUBLIC SERVICE DISTRICT AND EXPANSION OF CRAIGSVILLE PUBLIC SERVICE DISTRICT

Andon Bayless
Timothy B. McIlroy
Timothy D Bennett
David A. Moore

0024 PAGE 007

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
CASE NO. 95-0012-PWD-PC
NICHOLAS COUNTY COMMISSION
Petition to dissolve Central Public Service District and to expand boundaries of Craigsville Public Service District.

NOTICE OF HEARING

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

A hearing will be held on the petition of the Nicholas County Commission in the County Commission's Court Room, Nicholas County Court House, Summersville, West Virginia, on February 10, 1995, at 9:30 a.m.

Anyone desiring to give protest to the petition of the Nicholas County Commission may do so by appearing, in person, at said hearing. If no protests are received, the petition of the Nicholas County Commission may be approved by the Public Service Commission based upon the evidence submitted with the petition and its review thereof.

NICHOLAS COUNTY COMMISSION

2/9 1t

NICHOLAS CHRONICLE
P.O. BOX 503
SUMMERSVILLE, WV 26651
(304) 872-2251

, News Editor of The Nicholas Chronicle, a weekly newspaper

ummersville in the County of Nicholas, and the State of West

ertify that the hereto attached

ement - Nicholas County Commission, Courthouse, 700 Main Street, Summersville, WV 26651, Notice of Hearing of the Public Service Commission of West Virginia on petition to dissolve Central Public Service District and to expand the boundaries of Craigsville Public Service District appeared in said newspaper for 1 successive week commencing on the 9th day of February, 1995

Given under my hand this 9th day of Feb., 1995.

By Ray Corbin, News Editor.

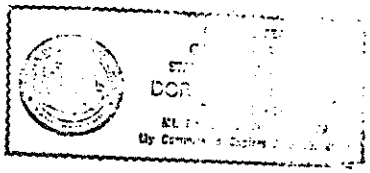
Fee for publication:

231 words at $.05 per word for a total publication cost of $11.55

The foregoing instrument was acknowledged before me this the 9 day of Feb., 1995.

Dora J. McClung
Notary Public

My commission expires July 10, 2001.



DOR

0031 059

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
2-22-95
By Commission Order

Entered: February 10, 1995

CASE NO. 95-0012-PWD-PC

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

RECOMMENDED DECISION

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

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

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

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

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

DISCUSSION

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

FINDINGS OF FACT

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

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

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

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

CONCLUSION OF LAW

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

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

ORDER

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

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:jas

ENTERED 0031 PAGE 055

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

O R D E R

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 said district, it is provided by said Article 13A of Chapter 16 of the Code of West Virginia that this County Commission shall appoint members of said board who shall be persons residing within the district; and,

WHEREAS, the said County Commission finds that it is proper and desirable to reappoint Arden Bayless with term ending November 1, 2003.

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Commission of Nicholas County, West Virginia that Arden Bayless is a person residing within the boundaries of Craigsville Public Service District and he is hereby reappointed as a member of the Craigsville Public Service District with term of office expiring November 1, 2003.

Entered this 5 day of November, 1997.

Spurgeon Kinkle, President

Bill O'Dell, Commissioner

Tom Blankenship, Commissioner

BOOK 377 PG 455

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS, ss:

IN THE COUNTY COMMISSION THEREOF

O R D E R

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, Alice Cutlip was appointed to fill the unexpired term of Shirley Cutlip for a specified term; and,

WHEREAS, the said County Commission finds that it is proper and desirable to reappoint Alice Cutlip to said board for a six year term of office; and,

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

That the County Commission finds and determines that Alice Cutlip is a person residing within the boundaries of the Craigsville Public Service District and that she be hereby re-appointed to serve as a member of the public service board of said district, and further that her respective term of office shall expire September 1, 1998.

Entered this 2 day of September, 1992.

Don McClung, President

W. Don Hartley, Commissioner

Lloyd G. Paxton, Commissioner

CERTIFIED A TRUE COPY
Attest
Clerk
By
Deputy

Book 0032 Page 111

MINUTES OF THE NICHOLAS COUNTY COMMISSION - SEPTEMBER 2, 1992

The Nicholas County Commission met in regular session at the Courthouse on Wednesday, September 2, 1992. Present were: President Don McClung, Commissioner W. Don Hartley and Commissioner Lloyd G. Paxton.

Representing the media - Nelson Deitz, Ray Corbin

Invoices were reviewed and approved as presented.

Appearing before the Commission - Bill Dyer representing Northwestern Mutual Life.
Mr. Dyer appeared and presented documents for the Commissions signature referencing the countys life insurance policy with Shenandoah Life Insurance Company.

Appearing before the Commission - Kevin Swiger, Lease & R/W, Hope Gas.
In reference to the widening of Rt. 19 north of Summersville, Mr. Swiger appeared to obtain signatures on three separate agreements which would allow their company right-of-way on property owned by the Nicholas County Commission. Mr. Swiger gave the following description of the lines: Line M-1740, Length 1 Rod; Line 2" M-1637 chg. 1, Length 36 Rods; Line HT-8 chg 31, Length 10 Rods. It was noted that Line HT-8 chg 31 agreement is for a temporary construction easement only for work on Hope's adjacent HT-8 pipeline right-of-way. Following discussion, the Commission executed said agreements.

Appearing before the Commission - Elaine Hanna referencing Map 10, Parcel 106, Lot 112 Ave A in Richwood Corporation. Sitting in on the meeting: Deputy Assessor Sheila Belknap and Frank Hanna.
Mrs. Hanna had previously requested a classification review of her property from the Assessor and presented to the commission a letter she received from Assessor Fred Roberts of his findings. The letter indicated that an error had been made dating back to 1988 through 1992, that the property should have been in Class II instead of Class IV, and that Mr. Roberts was of the opinion that Mrs. Hanna was entitled to a credit of $458.21. Following discussion, the Commission informed Mrs. Hanna that an Order would be prepared authorizing a tax credit for 1993 and any subsequent years until such credit has been disbursed.

✓ Upon motion made by President McClung and seconded by Commissioner Paxton, with motion passing unanimously, Alice Cutlip was re-appointed to the Craigsville Public Service District Board of Directors with term expiring September 1, 1998.

Upon motion made by President McClung and seconded by Commissioner Hartley, with motion passing unanimously, Frank Young was appointed to the Nicholas County Parks and Recreation Commission to fill the unexpired term of Bob Wharton. Term expires October 30, 1994.

Upon motion made by President McClung and seconded by Commissioner Hartley, with motion passing unanimously, Ina Rosenburg was appointed to the Fenwick Mountain Public Service District to fill the unexpired term of Cyalenda Bennett. Term expires: July 20, 1994.

Being no further business to come before the Commission, the Commission stands adjourned until September 16, 1992.

CERTIFIED A TRUE COPY
Attest: Clerk
By: Deputy

Don McClung
W Don Hartley
Lloyd G Paxton

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS ss:

IN THE COUNTY COMMISSION THEREOF

O R D E R

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 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, Carroll Stalnaker 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 re-appoint Carroll Stalnaker to said board.

NOW, THEREFORE, IT IS HEREBY ORDERED by the County Commission of Nicholas County, West Virginia that Carroll Stalnaker is a person residing within the boundaries of Craigsville Public Service District and he is hereby appointed as a member of the Craigsville Public Service District with term of office expiring January 6, 2000.

Entered this 12 day of January, 1994.

W. Don Hartley, President

Lloyd G. Paxton, Commissioner

Spurgeon Hinkle, Commissioner

CERTIFIED A TRUE COPY:
Attest John Greer Clerk
By Gina McMillion Deputy

MINUTES OF THE NICHOLAS COUNTY COMMISSION - JANUARY 12, 1994

The Nicholas County Commission met in session at the Courthouse on Wednesday, January 12, 1994. Present were: Commissioner W. Don Hartley, Commissioner Lloyd G. Paxton and Commissioner Spurgeon Hinkle. Also present - Clerk John Greer

It is being noted for the record that the Nicholas County Commission was scheduled to hold its first meeting of the calendar year 1994 on January 5; however, due to extreme weather conditions the Courthouse was closed.

Representing the media - Ray Corbin

Minutes from commission meeting held December 15, 1993 were reviewed and approved as presented.

Invoices were reviewed and approved for payment.

The first order of business was election of President. Upon motion made by Commissioner Hinkle and seconded by Commissioner Paxton, Commissioner Hartley was appointed President of the Nicholas County Commission for calendar year 1994. Order attached to be recorded.

Upon motion made by Commissioner Hinkle and seconded by President Hartley, with motion passing unanimously the Commission executed an Order authorizing payment of salaries and utilities semi-monthly. Order attached to be recorded.

Upon motion made by President Hartley and seconded by Commissioner Paxton, with motion passing unanimously, Commissioner Hinkle was appointed to serve on the Nicholas County Extension Service Committee. Order attached to be recorded.

In other matters, the commission set February 25 as a deadline for elected officials and department heads to submit their budgets for fiscal year 1994-95.

In accordance to West Virginia Code, the Commission reviewed and set the holidays for calendar year 1994. Holiday listing is attached to be recorded.

The Commission set the following dates during the month of February to meet as a Board of Equalization & Review.
Beaver District - 01,02 Grant District - 02 Hamilton District - 03 Jefferson District - 04 09 Wilderness District - 04, 09 Kentucky District - 04 Richwood Corporation - 10 Summersville Corporation and District - 14.
The Commission will meet between the hours of 10:00 - 3:00 on the above dates.

The Commission officially accepted the bid of Jim Lively Insurance regarding the County's recent proposal, December 15, 1993, for the public employees blanket bond and public official schedule bond coverage. Jim Lively Insurance was low bidder at $1,649. Bid attached to be recorded.

It was noted for the record that the Commission will let for bid a lease/purchase on a recorder - logger for Communications. Specifications may be picked up at the commission office. Bid Opening has been set for March 2, 1994 at 9:30 a.m.

Appearing before the Commission - Gene Wright and Dave Eubanks representing Lloyd's Electronics and Emergency Service Director Dave King. Sitting in Clerk John Greer.
This meeting was called in order to negotiate the county moving its base stations and related equipment over to the tower

situated on Lone Tree Mountain, owned by Lloyd's Electronics, Inc. Following discussion, the Commission advised that the terms discussed should be submitted in form of a proposal. Mr. Wright will submit the proposal at our next meeting scheduled for January 19.

David King met with the Commission to discuss a personnel matter.

At the request of the Commission, Butch Harris appeared before the Commission concerning a personnel matter.

Upon motion made by Commissioner Hinkle and seconded by Commissioner Paxton, with motion passing unanimously, Carroll Stalnaker was reappointed to the Craigsville Public Service District for a six year term of office expiring January 6 2000.

Being no further business to come before the Commission, the Commission adjourned until January 19, 1994.

W. Don Hartley, President

Lloyd G. Paxton, Commissioner

Spurgeon Hinkle, Commissioner

CERTIFIED A TRUE COPY:

Attest: John Green
Clerk

By Anna McMillion
Deputy

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office as Board Member to the Craigsville Public Service District to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant)

Subscribed and sworn to before me in said County and State this 19th day of November, 1997.

(Notary Public)

My Commission Expires: March 20, 2004

BOOK SPC 341

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ELIZABETH HURST
CRAIGSVILLE PUBLIC SERVICE DIST.
P.O. BOX 248
CRAIGSVILLE, WV 26205
My Commission Expires March 20, 2004

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS

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 of the CRAIGSVILLE PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

Steve B. Cutlip
(Signature of Affiant)

Subscribed and sworn to before me in said county and state this 22 day of September, 1992.

John Green

CERTIFIED A TRUE COPY:
Attest John Green Clerk
By Anna McMillion Deputy

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS

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 of the CRAIGSVILLE PUBLIC SERVICE DISTRICT 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 2 day of March, 1994.

CERTIFIED A TRUE COPY:

Attest John Greer Clerk

By Anna Mc Million 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 Route 20 North, Craigsville, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 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 (the "Act").

ARTICLE III

MEMBERSHIP

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

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second 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, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, 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 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, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Nicholas County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board 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 doors of the Courthouse and the meeting place 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 to the Nicholas County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 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

doors of the Courthouse and the meeting place 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:

CRAIGSVILLE PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Craigsville Public Service District will meet in special session on _____, at _____ .m., prevailing time, 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 the District, in the principal amount of $_____, to provide funds for construction 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 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 Rules of Procedure, 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.

Adopted: July 23, 1996.

Chairman

Member

Member

07/19/96
CRGJ.E3
195340/94001

The Nicholas Chronicle
P.O. BOX 503
SUMMERSVILLE, WV 26651
(304) 872-2251

I, Matthew R. Yeager, Managing Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached

Legal Advertisement - Craigsville Public Service District, c/o Greg Tucker, P.O. Box 524, Summerville, WV 26651; NOTICE, PLEASE TAKE NOTICE that the Craigsville Public Service District, a public utility, proposes to construct a waterline extension project to provide the Nile Road area and surrounding communities with a potable water supply.

appeared in said newspaper for 2 weeks, published on the 16th day of January, 1997; and the 23rd day of January, 1997.

Given under my hand this 23rd day of January, 1997.

By Matthew R. Yeager, Managing Editor.

Fee for publication:
825 words @ $.07 per word, $57.75 for the first publication; 75% of first publication, $43.31 for all subsequent publications; for a total cost of $101.06.

The foregoing instrument was acknowledged before me this the 23rd day of January, 1997.

Brenda K. Shafer
Notary Public

My commission expires March 10, 2002.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRENDA K. SHAFER
P.O. BOX 42
MT. LOOKOUT, WV 26678-0043
My Commission Expires March 10, 2002

20

LEGAL NOTICES

NOTICE

PLEASE TAKE NOTICE that the Craigsville Public Service District, a public utility, proposes to construct a waterline extension project to provide the Nile Road area and surrounding communities with a potable water supply. The District plans to extend up to an 8" waterline from its existing terminus on Alderson Church Road, County Route No. 5, out Alderson Church Road to West Virginia State Route 41 in a southeasterly direction towards Summersville to a point on what is commonly called Big Cut Hill. The project will also provide for construction of a booster pump station, a 150,000 gallon water storage tank, hydrants and other appurtenances as shown upon plans and specifications developed by Dunn Engineers, Inc., Charleston, West Virginia. Approximately 150 households will be served.

The Craigsville Public Service District will make formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity regarding said project on or after February 21, 1997.

In order to finance costs of acquisition and construction of additional public water distribution facilities (the "Project") the District intends to issue its Water Revenue Bond in an aggregate principal amount not to exceed $2,000,000 (the "bond"), bearing interest at a rate not to exceed 7% and with maturities not to exceed 40 years. The estimated cost of acquisition and construction of the Project is $1,836,500. The Project is expected to serve approximately 150 customers when completed.

Pending issuance of the Bond, the District may borrow a sum not to exceed $1,000,000 in the aggregate, such borrowing to be in the form of a line of credit note or notes (the "Notes"). The Notes shall bear interest at a rate not to exceed 10% per annum, and shall have maturities not to exceed 24 months. All such additional borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Bond, grants, construction charges, revenues of the District's water system, or a combination of the foregoing.

The proposed project will provide a safe and reliable potable water source to the residents and business in the Nile Road area. Acquisition of numerous rights of way from the public as well as from the State of West Virginia will be necessary for the installation of water lines. Property will also be acquired for the construction of the water storage tank.

Construction cost of the proposed project is estimated to be $1,257,900.

The completed facilities will be owned, operated and maintained by the Craigsville Public Service District.

The Craigsville Public Service District proposes the following water rates:

First 3,000 gallons used per month $4.84 per 1,000 gallons

Next 3,000 gallons used per month $4.68 per 1,000 gallons

Next 4,000 gallons used per month $4.60 per 1,000 gallons

Next 10,000 gallons used per month $4.37 per 1,000 gallons

Next 20,000 gallons used per month $4.04 per 1,000 gallons

Next 40,000 gallons used per month $3.72 per 1,000 gallons

All Over 80,000 gallons used per month $3.23 per 1,000 gallons

No bill will be rendered for less than $14.52.

When a customer has a water meter that is larger than the standard 5/8" meter, the monthly minimum charge will be as stated below, according to the size of the meter installed.

3/4 inch meter $21.78 per month
1 inch meter $36.30 per month
1-1/2 inch meter $72.60 per month
2 inch meter $116.16 per month
3 inch meter $217.80 per month
4 inch meter $363.01 per month
Surcharge - Glade Creek Customers $15.34 per month per customer

BULK RATE

Camden on Gauley - Bulk Rate will be $1.67 per thousand gallons

Summersville - Bulk Rate will be $1.88 per thousand gallons.

On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A one-time connection fee of $200 will be charged to each new user of the system after construction of the Project is completed.

Anyone wishing to object to the proposed project may sign a petition in the Office of the Clerk of the County Commission of Nicholas County, Summersville, West Virginia, or may contact the Public Service Commission of West Virginia at its office located at 201 Brooks Street, Charleston, West Virginia.

This Notice is prepared pursuant to West Virginia Code 16-13A-25.

Submitted by Arden Bayless, Chairman
Craigsville Public Service District
1/16 1/23 2t

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING

I, Beverly Joan Russell, SECRETARY/TREASURER 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 posted, on the 5th day of January, 1998, at the District's Office in Craigsville, West Virginia, at the hour of 11:00 a.m.

PRESENT:	Arden D. Bayless	-	Chairman and Member
	Alice M. Cutlip	-	Member
	Carroll D. Stalnaker	-	Member
	Beverly Joan Russell	-	Secretary/Treasurer

ABSENT: None.

The Board announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, on motion duly made and seconded, the following people were nominated and elected to the following offices for 1997:

Chairman	-	Arden D. Bayless
Secretary/Treasurer	-	Beverly Joan Russell

*** *** ***

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

Chairman

CERTIFICATION

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

WITNESS my signature on this 6th day of January, 1998.

Joan Russell

Secretary/Treasurer, Craigsville Public Service District, Public Service Board

1/2/98
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY/TREASURER of the Public Service Board of Craigsville Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Craigsville Public Service District met in special session, pursuant to notice duly posted, on the 5th day of January, 1998, in Craigsville, West Virginia, at the hour of 11:00 a.m.

PRESENT:	Arden D. Bayless	- Chairman and Member
	Alice M. Cutlip	- Member
	Carroll D. Stalnaker	- Member
	Beverly Joan Russell	- Secretary/Treasurer

ABSENT: None.

Arden D. Bayless, Chairman, presided, and Beverly Joan Russell, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,361,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND

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

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF CRAIGSVILLE PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

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

Chairman

Secretary/Treasurer

CERTIFICATION

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

WITNESS my signature on this 6th day of January, 1998.

Secretary/Treasurer

12/23/97
195340/96001

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: January 6, 1998

(See Reverse for Instructions)

ISSUE: Craigsville Public Service District Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 368, Craigsville, West Virginia 26205 **COUNTY:** Nicholas

PURPOSE OF ISSUE: New Money X Refunding ___ **Refunds issue(s) dated:** NA

ISSUE DATE: January 6, 1998 **CLOSING DATE:** January 6, 1998

ISSUE AMOUNT: $1,361,000 [63,466] **RATE:** 0%

1st DEBT SERVICE DUE: March 1, 1999 **1st PRINCIPAL DUE:** March 1, 1999

1st DEBT SERVICE AMOUNT: $8,724.36 **PAYING AGENT:** Municipal Bond Commission -UNB

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304)624-8161

CLOSING BANK: One Valley Bank, Summersville
Contact Person: Donna Bayless
Phone: (304)742-5405

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ms. Joan Russell
Position: Secretary/Treasurer
Phone: (304)742-5280 **FAX:** (304)742-5341

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: (304)340-1318

ESCROW TRUSTEE:
Contact Person:
Phone:

OTHER:
Contact Person:
Function:
Phone:

DEPOSITS TO MBC AT CLOSE:
By ___ Wire ___ Check

___ Accrued Interest: $
___ Capitalized Interest: $
___ Reserve Account: $
___ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ___ Wire ___ Check ___ IGT

___ To Escrow Trustee: $
___ To Issuer: $
___ To Cons. Invest. Fund: $
___ To Other: $

NOTES: RR = 34,897 BD OR RID = 290.81 begin 12/1/98
RID 2,908.12 begin 12/1/98

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

One Valley Bank, Summersville, a state banking corporation, in Summersville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Craigsville Public Service District (the "Issuer"), both adopted January 5, 1998 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, in the principal amount of $1,361,000 (the "Bonds"), all as set forth in the Bond Legislation.

WITNESS my signature on this 6th day of January, 1998.

ONE VALLEY BANK, SUMMERSVILLE

Executive Vice President

12/30/97
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Craigsville Public Service District Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, in the principal amount of $1,361,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 6th day of January, 1998.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L Morgan

Assistant Vice President

12/23/97
195340/96001

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Craigsville Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Craigsville Public Service District Water Revenue Bond, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, dated January 6, 1998, in the principal amount of $1,361,000, designated "Water Revenue Bond, Series 1998 A (West Virginia Infrastructure Fund)," numbered AR-1, is registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 6th day of January, 1998.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte S. Morgan

Assistant Vice President

12/23/97
195340/96001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of January, 1998, by and between CRAIGSVILLE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,361,000 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted January 5, 1998, and a Supplemental Resolution adopted January 5, 1998 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Craigsville Public Service District
Post Office Box 368
Craigsville, West Virginia 26205
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, CRAIGSVILLE PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, 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

Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

12/23/97
195340/96001

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

CRAIGSVILLE PUBLIC SERVICE DISTRICT

BOND RESOLUTION
$568,000

SERIES A WATER REVENUE BONDS

Bonds Dated June 1, 1964

TABLE OF CONTENTS

Subject		Pages
Recitals		1, 2
Sec. 1.	Necessity	2
Sec. 2.	Bonds Authorized	3
Sec. 3.	Registrability and Definition of "Redemption," "Redeem" and "Purchase"	6
Sec. 4.	Form of Bonds and Coupons	6
Sec. 5.	Bond Issuance	24
Sec. 6.	Construction Account	24
Sec. 7.	Water System Revenue Fund	26
Sec. 8.	Current Expenses; Net Operating Income	26
Sec. 9.	Bond Fund	27
Sec. 10.	Debt Service Reserve	27
Sec. 11.	Redemption Fund	29
Sec. 12.	General Reserve	30
Sec. 13.	Additional Parity Bonds	31
Sec. 14.	Records; Audits; Covenant Against Competition	32
Sec. 15.	Covenants to Perform	33
Sec. 16.	Insurance	34
Sec. 17.	Statutory Mortgage	35
Sec. 18.	Events of Default	35
Sec. 19.	Acceleration	36
Sec. 20.	Enforcement	37
Sec. 21.	No Priority Between Series A Bonds	38
Sec. 22.	Fiscal Year; Budget	38
Sec. 23.	Compensation of Board Members	40
Sec. 24.	Amendments	40
Sec. 25.	Fidelity Bonds	43
Sec. 26.	Covenant Against Encumbrances	43
Sec. 27.	Further Assurances, Etc.	44
Sec. 28.	Filing under Uniform Commercial Code	44
Sec. 29.	Separability	44
Sec. 30.	Sale and Award of Bonds	45
Sec. 31.	Repealer	45

CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING: THE CONSTRUCTION BY CRAIGSVILLE PUBLIC SERVICE DISTRICT OF A WATER SYSTEM AND PROVIDING FOR THE ISSUANCE OF $568,000 SERIES A WATER REVENUE BONDS OF SAID DISTRICT; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID BONDS AND ANY ADDITIONAL BONDS RANKING ON A PARITY THEREWITH ARE TO BE AND MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE PAYMENT AND SECURITY OF SAID BONDS AND INTEREST THEREON; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN THE ENFORCEMENT THEREOF.

WHEREAS, Craigsville Public Service District (hereinafter sometimes called the "District") in Nicholas County, West Virginia, has heretofore been duly created and is now organized and operating under the provisions of West Virginia Code, Chapter 16, Article 13A, and the Public Service Board of the District has heretofore been organized and is now functioning as the governing body of the District, having the duties, powers and authority as provided by said law; and

WHEREAS, the Public Service Board of the District (hereinafter sometimes called the "Board") has heretofore determined the necessity and advisability of constructing a water system (herein sometimes called the "Project") within the District in order to supply adequate water for the District, its inhabitants and others for industrial, public and private uses; and

WHEREAS, under the provisions of said West Virginia Code, Chapter 16, Article 13A, the District is authorized and empowered to construct and operate such Project and to issue revenue bonds payable as hereinafter pro-

vided from the revenues derived from such operation for the purpose of providing funds for such construction; and

WHEREAS, it is desired and intended that provisions be made in and by this resolution for the issuance of such revenue bonds of the District to the amount of $568,000 for constructing the Project, and to provide for the payment of said bonds and interest thereon and to set forth the conditions and restrictions upon which such bonds and any additional bonds ranking on a parity therewith are to be and may be issued and outstanding; and

WHEREAS, by a Loan Agreement dated June 13, 1962 (hereinafter, together with all amendments and waivers, called the "Loan Agreement"), entered into by the District and the United States of America, the United States of America has agreed under the terms and conditions therein to purchase said revenue bonds;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Public Service Board of Craigsville Public Service District, of Nicholas County, West Virginia, as follows:

Section 1. Necessity. It is hereby found to be necessary that Craigsville Public Service District provide for financing of construction of the Project, which is briefly described as follows:

> a new water supply system including a treatment plant, two storage tanks and approximately fourteen miles of distribution lines and booster stations, all with necessary appurtenant facilities,

and which Project is more generally described in the plans, specifications and reports prepared and amended by J. H. Milam, Inc., Engineers, of Dunbar, West Virginia, now on file with the Secretary of the Board; and the estimated cost of the Project, including engineering, financial, legal

and other pertinent costs and expenses, is $568,000.

Section 2. Bonds Authorized. For the purpose of paying the cost of constructing the Project, there are hereby authorized to be issued five hundred sixty-eight negotiable, coupon, revenue bonds of the District in the aggregate principal amount of $568,000 (hereinafter sometimes referred to as the "Series A Bonds"); each of which shall be designated as "Series A Water Revenue Bond," numbered consecutively 1 to 568, inclusive, of the denomination of $1,000 each; all the Series A Bonds shall be dated June 1, 1964, and bear interest at a coupon rate of three and three-eighths per centum (3-3/8%) per annum, all interest to be payable semiannually on June 1 and December 1 of each year. The Series A Bonds shall be originally issued in either coupon or fully registered form and shall be executed in the manner, and be in substantially the form, hereinafter provided. The Series A Bonds shall be scheduled to become due and payable in installments or numerical order on June 1 of the respective years as follows:

Year	Amount	Year	Amount	Year	Amount
1967	$ 1,000	1980	$ 7,000	1992	$23,000
1968	1,000	1981	8,000	1993	24,000
1969	1,000	1982	9,000	1994	25,000
1970	1,000	1983	10,000	1995	26,000
1971	1,000	1984	11,000	1996	27,000
1972	1,000	1985	12,000	1997	28,000
1973	1,000	1986	13,000	1998	29,000
1974	1,000	1987	14,000	1999	30,000
1975	2,000	1988	15,000	2000	31,000
1976	3,000	1989	21,000	2001	32,000
1977	4,000	1990	21,000	2002	33,000
1978	5,000	1991	22,000	2003	34,000
1979	6,000			2004	35,000

Redemption Provisions: Series A Bonds numbered 1 through 8, maturing 1967 through 1974, are noncallable. Series A Bonds numbered 9 through 403, maturing 1975 through 1999, may be called at the option of the District prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after June 1, 1974, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each Series A Bond as follows:

3% if redeemed December 1, 1974 through June 1, 1979 inclusive
2½% if redeemed December 1, 1979 through June 1, 1984 inclusive
2% if redeemed December 1, 1984 through June 1, 1989 inclusive
1½% if redeemed December 1, 1989 through June 1, 1994 inclusive
1% if redeemed after June 1, 1994.

Series A Bonds numbered 404 through 568, maturing 2000 through 2004, are callable at the option of the District in whole or in part and in inverse numerical order on any interest payment date during the entire life of the Series A Bond Issue at par plus accrued interest to the date of redemption. Priority as to call shall extend to Series A Bonds numbered 404 through 568 over Series A Bonds numbered 9 through 403. Notice of the exercise of such right of redemption, identifying the Series A Bonds to be redeemed, shall be given by publication at least once not less than thirty days prior to the redemption date in a newspaper of general circulation published in the City of Charleston, West Virginia, and in a newspaper or financial journal of general circulation published in the City of New York, New York, or by actual notice in writing by registered or certified mail, not less than thirty days prior to the redemption date.

Both principal of and interest on the Series A Bonds shall be payable in any coin or currency which, on

the respective dates of payment thereof, shall be legal tender for the payment of debts due the United States of America, at the office of the Sinking Fund Commission of the State of West Virginia (hereinafter sometimes called the "State Sinking Fund Commission"), in the City of Charleston, West Virginia, or, at the option of the holders of the respective Series A Bonds and coupons, at the principal office of First National City Bank, in the Borough of Manhattan, City and State of New York. The Series A Bonds shall be signed by the Chairman of the Public Service Board of the District, sealed with the corporate seal of the District, and attested by the Secretary of the Board. Interest on the Series A Bonds in coupon form falling due on and prior to maturity shall be represented by appropriate interest coupons to be attached to the Series A Bonds, which coupons shall be executed with the facsimile signatures of said Chairman and said Secretary, and said officials by the execution of the Series A Bonds shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons. All the Series A Bonds, together with the interest thereon, and any additional bonds ranking on a parity therewith which may be issued and outstanding under the provisions, conditions and restrictions hereinafter stated (the Series A Bonds and all additional series of parity bonds being herein sometimes called the "Bonds") shall be payable only out of the Bond Fund hereinafter established and the revenues of the Project and all additions, extensions, improvements and replacements thereof and thereto (the Project as originally constructed and from time to time extended, improved, replaced or otherwise changed being herein sometimes called the "System"), pledged to the Bond Fund after there have been first paid

from such revenues the Current Expenses as defined in Section 8 hereof (such revenues being hereinafter referred to as the "Net Operating Income"). The Series A Bonds shall be secured by a statutory mortgage lien on the Project as provided by West Virginia Code, Chapter 16, Article 13A.

Section 3. Registrability and Definition of "Redemption," "Redeem" and "Purchase." Any of the Series A Registered Bonds shall be fully registered. The Series A Coupon Bonds and interest coupons shall be fully negotiable, but upon presentation at the office of the Secretary of the Board of any of the Series A Coupon Bonds, the same may be registered as to principal in the name of the owner on the books in the Secretary's office, such registration to be noted on the reverse side of the Series A Coupon Bonds by the Secretary as Bond Registrar, and thereafter the principal of such registered Series A Coupon Bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered Series A Coupon Bonds shall be transferable to another registered holder, or back to bearer, only upon presentation to the Secretary with a legal assignment duly acknowledged or proved. Registration of any of such Series A Coupon Bonds shall not affect the negotiability of the coupons thereto attached, but such coupons shall remain transferable by delivery merely.

Wherever the terms "redemption," "redeem" or "purchase" appear in this resolution with reference to Series A Bonds, they shall be considered to mean the payment of installments outstanding on any single registered Bond issued hereunder where such meaning would be appropriate.

Section 4. Form of Bonds and Coupons. A. The Series A Bonds in coupon form and the coupons and all provi-

sions thereof shall be in substantially the following respective forms, to-wit:

(Form of Coupon Bond)

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF NICHOLAS

CRAIGSVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BOND

SERIES A

Number _____ $1,000

Craigsville Public Service District (hereinafter sometimes referred to as the "District") in the County of Nicholas and State of West Virginia, a lawfully created and existing public corporation and political subdivision of the State of West Virginia, for value received, hereby promises to pay to bearer or, if this Bond be registered, to the registered holder hereof, out of the special fund as hereinafter provided, the sum of One Thousand Dollars ($1,000) on the first day of June, 19___, and interest on said sum from date hereof at the rate of three and three-eighths per centum (3-3/8 %) per annum, payable semiannually on the first days of June and December in each year until paid, except as the provisions hereinafter set forth with respect to prior redemption may be applicable hereto, all such interest as may accrue on and prior to the maturity of this Bond to be paid upon presentation and surrender of the annexed interest coupons as the same severally mature, both principal and interest being payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of debts due the United States of America, at the

office of the Sinking Fund Commission of the State of West Virginia, in the City of Charleston, West Virginia, or, at the option of the holder hereof, at the principal office of First National City Bank, in the Borough of Manhattan, City and State of New York.

This Bond is one of a duly authorized issue of Bonds numbered consecutively 1 to 568, inclusive, aggregating $568,000 principal amount, and has been issued by Craigsville Public Service District pursuant to a Resolution duly adopted by the Public Service Board of the District for the purpose of providing funds for financing the cost of construction of a complete Water System, and this Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code.

Redemption Provisions: Series A Bonds numbered 1 through 8, maturing 1967 through 1974, are noncallable. Series A Bonds numbered 9 through 403, maturing 1975 through 1999, may be called at the option of the District prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after June 1, 1974, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each Series A Bond as follows:

3% if redeemed December 1, 1974 through June 1, 1979 inclusive
2½% if redeemed December 1, 1979 through June 1, 1984 inclusive
2% if redeemed December 1, 1984 through June 1, 1989 inclusive
1½% if redeemed December 1, 1989 through June 1, 1994 inclusive
1% if redeemed after June 1, 1994.

Series A Bonds numbered 404 through 568, maturing 2000 through 2004, are callable at the option of the District in whole or in part and in inverse numerical order on any interest payment date during the entire life of the Series A Bond Issue

at par plus accrued interest to the date of redemption. Priority as to call shall extend to Series A Bonds numbered 404 through 568 over Series A Bonds numbered 9 through 403. Notice of the exercise of such right of redemption, identifying the Series A Bonds to be redeemed, shall be given by publication at least once not less than thirty days prior to the redemption date in a newspaper of general circulation published in the City of Charleston, West Virginia, and in a newspaper or financial journal of general circulation published in the City of New York, New York, or by actual notice in writing by registered or certified mail not less than thirty days prior to the redemption date.

All Series A Bonds as to which the District exercises the right of redemption and as to which notice as aforesaid shall have been given and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The Bonds of said authorized issue, with interest thereon, together with any additional bonds ranking on a parity therewith which may be issued and outstanding under the provisions, conditions and restrictions set forth in said Resolution, are payable only from the revenues to be derived from the operation of the Water System of the District after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the Water System (such revenues being hereinafter referred to as the "Net Operating Income"), a sufficient portion of which Net Operating Income has been ordered set aside as a special fund and pledged for that purpose and identified as the "Water Revenue Bond and Interest Sinking Fund." This

Bond and the issue of which it forms a part do not in any manner constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation. The District covenants that it will fix such rates and charges for the services of its Water System and collect and account for revenues therefrom sufficient to pay promptly all costs of operation and maintenance thereof and the principal of and interest on this Bond and the issue of which it forms a part as the same shall become due.

This Bond is fully negotiable, but may be registered as to principal only in the name of the holder on the books of the District in the office of the Secretary of the Public Service Board of the District, such registration being noted hereon by the Secretary as Bond Registrar, after which no transfer shall be valid unless made on said books and similarly noted on this Bond, but it may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery; but it may be again registered as before. The registration of this Bond as to principal shall not affect the negotiability of the coupons, which shall remain transferable by delivery merely.

A statutory mortgage lien upon the Water System of the District is created by West Virginia Code, Chapter 16, Article 13A, to and in favor of the holder or holders of the issue of Bonds of which this Bond is one, and in favor of the holder or holders of the coupons attached thereto, which lien is hereby recognized as valid and binding and shall remain in effect until the payment in full of the principal of and interest on all the Bonds.

This Bond is exempt from taxation by the State of

West Virginia and the other taxing bodies of said State.

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 and the issue of Bonds of which it is one have existed, have happened and have been performed in due time, form and manner as required by law, that the amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient portion of the Net Operating Income of the Water System of the District has been pledged to and will be set aside into the Water Revenue Bond and Interest Sinking Fund for the prompt payment of the principal of and interest on this Bond and the issue of which it forms a part.

IN WITNESS WHEREOF, said 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 hereto affixed, attested by the Secretary of said Board, and the coupons hereto attached to be executed with the facsimile signatures of said Chairman and said Secretary, which officials by the execution of this Bond do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, all as of the first day of June, 1964.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

(SEAL)

By_____
Chairman of its Public Service Board

Attest:

_____
Secretary of its Public Service Board

(Form of Coupon)

Number _____ $16.88*

On the first day of _____, 19__, Craigsville Public Service District, in Nicholas County, West Virginia, will pay to bearer SIXTEEN AND 88/100* DOLLARS ($16.88*) out of its Water Revenue Bond and Interest Sinking Fund, at the office of the Sinking Fund Commission of the State of West Virginia, in the City of Charleston, West Virginia, or, at the option of the holder hereof, at the principal office of the First National City Bank, in the Borough of Manhattan, in the City and State of New York, as provided in and being interest then due on its Water Revenue Bond, Series A, dated June 1, 1964, Number ____.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By _____
Chairman of its Public Service Board

Attest:

_____
Secretary of its Public Service Board

(Form for registration to be printed on the back of each coupon bond)

Registration	In Whose Name Registered	Signature of Bond Registrar

B. The fully registered Series A Bond, without coupons, and all provisions thereof, the form of assignment, the

* June coupons: $16.88
December coupons: $16.87

payment record and the schedule of principal installments on which payments have been made prior to maturity shall be in substantially the following forms, to-wit:

(Form of Registered Bond)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS
CRAIGSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
SERIES A

No. R-1 $568,000

Craigsville Public Service District (herein sometimes referred to as the "District") in the County of Nicholas and State of West Virginia, a lawfully created and existing public corporation and political subdivision of the State of West Virginia, for value received, hereby promises to pay to the UNITED STATES OF AMERICA, HOUSING AND HOME FINANCE ADMINISTRATOR, or his successor (herein sometimes called the "Payee"), or his registered assigns (herein sometimes called the "Alternate Payee"), the principal sum of Five Hundred Sixty-eight Thousand Dollars ($568,000) on the first day of June in years and installments as follows:

Year	Amount	Year	Amount	Year	Amount
1967	$ 1,000	1980	$ 7,000	1992	$23,000
1968	1,000	1981	8,000	1993	24,000
1969	1,000	1982	9,000	1994	25,000
1970	1,000	1983	10,000	1995	26,000
1971	1,000	1984	11,000	1996	27,000
1972	1,000	1985	12,000	1997	28,000
1973	1,000	1986	13,000	1998	29,000
1974	1,000	1987	14,000	1999	30,000
1975	2,000	1988	15,000	2000	31,000
1976	3,000	1989	21,000	2001	32,000
1977	4,000	1990	21,000	2002	33,000
1978	5,000	1991	22,000	2003	34,000
1979	6,000			2004	35,000

in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of three and three-eighths per centum (3-3/8%) per annum, semi-annually, on June 1 and December 1 of each year, commencing on December 1, 1964, until the principal amount hereof has been paid. During the time the Payee is the registered owner of this Bond, payment of the principal installments and interest due shall be made at the Federal Reserve Bank of Richmond, Richmond, Virginia, or such other fiscal agent as the Payee shall designate (herein sometimes called the "Fiscal Agent"). During such time as an Alternate Payee is the registered owner hereof, said payments shall be made at the office of the Sinking Fund Commission of the State of West Virginia, in the City of Charleston, West Virginia, or at the option of the Alternate Payee at the principal office of First National City Bank in the Borough of Manhattan, City and State of New York (herein sometimes called the "Alternate Paying Agent"). Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted on the Payment Record, made a part of

this Bond, and if payment is made at the office of the Fiscal Agent or Alternate Paying Agent, written notice of the making of such notations shall be promptly sent to the District at the office of the Sinking Fund Commission, and such payment shall fully discharge the obligation of the District herein to the extent of the payments so made. Upon final payment of the principal and interest, this Bond shall be surrendered to the District for cancellation.

This Bond, designated as the "Craigsville Public Service District Water Revenue Bond, Series A" (herein sometimes referred to as the "Bond"), together with any additional bonds ranking on a parity herewith which may be issued and outstanding under the provisions, conditions and restrictions set forth in a Resolution duly adopted by the Public Service Board of the District for the purpose of providing funds for financing the costs of construction of a complete Water System, is payable only from the revenues to be derived from the operation of the Water System of the District after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the Water System (such revenues being herein sometimes referred to as "Net Operating Income"). A sufficient portion of the Net Operating Income has been ordered set aside as a special fund and pledged for that purpose and identified as the "Water Revenue Bond and Interest Sinking Fund." This Bond does not in any manner constitute an indebtedness of the District within the meaning of any constitutional or statutory limitation. The District covenants that it will fix such rates and charges for the services of its Water System and collect and account for revenues therefrom sufficient to pay promptly all costs of operation and mainten-

ance thereof, and the principal of and interest on this Bond as the same shall become due.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code.

As provided in the Resolution, this Bond is exchangeable at the sole expense of the District at any time, upon ninety (90) days' notice, at the request of the registered owner hereof and upon surrender of this Bond to the District for negotiable coupon Bonds, payable to bearer, registrable as to principal only, of the denomination of One Thousand Dollars ($1,000) each, in an aggregate principal amount equal to the unpaid principal amount of this Bond, and in the form of coupon Bond provided in the Resolution.

Prepayment Provisions: In addition to the installments of principal required to be paid by the District as hereinabove set forth, the District shall have the right to prepay on any interest payment date the principal installments due on and after June 1, 2000, or any portion thereof as it may determine upon, in inverse chronological order and in multiples of One Thousand Dollars, at the principal amount thereof, plus accrued interest to the date of prepayment. After payment of the aforesaid installments, the District shall have the right to prepay on any interest payment date after June 1, 1974, the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon, in inverse chronological order of said installments and in multiples of One Thousand Dollars, at the following prices (expressed in terms of a percentage of the principal amount of such prepayment), plus

accrued interest to the date of prepayment: 103% if paid on or prior to June 1, 1979; 102-1/2% if paid after June 1, 1979, but on or prior to June 1, 1984; 102% if paid after June 1, 1984, but on or prior to June 1, 1989; 101-1/2% if paid after June 1, 1989, but on or prior to June 1, 1994; 101% if paid after June 1, 1994; provided, however, that so long as the registered owner hereof shall be the Payee, the District may prepay on any interest payment date the entire unpaid principal amount hereof, or, from time to time in the inverse chronological order of said installments, such lesser portion thereof in multiples of One Thousand Dollars ($1,000) as the District may determine, at the principal amount thereof, plus accrued interest to the date of such prepayment.

Notice of any such optional prepayment shall be given at least thirty (30) days prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date, the amount of principal to be prepaid, and the premium, if any.

A statutory mortgage lien upon the Water System of the District is created by West Virginia Code, Chapter 16, Article 13A, in favor of the registered owner of this Bond, which lien is hereby recognized as valid and binding and shall remain in effect until the payment in full of the principal of and interest on this Bond.

This Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of said State.

This Bond may be assigned, and upon such assignment the assignor shall promptly notify the District by registered mail and the Alternate Payee shall surrender the same to the District either in exchange for a new fully registered Bond,

or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every such assignee shall take this Bond subject to such condition.

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, that the amount of this Bond, together with all obligations of the District, does not exceed any limits prescribed by the Constitution and statutes of the State of West Virginia, and that a sufficient portion of the Net Operating Income of the Water System of the District has been pledged to and will be set aside into the Water Revenue Bond and Interest Sinking Fund for the prompt payment of the installments of the principal of and interest on this Bond.

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 and attested by the Secretary of said Board, all as of the 1st day of June, 1964.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

(CORPORATE SEAL)

By_____
Chairman of its Public Service Board

ATTEST:

_____
Secretary of its Public Service Board

(Form of Assignment)

For value received, the undersigned hereby sells, assigns, and transfers unto _____ all the right, title and interest of the undersigned in and to this Bond.

_____

Date: _____

In the presence of

_____

_____

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due	Interest Payment (3-3/8%)	Date Paid	Name of Paying Agent, Authorized Official and Title
December 1, 1964					
June 1, 1965					
December 1, 1965					
June 1, 1966					
December 1, 1966					
June 1, 1967	$ 1,000				
December 1, 1967					
June 1, 1968	1,000				
December 1, 1968					
June 1, 1969	1,000				
December 1, 1969					
June 1, 1970	1,000				
December 1, 1970					
June 1, 1971	1,000				
December 1, 1971					
June 1, 1972	1,000				
December 1, 1972					
June 1, 1973	1,000				
December 1, 1973					
June 1, 1974	1,000				
December 1, 1974					
June 1, 1975	2,000				
December 1, 1975					
June 1, 1976	3,000				
December 1, 1976					
June 1, 1977	4,000				
December 1, 1977					

Due Date	Principal Payment	Principal Balance Due	Interest Payment (3-3/8%)	Date Paid	Name of Paying Agent, Authorized Official and Title
June 1, 1978	$ 5,000				
December 1, 1978					
June 1, 1979	6,000				
December 1, 1979					
June 1, 1980	7,000				
December 1, 1980					
June 1, 1981	8,000				
December 1, 1981					
June 1, 1982	9,000				
December 1, 1982					
June 1, 1983	10,000				
December 1, 1983					
June 1, 1984	11,000				
December 1, 1984					
June 1, 1985	12,000				
December 1, 1985					
June 1, 1986	13,000				
December 1, 1986					
June 1, 1987	14,000				
December 1, 1987					
June 1, 1988	15,000				
December 1, 1988					
June 1, 1989	21,000				
December 1, 1989					
June 1, 1990	21,000				
December 1, 1990					
June 1, 1991	22,000				
December 1, 1991					

Due Date	Principal Payment	Principal Balance Due	Interest Payment (3-3/8%)	Date Paid	Name of Paying Agent, Authorized Official and Title
June 1, 1992	$23,000				
December 1, 1992					
June 1, 1993	24,000				
December 1, 1993					
June 1, 1994	25,000				
December 1, 1994					
June 1, 1995	26,000				
December 1, 1995					
June 1, 1996	27,000				
December 1, 1996					
June 1, 1997	28,000				
December 1, 1997					
June 1, 1998	29,000				
December 1, 1998					
June 1, 1999	30,000				
December 1, 1999					
June 1, 2000	31,000				
December 1, 2000					
June 1, 2001	32,000				
December 1, 2001					
June 1, 2002	33,000				
December 1, 2002					
June 1, 2003	34,000				
December 1, 2003					
June 1, 2004	35,000				

Principal installments on which payments have been made prior to maturity

Principal Due		Principal Payment	Balance	Date Paid	Name of Paying Agent, Authorized Official and Title
Date	Amt.				

Section 5. Bond Issuance. The Series A Bonds shall be executed as herein provided and thereupon sold and delivered to the purchaser as hereafter provided. The proceeds received from the sale of the Series A Bonds, exclusive of accrued interest, shall be applied to the payment of the costs of constructing the Project and any expenses and charges incident to the issuance and sale of the Series A Bonds.

Section 6. Construction Account. Prior to and pending expenditure of the Series A Bond proceeds as provided in Section 5 hereof, such proceeds and such additional funds of the District, if any, from sources and in a manner which shall not jeopardize the security of the Series A Bonds, as shall be necessary to assure payment of all costs of constructing the Project, shall be deposited in a special account or accounts (herein collectively called the "Construction Account") in a bank or banks which are members of the Federal Deposit Insurance Corporation, and each such deposit, to the extent it causes the aggregate deposits by said District in any such bank to be in excess of $10,000, shall be secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia, or by a pledge of direct obligations or guaranteed bonds or securities of the United States of America having a market value equivalent to such deposit.

No expenditure shall be made from the Construction Account unless it shall have been previously speci-

fied in the Project cost estimates approved by the Government.

If the District shall determine at any time that the funds on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. All such investments and the income therefrom shall be carried to the credit of the Construction Account.

Not less than thirty days preceding each June 1 and December 1 prior to the date the first payment is made into the Bond Fund established under Section 9 hereof from the Revenue Fund established under Section 7 hereof, there shall be transferred and paid from the Construction Account into the Bond Fund an amount sufficient to pay the interest on the Series A Bonds becoming due on such June 1 and December 1, and the District hereby covenants and agrees to cause such transfer and payment to be so made.

Any moneys remaining in the Construction Account after all costs of the Project have been paid shall be deposited in the Redemption Fund and used for the prompt re-

demption of Series A Bonds then outstanding and in accordance with the redemption provisions set forth in the Series A Bonds upon the earliest possible redemption date.

Section 7. Water System Revenue Fund. The District hereby covenants and agrees that all revenues derived directly or indirectly from the operation of the System, including without limitation the receipt of charges for water services, connection fees received after the System has been completed, penalites for late payment of water bills and interest, if any, earned on all funds established herein, except the Construction Account and the Water Revenue Bonds Debt Service Reserve Fund, shall be set aside into a separate and special account hereby established and designated as the "Water System Revenue Fund" (sometimes herein referred to as the "Revenue Fund"). Such Revenue Fund shall be maintained, so long as any Bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation.

The District hereby covenants and agrees that the moneys so deposited in the Revenue Fund shall be expended and used only in the manner and order as provided in the following Sections 8 to 12, inclusive.

Section 8. Current Expenses; Net Operating Income. The District will pay from the Revenue Fund promptly when due the "Current Expenses" of the System, defined as all reasonable and necessary expenses of operation, maintenance and repair thereof, but excluding depreciation. After payment of the Current Expenses and retention in the Revenue Fund of not to exceed $2,000 as working capital, the balance in the Rev-

enue Fund shall be defined as "Net Operating Income" and shall be transferred by the District by the close of each month to the Bond Fund hereinafter established.

Section 9. Bond Fund. There is hereby established with the State Sinking Fund Commission a special account to be known as the "Water Revenue Bond and Interest Sinking Fund Account" (sometimes herein called the "Bond Fund") into which there shall be deposited all accrued interest received from the sale of the Series A Bonds and thereafter, by the end of each month, all the Net Operating Income in the Revenue Fund.

After payment or provision for payment from the Bond Fund of the interest becoming due within the next six months and one-half of the annual principal becoming due within the next twelve months on all outstanding Bonds (sometimes herein called the "Current Semiannual Debt Service"), the balance in the Bond Fund shall be known as the "Surplus," and shall be used only as provided in the following Sections 10, 11 and 12.

So long as Bonds of any series are outstanding, the Bond Fund shall be maintained with the State Sinking Fund Commission as a trust fund for the benefit of the holders of such Bonds.

The Bond Fund shall be used solely and only and is hereby pledged for the purpose of servicing Bonds of any series which may be outstanding from time to time.

Section 10. Debt Service Reserve. There is hereby established with the State Sinking Fund Commission a special account to be known as the "Water Revenue Bond Debt Service Reserve Fund" (sometimes herein called the "Debt Service Reserve") into which there shall be transferred and deposited promptly at least 80 % of the Surplus remaining in the

Bond Fund after payment or provision for payment of the Current Semiannual Debt Service on all Bonds then outstanding.

So long as Bonds of any series are outstanding, the Debt Service Reserve shall be maintained with the State Sinking Fund Commission as a trust fund for the benefit of the holders of such Bonds.

Funds in the Debt Service Reserve shall be continuously invested, as nearly as practical, in marketable direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States of America, selected by the State Sinking Fund Commission with a view to obtaining a liberal cash income from long-term securities purchasable at a discount.

The securities in the Debt Service Reserve shall be liquidated to the extent required to pay promptly the principal of and interest on the outstanding Bonds in the event that funds in the Bond Fund become insufficient for such purposes, or to provide ratably the principal and interest payments on the outstanding Bonds declared due and payable by reason of any default under the terms of this resolution. The total of the funds and securities (taken at market value as determined by the State Sinking Fund Commission at least semiannually as of each June 30 and December 31) in the Debt Service Reserve shall be maintained at least equal to the Reserve Requirement, defined as twicethe maximum annual principal maturity and interest of all series of Bonds from time to time outstanding, rounded to the next higher multiple of $5,000. The interest earned on the securities in the Debt Service Reserve shall be retained therein until the Reserve Requirement has been completed. Thereafter, such interest to the extent not required to maintain the Reserve Requirement

shall be transferred to, and deposited at least semiannually in, the Revenue Fund hereinabove provided for. The balance, if any, in the Debt Service Reserve in excess of the Reserve Requirement shall be transferred at least semiannually and used by the State Sinking Fund Commission only as provided in the following Section 11.

Section 11. Redemption Fund. There is hereby established with the State Sinking Fund Commission a special account to be known as the "Water Revenue Bond Redemption Fund" (sometimes herein referred to as the "Redemption Fund") into which the State Sinking Fund Commission shall, at least semiannually, transfer and deposit the balance in the Debt Service Reserve in excess of the Reserve Requirement. Funds in the Redemption Fund shall be used only to purchase, for cancellation and delivery to the District, Bonds at or below their current redemption price, or to redeem Bonds at the earliest practical redemption date; provided, however, that Series A Bonds need not but may be redeemed in principal amounts of less than $5,000. Any balance after such purchase or redemption shall be retained in the Redemption Fund. Whenever the funds in the Redemption Fund, together with other funds available therefor, are sufficient to redeem all outstanding Bonds of all series, the same shall be redeemed at the earliest practical date.

If Bonds of more than one series are outstanding, the total amount available in the Redemption Fund shall be apportioned among the several series of Bonds according to their respective amounts at the time of their issuance.

So long as Bonds of any series are outstanding, the Redemption Fund shall be maintained with the State Sinking Fund Commission as a trust fund for the benefit of the holders of such Bonds.

Section 12. General Reserve. There is hereby established a special account to be known as the "Water System General Reserve" (sometimes herein called the "General Reserve"), to be maintained so long as Bonds of any series are outstanding in a bank or banks which are members of the Federal Deposit Insurance Corporation, into which may be transferred by the State Sinking Fund Commission, as directed by the District, not more than 20% of the Surplus. Funds in the General Reserve may be expended by the District for the following purposes only:

(a) To pay the Current Expenses of the System or for extraordinary repairs or replacements thereto for which funds in the Revenue Fund may be insufficient;

(b) To pay the Current Semiannual Debt Service for which funds in the Bond Fund and Debt Service Reserve may be insufficient;

(c) To make up any deficiencies in the Reserve Requirement;

(d) To pay the capital outlay costs of minor additions, extensions and improvements to the System;

(e) To pay the fees of engineering and other consultants in connection with proposed major additions, extensions and improvements of the System to be financed in whole or in part by issuance of additional series of parity Bonds as hereinafter provided; and

(f) To redeem Bonds of any series in addition to Bonds otherwise required to be redeemed.

Funds in the General Reserve in excess of estimated needs for the next three years, as certified by a consulting engineer, shall be deposited in the Redemption Fund. Such certification shall be made as of June 30 of each year, commencing with the first fiscal year after any of the Bonds are outstanding.

Section 13. Additional Parity Bonds. Additional series of parity Bonds may be issued by the District from time to time for the purpose of making capital improvements to the System with the written consent of the holders of not less than 65% in principal amount of each series of Bonds then outstanding, or without such consent only provided that:

(a) The District shall have filed with the original purchaser of the Bonds, with the State Sinking Fund Commission and in the office of the Secretary of the Public Service Board of the District a certified audit report for at least twelve consecutive months out of the last eighteen months prior to the proposed issue establishing that the Net Operating Income of the System has been at least equal to 135% of the maximum annual debt service on all Bonds then outstanding; and

(b) The District shall have obtained a final order of the Public Service Commission of West Virginia authorizing the imposition of rates and charges upon the customers of the System served and to be served, which rates and charges shall be at least sufficient to meet the requirements of the rate covenant hereinafter provided with respect to all Bonds outstanding immediately after the issuance of such additional parity Bonds, certified copies of which final order shall be filed with the original purchaser of the Bonds and the State Sinking Fund Commission and in the office of said Secretary; and

(c) The District shall have filed with the original purchaser of the Bonds and the State Sinking Fund Commission and in the office of said Secretary a certificate of an independent licensed engineer to the effect that the rates and charges referred to in (b) above are sufficient as required in (b) above.

The term "Net Operating Income" as used in this Section is defined as gross revenues from all sources after deduction therefrom only of the reasonable and necessary costs of operation, maintenance and repair, but excluding depreciation. For determination thereof, the Net Operating Income of the proposed capital improvements shall be estimated by such independent licensed engineer upon the following bases:

Estimate of Gross Revenues

The gross revenues of the proposed capital improvements shall be the estimated annual revenues to be derived from the operation thereof, based upon the water service charges approved by the Public Service Commission and applied to the number of buildings, both existing and for which construction contracts have been awarded, which are to be served thereby, and the owners of which buildings have agreed to accept water service from the System and have paid the applicable Connection Fees.

Estimate of Current Expenses

The Current Expenses of the proposed capital improvements shall be estimated in the light of the actual operation of the System.

Each such additional series of parity Bonds shall be serial coupon bonds or fully registered bonds exchangeable for serial coupon bonds, bearing such dates and rates of interest as may be determined by the District and maturing at such times and in such amounts as will provide approximately equal annual combined interest and principal requirements. All such additional series of parity Bonds shall rank equally and ratably with the Series A Bonds as to the several accounts and funds hereby established.

Section 14. Records; Audits; Covenant Against Competition. Insofar as consistent with the laws of West Virginia, the District agrees that, so long as any of the Bonds remain outstanding, it will install and maintain a proper system of accounts showing receipts from the operation of the System and the application of the same and keep proper books of record and account, separate from all other records and accounts, showing complete and correct entries of all transactions relating to the System, and the holders of any of the Bonds shall have the rights at all reasonable times to inspect the System and all records, accounts and data relating thereto. The District further covenants that it will cause an annual audit to be made of the books and accounts pertinent to the System on a fiscal year basis by an independent public accountant. Not later than 90 days after the close of each fiscal year, copies of such audit reports, certified by such accountant, reflecting in reasonable detail the financial condition and records of the District and the System, including the rates, number and type of connections and the status of the several funds hereinbefore created and the in-

surance on the System, shall be promptly mailed to any Bondholder that may request the same in writing.

The District further covenants that so long as Bonds of any series are outstanding, it will not create nor permit to be created any water facilities within its territorial limits which would compete with the System.

Section 15. Covenants to Perform. The District hereby covenants and agrees with the holder or holders of the Bonds that it will faithfully and punctually perform all duties with reference to the System and the Bonds required by the Constitution and laws of the State of West Virginia and this resolution; and further hereby irrevocably covenants, binds and obligates itself not to sell, lease, mortgage or in any manner dispose of any integral part of the System, except the statutory mortgage as provided in Section 17 hereof, until all the Bonds shall have been paid in full, both principal and interest, or legal and sufficient provision for such payment shall have been made. The District hereby covenants and agrees to maintain rates and charges for services rendered by the System not less than the initial schedule in the adopted Water Rate Resolution until the Reserve Requirement has been accumulated in the Debt Service Reserve and the Net Operating Income of the System for the previous fiscal year has been certified by an independent public accountant to be at least equal to 135% of the maximum annual debt service on the outstanding Bonds of all series, and thereafter to maintain rates and charges at all times sufficient to produce Net Operating Income at least equivalent to 135% of the maximum annual debt service on the outstanding Bonds of all series; and the District further covenants and agrees that it will promptly and vigorously prosecute collection of all bills for water service charges to the full extent permitted by law.

Section 16. Insurance. The District hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance covering the following risks and in the following amounts:

(a) Fire and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project or System from the contractor, on all insurable portions of the System in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty per centum (80%) of the full insurable value of the damaged facility. In the event of any damage to or destruction of the System, the District shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof. Each such insurance policy shall be acceptable to the State Sinking Fund Commission and shall contain a clause making all losses payable to the State Sinking Fund Commission as its interest may appear.

(b) Public Liability Insurance relating to the operation of the System with limits of not less than $100,000 for one person and $300,000 for more than one person involved in one accident to protect the District from claims for bodily injury and/or death, and not less than $10,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates a vehicle in the operation of the System, or in the event that any vehicle, neither owned nor operated by the District, is operated for the benefit of the District, with limits of not less than $100,000 for

one person and $300,000 for more than one person involved in one accident to protect the District from claims for bodily injury and/or death, and not less than $10,000 from claims for damage to property of others which may arise from the District's operation of vehicles, such insurance to be procured simultaneously with acquisition or commencement of operation of such vehicle.

The District covenants and agrees that the policies of insurance obtained under the provisions of this Section, accompanied by receipts showing payment of premiums paid in full, shall be lodged with the State Sinking Fund Commission, and failure so to lodge the policies as the same are required to be procured shall constitute an event of default as referred to under paragraph (C) of Section 18 hereof, but the State Sinking Fund Commission shall have no responsibility as to such policies except to hold the same. In the event that surrender of such policies is required in adjustment of claims for loss, the State Sinking Fund Commission shall deliver any such policy or policies on written instructions of the District.

Section 17. Statutory Mortgage. For the further protection of the holders of the Bonds and the coupons initially attached, a statutory mortgage lien upon said System is granted and created by West Virginia Code, Chapter 16, Article 13A, Section 19, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of any of the Bonds.

Section 18. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or by proceedings for redemption or otherwise;

(B) Failure to make payment of any installment of interest on any of the Bonds on the date specified for the payment of such interest or within thirty days thereafter;

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District in the Bonds or in this resolution, or violation or failure to observe any provision of any pertinent law, provided any such failure or violation shall continue for a period of thirty days after written notice shall have been given to the District by the holders of not less than 25% in principal amount of the Bonds then outstanding, specifying such failure or violation and requiring the same to be remedied.

Section 19. Acceleration. Upon the happening of any Event of Default specified in Section 18 hereof, the holders of not less than 25% in principal amount of the Bonds then outstanding may, by notice in writing to the District, declare the principal of all the Bonds then outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Bonds or in this resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before completion of the enforcement of any

other remedy under this resolution, moneys shall have accumulated or been deposited in the Bond Fund or Debt Service Reserve sufficient to pay all arrears of interest, if any, upon all the Bonds then outstanding (except the interest accrued on such Bonds since the last interest payment date), and all other amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the State Sinking Fund Commission, and every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this resolution (other than a default in the payment of the principal of the Bonds then due only because of a declaration under this section), shall have been remedied to the satisfaction of the Bondholders so declaring a default, then such Bondholders shall, by written notice to the District, rescind and annul such declaration and all its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right arising therefrom.

Section 20. Enforcement. Upon the happening of any Event of Default specified in Section 18 hereof, the holders of not less than 25% in principal amount of the Bonds then outstanding may proceed to protect and enforce the rights of all Bondholders by instituting an appropriate action in any court of competent jurisdiction either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights, including the right to obtain the appointment of a receiver for the affairs of the District and the System. Any receiver so ap-

pointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the powers to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 21. No Priority Between Series A Bonds. The Series A Bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Series A Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 22. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of said properties. Not later than seventy-five days prior to the beginning of each fiscal year, the District agrees to cause to be prepared a "Proposed Annual Budget of Current Expenses" of the System for the ensuing fiscal year, itemized on the basis of monthly requirements. A copy of such "Proposed Annual Budget of Current Expenses" shall be mailed to any Bondholder who may request in writing a copy of such budget. If the holders of 25% of the aggregate principal amount of Bonds then outstanding shall so request, the District shall hold a public hearing not later than thirty days

before the beginning of the ensuing fiscal year, at which any Bondholder may appear by agent or attorney, and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be published twice, once in each of two successive weeks, in a newspaper or financial journal of general circulation in each of the Cities of Charleston, West Virginia, and New York, New York, and copies of such notice shall be mailed at least fifteen days before the hearing to each Bondholder who shall have filed his name and address with the Secretary of the Board for the purpose of receiving such notice.

The District covenants that annually before the first day of July, it will finally adopt the Annual Budget for the ensuing year substantially in accordance with the preliminary or proposed Annual Budget and that no expenditures for operation and maintenance expenses of the System in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be filed with those Bondholders who shall have filed their names and addresses with the Secretary of the Board for the purpose of receiving notices of budget hearings.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of such Budget of Current Expenses shall not constitute compliance with the covenant to adopt such Annual Budget unless

failure to adopt such Annual Budget be for a reason beyond the control of the District.

Section 23. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board until the Reserve Requirement has been accumulated in the Debt Service Reserve and the Net Operating Income for the previous fiscal year has been certified by an independent public accountant to be at least equal to 135% of the maximum annual debt service on the outstanding Bonds of all series. Such compensation shall be in such total amount as not to cause the Net Operating Income to fall below such 135%.

Section 24. Amendments. The provisions of this resolution shall constitute a contract between the District and the holders of the Bonds outstanding from time to time; provided, however, that modifications, alterations and amendments of this resolution and of the rights and obligations of the District and of the holders of the Bonds outstanding may be made as in this Section provided.

In the event that it shall appear desirable and to the advantage of both the District and the holders of the Bonds, the District may adopt a resolution or resolutions modifying, altering or amending this resolution, but providing therein that the same shall not become effective unless and until approval thereof by the holders of the Bonds as hereinafter provided. Immediately upon the adoption of such resolution, the District shall set a time and place for and call a meeting of the holders of the Bonds to be held at a designated place in the City of Charleston, West Virginia, or in the City of New York, New York. Written notice of any such meeting, stating the place and time thereof and in gen-

eral terms the matter to be submitted, shall be mailed not less than thirty days before such meeting

(a) to each owner of Bonds registered as to principal then outstanding, addressed to him at his address appearing on the registration books;

(b) to each known holder of all other Bonds then outstanding, addressed to him as his name and address appear from the most recent information; and

(c) to the State Sinking Fund Commission;

and such notice shall be published at least once in each of two successive calendar weeks immediately preceding the week which includes the date fixed for such meeting in a newspaper or financial journal of general circulation in each of the Cities of Charleston, West Virginia, and New York, New York. All holders of Bonds outstanding at the time of such meeting shall be entitled to vote thereat, and such attendance may be in person or by proxy. Each person seeking to attend or vote at any such meeting must, if required, produce such proof of ownership of Bonds or of personal identity as shall be satisfactory to the inspectors of votes. Every proxy shall be signed by the holder of Bonds or by his duly authorized attorney and shall be witnessed, and its genuineness if questioned shall be established to the satisfaction of the inspectors of votes, which satisfaction shall not be unreasonably withheld. The holders of Bonds and the holders of proxies present shall by a majority vote, irrespective of the amount of their holdings, select two persons from those present to act as Chairman and Secretary, respectively, of

the meeting, and also select two other persons from those present to act as inspectors of votes, who shall count all votes cast at such meeting and who shall make and file with the Secretary of the meeting their verified written report in duplicate of all such votes so cast at said meeting.

The holders (or persons entitled to vote the same) of not less than 75% in principal amount of each respective series of Bonds entitled to be voted at any such meeting must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn.

At such meeting there shall be submitted to the holders of the Bonds for their approval the resolution theretofore adopted by the Board proposing the modification, alteration or amendment.

Any modification, alteration or amendment of this resolution or of any rights and obligations of the District, or of the holders of the Bonds, in any particular, may be approved at a meeting duly convened and held in accordance with the provisions of this Section, but only by a resolution duly adopted by the affirmative vote, in person or by proxy, of the holders (or persons entitled to vote the same) of 75% or more in aggregate principal amount of the Bonds outstanding when such meeting is held and of a majority of the Board; provided, however, that no modification, alteration or amendment shall be made which will (a) permit an extension of the time of payment at maturity of the principal of or payment of the interest on any Bond, or a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon without written consent of the holder of such Bond, or (b) reduce the percentage of holders of Bonds re-

quired by the provisions of this Section for the taking of any action under this Section, or (c) create a preference or priority of any Bond or Bonds over any other Bond or Bonds.

A record of the proceedings of each such meeting shall be prepared by the Secretary of the meeting and shall have attached thereto the original counterparts of the reports of the inspectors of votes and affidavits by one or more persons having knowledge of the facts, setting forth a copy of the notice of the meeting and a copy of the record of any adjournment thereof, and showing that said notices were duly given as herein provided. Such record shall be signed and verified and filed with the Secretary of the Board, and thereupon any modifications, alterations and amendments permitted hereunder and so adopted shall become and be effective, but otherwise shall be null and void.

Section 25. Fidelity Bonds. The District hereby covenants and agrees that each official or employee of the District having custody of the funds of the District shall be bonded at all times in an amount at least equal to the total funds in his custody at any one time.

Section 26. Covenant Against Encumbrances. The District covenants and agrees that it will not issue any obligations whatsoever except additional parity Bonds as hereinabove provided, payable from the revenues of the System, which rank prior to or equally as to lien on and source and security for payment from such revenues with the Bonds.

The District covenants and agrees that it will not create or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or on a parity with the lien of the Bonds and the interest thereon upon any of the income and revenues of the System pledged therefor in this resolution or upon the System or any part thereof.

Section 27. Further Assurances, Etc. The District covenants and agrees to the full extent authorized or not prohibited by law to pass any further resolutions, execute, acknowledge and deliver any assignments, assurances and any other documents necessary or desirable for the better assuring, assigning, entrusting or confirming of any or all rights, revenues, securities or funds pledged or covenanted under this resolution, at the request of the original purchaser of the Bonds.

Section 28. Filing under Uniform Commercial Code. Contemporaneously with the delivery of the Bonds, the District will execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and cause such statements to be filed in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of Nicholas County, West Virginia. Thereafter, the District covenants and agrees to file such Continuation Statements and other documents as may be necessary to maintain the security interest created hereby.

Section 29. Separability. If any section, paragraph, clause or provision of this resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this resolution.

Section 30. Sale and Award of Bonds. The District has heretofore published notice of sale of the Series A Bonds in the principal amount of $540,000 as initially authorized by resolution adopted September 28, 1962, in full accord with all requirements of the Loan Agreement. The only bid received upon the bid opening date specified in such notice was that of the Government. The Loan Agreement as amended, covering the issuance of the principal amount of $568,000 Series A Bonds as authorized by this resolution, expressly provides that publication of notice of sale of the Bonds hereby authorized is not required. Accordingly, the Loan Agreement, as amended, constitutes an offer to purchase the Series A Bonds and the District hereby accepts such offer and awards the entire issue of Series A Bonds to the Government at the price of par and accrued interest to the date of delivery of the Series A Bonds at an interest rate on all the Bonds of 3-3/8%, the Series A Bonds to be initially issued in the form of the single fully registered Bond hereinabove provided.

Section 31. Repealer. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed. The resolution adopted by the Board on the 28th day of September, 1962, providing for the issuance of the District's Series A Water Revenue Bonds in the principal amount of $540,000, is hereby expressly repealed in its entirety.

Adopted February 1, 1965.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION ESTABLISHING RATES AND CHARGES FOR THE USE OF AND FOR THE SERVICES RENDERED BY THE WATER SYSTEM OF CRAIGSVILLE PUBLIC SERVICE DISTRICT AND PRESCRIBING RULES AND REGULATIONS GOVERNING THE FURNISHING AND THE USE OF SUCH SERVICES AND SYSTEM

WHEREAS, Craigsville Public Service District (herein sometimes called the "District") in Nicholas County, West Virginia, is, by proceedings concurrent herewith, providing for the issuance of its Series A Water Revenue Bonds in the principal amount of $568,000 under the provisions of Chapter 16, Article 13A of the West Virginia Code for the purpose of financing the construction of a complete water system for the District (all water facilities and all additions, extensions, improvements and replacements thereof and thereto herein collectively called the "System"); and

WHEREAS, it is required and provided by law and in connection with the said Bond Issue that rates and charges be established for the services and facilities furnished by the System which shall be sufficient at all times to pay the costs of maintenance, operation, repair and depreciation of the System and the principal of and interest on said Bonds and all reserve or other payments provided for in the proceedings authorizing the issuance of the Bonds; and

WHEREAS, it is deemed advisable and necessary by the Public Service Board of the District to establish a schedule of rates and charges for the use of and for the services rendered by the System and to prescribe rules and

regulations governing the furnishing and the use of the services and facilities of the System;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, by the Public Service Board of Craigsville Public Service District in Nicholas County, West Virginia, as follows:

Section 1. There is hereby established a schedule of rates and charges for the services and facilities furnished by the System of Craigsville Public Service District, heretofore approved by the Public Service Commission of West Virginia, as follows:

Connection Fee:

The owner of each building accessible to service by the System shall pay in advance a Connection Fee according to the following schedule:

$ 50 if paid before or during construction of the initial System;
$100 if paid after the completion of construction of the initial System.

Rates for Water Consumption:

First	3,000 gallons per month	$2.00 per 1000
Next	3,000 gallons per month	1.80 per 1000
Next	4,000 gallons per month	1.60 per 1000
All over	10,000 gallons per month	1.40 per 1000

Minimum Charges:

No bill shall be rendered for less than the following amounts, according to size of meter installed:

5/8" x 3/4" meter	$ 6.00 per month
3/4" meter	9.00 per month
1" meter	15.00 per month
1½" meter	24.00 per month
2" meter	48.00 per month
3" meter	160.00 per month
4" meter	210.00 per month
6" meter	480.00 per month

Hydrant Rental:

There shall be no special charge or rental for hydrant service.

Penalties for Late Payment:

Water bills shall be rendered monthly and shall be payable when rendered. On all accounts not paid in full within fifteen days of date of bill, ten percent (10%) penalty will be added to the net amount shown. If any bill is not paid within 30 days of date thereof, water service to the customer shall be shut off and meter locked or removed.

On shutting off the service, water service shall not be restored until all past due water bills have been paid in full and all accrued penalties, plus a reconnection charge of one month's minimum water charge or actual cost to the District, whichever is the greater, have been paid.

Section 2. The rates and charges prescribed above shall apply to all buildings, units and establishments in any manner directly or indirectly connected with the System of the District; and the "Rules and Regulations for the Government of Water Utilities" issued by the Public Service Commission of West Virginia shall apply to the System, except as changed by this resolution and by orders of the said Commission.

Section 3. All delinquent rates and charges shall be a lien upon the premises served, and when such rates and charges have been delinquent for thirty days, the District may foreclose such lien on the premises served in the manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. Such liens, as provided in West Virginia Code, Chapter 16, Article 13A, shall be of equal dignity, rank and priority with the liens on such premises for state, county, school and municipal taxes.

Section 4. The rates and charges herein prescribed shall be billed to the owners of the premises served; provided, however, that upon application by the tenant of any premises who is not the owner thereof, filed with the District and accompanied by security or indemnity in an amount and of a kind approved by the Public Service Board of the District,

such bills may be rendered to such tenant; provided, further, however, that the rendering of a bill to a tenant who is not the owner of the premises shall not affect or impair the lien of the amount of any delinquent bill as to such premises or impair the right of the District to foreclose such lien after fifteen days' notice in writing to the owner.

Section 5. No free services shall be allowed or permitted as to the System and no permanent connection with the System shall be permitted or made except upon written application for service and payment of the prescribed connection charge.

Section 6. The District shall not permit competition of any kind with the System within its territorial boundaries and shall not, without the consent of the appropriate governing body, extend its System into or provide water services within the boundaries of any city, incorporated town or other municipal corporation, or any other public service district or the adjacent unincorporated territory already served by any of such bodies.

Section 7. The rates, charges, rules and regulations provided in this resolution shall be maintained in effect and enforced; provided, however, that they may be revised from time to time as may be required by law and by the provisions of the Resolution adopted by the Public Service Board authorizing the issuance of the Bonds.

Section 8. The rates and charges provided herein shall be chargeable beginning on the date of connection of any premises with the System and shall continue to be so chargeable thereafter until the premises affected have been disconnected from the System on written application of the owner of such premises. No allowance or adjustment shall be

made because of vacancies of any premises connected with the System except upon application in writing to the Public Service Board, and in no event shall any allowance be made for any such shutoff period less than thirty days.

Section 9. No person other than a person or persons employed by the Public Service Board or authorized by it in writing shall make any connection into or with the System, and the Public Service Board shall not employ or authorize any person to make such a connection until satisfied of the technical competency of such person to do such work; and no person other than those authorized by the Public Service Board shall operate, tamper with or disturb in any way any water meter or other part of the System.

Section 10. The Public Service Board shall have the right to inspect or have inspected the water lines and connections incident thereto on or in any premises prior to the making of any connection of such premises with the System and shall have the right to compel correction of any improper situation prior to connection of such premises with the System.

Section 11. The District shall not be liable for any damages resulting from the bursting or leakage of any water main, service line, valve or any other part of the System or from the failure of any part of the System from any cause whatever.

Section 12. In cases of emergency, the Public Service Board shall have the right to restrict the use of the services of the System in any reasonable manner for the protection of the District, its inhabitants and the System.

Section 13. The provisions of this resolution are separable, and if any clause, provision or section hereof

be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this resolution.

Section 14. All resolutions, orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 15. This resolution shall be effective immediately upon its adoption.

Adopted February 1, 1965.

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1980

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01.	Authority for This Resolution	1
Section 1.02.	Findings and Determinations	1
Section 1.03.	Resolution to Constitute Contract	2
Section 1.04.	Definitions	2
Section 1.05.	1964 Resolution Applies	4
ARTICLE II - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND		
Section 2.01.	Authorization of Bond	5
Section 2.02.	Description of Bond	5
Section 2.03.	Execution of Bond	5
Section 2.04.	Bonds Mutilated, Destroyed, Stolen or Lost	5
Section 2.05.	Bond Secured by Pledge of Revenues	5
Section 2.06.	Form of Bond	5
FORM OF BOND		6
RECORD OF ADVANCES		9
ARTICLE III - BOND PROCEEDS; REVENUES AND APPLICATION THEREOF		
Section 3.01.	Bond Proceeds; Project Construction Account	10
Section 3.02.	Covenants of the Issuer as to Revenues and Funds	10
ARTICLE IV - GENERAL COVENANTS		
Section 4.01.	General Statement	13
Section 4.02.	Rates	13
Section 4.03.	Sale of the System	13
Section 4.04.	Issuance of Additional Parity Bonds	13
Section 4.05.	Insurance and Bonds	13
Section 4.06.	Statutory Mortgage	14
Section 4.07.	Events of Default	14
Section 4.08.	Enforcement	15
Section 4.09.	Fiscal Year; Budget	15
Section 4.10.	Compensation of Members of Governing Body	15
Section 4.11.	Covenant to Proceed and Complete	16
Section 4.12.	Books and Records	16

Copy of Executed Bond Resolution Mailed
to West Virginia Municipal Bond Commission
_____, 1980

10/27/80

Section 4.13. Maintenance of System 16
Section 4.14. No Competition 16
Section 4.15. Concerning Arbitrage 16

ARTICLE V - RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules 17

ARTICLE VI - MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1 18
Section 6.02. Severability of Invalid Provision 18
Section 6.03. 1964 Resolution 18
Section 6.04. Table of Contents and Headings 18
Section 6.05. Effective Time 18

CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $1,050,000 WATER REVENUE BOND, SERIES 1980, OF CRAIGSVILLE PUBLIC SERVICE DISTRICT ON A PARITY WITH THE OUTSTANDING 1964 BONDS OF THE DISTRICT TO FINANCE CONSTRUCTION OF IMPROVEMENTS TO THE EXISTING WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED 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 is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Craigsville Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Nicholas County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a public waterworks system, but such system is not adequate for service to customers of the Issuer.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements to the existing waterworks system of the Issuer, consisting of new water lines, tanks and a booster station (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $1,050,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is $2,125,000 of which $1,050,000 will be obtained from the proceeds of sale of the Bond herein authorized, $625,000 from a grant by the Purchaser, $400,000 from a grant by Appalachian Regional Commission and $50,000 from a grant by the County Commission of Nicholas County.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) There is outstanding the obligation of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment as follows:

Water Revenue Bonds, Series 1964, of the Issuer, dated June 1, 1964 (the "1964 Bonds") issued in the original aggregate principal amount of $568,000, authorized by a resolution of the Governing Body adopted February 1, 1965 (the "1964 Resolution"), and held by the United States Department of Housing and Urban Development as successor of the United States of America, Housing and Home Finance Agency.

(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 Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" means the Water Revenue Bond, Series 1980, authorized hereby.

"1964 Bonds" means the outstanding Bonds of the Issuer described in Section 1.02(G) herein.

"Bonds" means the Bond and the 1964 Bonds.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Milan/B.C.M. Engineering, Inc., Dunbar, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means Craigsville Public Service District of Nicholas County, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. 1964 Resolution Applies. Except as otherwise herein provided, all provisions of the 1964 Resolution shall apply to the 1980 Bonds, and this Resolution is supplemental to and amendatory of the 1964 Resolution. This Resolution and the 1964 Resolution are to be read together as a single document.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1980," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Million Fifty Thousand Dollars ($1,050,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, on a parity as to lien, pledge and all other respects with the 1964 Bonds. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the 1964 Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond and the 1964 Bonds, as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1980

CRAIGSVILLE PUBLIC SERVICE DISTRICT

$1,050,000

No. 1 Date: _____

FOR VALUE RECEIVED, CRAIGSVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designated in writing, the principal sum of ONE MILLION FIFTY THOUSAND DOLLARS ($1,050,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $5,156, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted

to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the existing water system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its

future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the 1964 Bonds described in said Resolution.

CRAIGSVILLE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Craigsville, West Virginia 26205
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Farmers + Merchants Bank of Summersville

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond shall be deposited on receipt by the District in the ~~NICHOLAS COUNTY BANK~~, Summersville, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Craigsville Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the National Finance Office of the Purchaser named in the Bond, not later than the next interest payment date, such sums as shall be from time to time required to pay the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of all the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the Bonds as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of

Craigsville S. 480 Rev.

FDIC, which Fund, known as the "Revenue Fund" was established by the 1964 Resolution, and is now on deposit with Nicholas County Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and in the 1964 Resolution and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all Current Expenses.

(2) The Issuer shall next, after payment of the Current Expenses and retention in the Revenue Fund of an amount not exceeding $2,000 as working capital, by the twenty-fifth day of each month;

(i) transfer from the Revenue Fund to the Bond Fund established by Section 9 of the 1964 Resolution, an amount equal to one-sixth of the Current Semiannual Debt Service on the 1964 Bonds as defined in Section 9 of the 1964 Resolution, for payment of the maturing principal of and interest on the 1964 Bonds; and

(ii) transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amounts required to pay the interest on the Bond and to amortize the principal of the Bond over the life of the Bond issue.

In the event that during any month the moneys retained in the Revenue Fund after payment of Current Expenses are insufficient to pay both the Debt Service on the Bond and the amount required to be set aside in the Bond Fund for payment of Debt Service on the 1964 Bonds as stated hereinabove, the moneys which are available in the Revenue Fund shall be distributed to said accounts ratably, and in proportion to the respective amounts required for full payment of each account.

(3) The balance then remaining in the Revenue Fund, excluding the amount retained as working capital in accordance with paragraph (2) herein, shall be transferred to the Bond Fund.

(4) The semiannual payments of principal of and interest on the 1964 Bonds shall be continued as set forth in the 1964 Resolution.

(5) The balance then remaining in the Bond Fund shall be known as the "Surplus" as provided in Section 9 of the 1964 Resolution. The West Virginia Municipal Bond Commission, successor to The State Sinking Fund Commission, shall each month transfer at least one-half of the Surplus remaining in the Bond Fund to the Debt Service Reserve established by Section 10 of the 1964 Resolution, which Debt Service Reserve is hereby continued.

(6) The Municipal Bond Commission shall thereafter at least semiannually transfer the balance in the Debt Service Reserve

in excess of the Reserve Requirement into the Redemption Fund established by Section 11 of the 1964 Resolution, which Redemption Fund is hereby continued.

(7) Thereafter the Municipal Bond Commission shall transfer the remaining Surplus into the General Reserve established by Section 12 of the 1964 Resolution and hereby continued and now on deposit with _____.

(C) All provisions of Sections 7 through 12 of the 1964 Resolution, except as in this Section 3.02 expressly changed, shall continue in full force and effect for the equal benefit of the Bonds.

(D) Additional User Contracts. The Issuer presently has 881 users on the existing System. In addition, the Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 271 additional bona fide full time users and shall collect from such users, and deposit in the Project Construction Account not less than $13,550, based on a tap fee of $50. In addition, the Issuer shall obtain a "Service Declination Statement" from or for each potential water user located within the Issuer's planned service area who has not delivered a signed users agreement. The Issuer shall also provide evidence that it does not have any signed user agreements from individuals located outside the planned service area.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the maximum annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, 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, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. 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 $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the delivery of the Bond and shall be for the equal benefit of the Bonds.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment upon any of the Bonds at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as provided in the Order of the Public Service Commission of West Virginia entered September 8, 1980, and now in full force and effect.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.02. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. 1964 Resolution. The 1964 Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this resolution shall be supplemental to the 1964 Resolution. All provisions of the 1964 Resolution changed hereby shall be null and void.

Section 6.04. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.05. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted October 28, 1980.

Chairman of Public Service Board

Member

Member

CRAIGSVILLE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1996

BOND RESOLUTION

Table of Contents

Subject		Page
	ARTICLE I **STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**	
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
	ARTICLE II **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT**	
Section 2.01	Authorization of Acquisition and Construction of the Project	9
	ARTICLE III **AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND**	
Section 3.01	Authorization of Bond	10
Section 3.02	Description of Bond	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	10
Section 3.04	Bond Registrar	10
Section 3.05	Execution of Bond	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bond Secured by Subordinate Pledge of Net Revenues	12
Section 3.08	Form of Bond	12
	FORM OF BOND	13

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	19
Section 4.02	Bond Proceeds; Project Construction Account	19
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	20
Section 4.04	Interim Construction Financing	23

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	25
Section 5.02	Rates	25
Section 5.03	Sale of the System	25
Section 5.04	Issuance of Additional Parity Bonds or Obligations	25
Section 5.05	Insurance and Bonds	25
Section 5.06	Statutory Mortgage Lien	27
Section 5.07	Events of Default	27
Section 5.08	Enforcement	27
Section 5.09	Fiscal Year; Budget	28
Section 5.10	Compensation of Members of Governing Body	28
Section 5.11	Covenant to Proceed and Complete	28
Section 5.12	Books and Records; Audits	28
Section 5.13	Maintenance of System	29
Section 5.14	No Competition	29

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	30

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bond	31
Section 7.02	Modification or Amendment	31
Section 7.03	Delivery of Bond	31
Section 7.04	Severability of Invalid Provisions	31
Section 7.05	Conflicting Provisions Repealed	31
Section 7.06	Table of Contents and Headings	31
Section 7.07	Covenant of Due Procedure, Etc.	32
Section 7.08	Effective Time	32
	SIGNATURES	32
	CERTIFICATION	33

CRAIGSVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $890,000 WATER REVENUE BOND, SERIES 1996, OF CRAIGSVILLE PUBLIC SERVICE DISTRICT, JUNIOR AND SUBORDINATE TO THE OUTSTANDING 1964 AND 1980 WATER REVENUE BONDS OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED 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 is adopted 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. Craigsville Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Nicholas County of said State, duly created pursuant to the Act by The County Commission of Nicholas County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain

additional public service properties consisting of improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed improvements and extensions to the existing waterworks facilities of the Issuer, consisting of upgrading its raw water intake pumps, control, piping and valve vault, providing for a second intake line, replacing existing clear well, renovating clarifier and filter, installing filter to waste lines, constructing a new 300,000 gallon water storage tank, repairing existing tanks, implementing a new telemetry system, acquiring new testing equipment, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $890,000, all of which will be obtained from the proceeds of sale of the Bond herein authorized.

E. It is necessary for the Issuer to issue its water revenue bond in the principal amount of $890,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the cost of acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Bond prior to, during and for 6 months after completion of such acquisition or construction; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing authorized hereby and the acquisition or construction of the

properties and the placing of same in operation; provided, that reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank prior and senior to the Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1980, dated October 28, 1980, issued in the original principal amount of $1,050,000 (the "Series 1980 Bonds") and the Series A Water Revenue Bonds, dated June 1, 1964, issued in the original aggregate principal amount of $568,000 (the "Series 1964 Bonds, and together with the Series 1980 Bonds, herein collectively called the "Prior Bonds"). The Series 1980 Bonds are currently held by the Purchaser (as hereinafter defined) and the Series 1964 Bonds are currently held by G.E. Capital Corporation. There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or any resolution authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of subordinate bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated March 31, 1994, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and

shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1996, authorized hereby to be issued pursuant to this Bond Legislation.

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Bond and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Dunn Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means One Valley Bank of Summersville, Inc., Craigsville, West Virginia, with regard to the Reserve Fund, Depreciation Fund, and Project Construction Account, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns and First Community Bank, Inc., Craigsville, West Virginia, with regard to the Revenue Fund, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Craigsville Public Service District, a public service district and public corporation and political subdivision of the State of West Virginia, in Nicholas County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated March 31, 1994, and all amendments thereto, if any.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Fund and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1980 Bonds and the Series 1964 Bonds.

"Prior Resolution" means, collectively, the Series 1980 Bond Resolution and the Series 1964 Bond Resolution.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal

Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Resolutions" means, collectively, the Prior Resolution and the Bond Legislation.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"Series 1980 Bonds" means the outstanding Water Revenue Bond, Series 1980, of the Issuer, dated October 28, 1980, issued in the original principal amount of $1,050,000, described in Section 1.02G, hereof.

"Series 1980 Bond Resolution" means the resolution of the Issuer adopted October 28, 1980, authorizing issuance of the Series 1980 Bonds.

"Series 1964 Bonds" means the outstanding Series A Water Revenue Bonds of the Issuer, dated June 1, 1964, issued in the original aggregate principal amount of $568,000, described in Section 1.02G hereof.

"Series 1964 Bond Resolution" means the resolution of the Issuer adopted February 1, 1965, authorizing issuance of the Series 1964 Bonds.

"State" means the State of West Virginia.

"System" means the waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

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 neuter gender shall include any other gender; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $890,000, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1996," is hereby authorized to be issued in the aggregate principal amount of not exceeding $890,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the

registration and transfer of the Bond, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Bond Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Subordinate Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the Net Revenues and a statutory mortgage lien on the System, all junior and subordinate to the liens thereon in favor of the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

CRAIGSVILLE PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996

$890,000

No. R-1 Date: _____

FOR VALUE RECEIVED, CRAIGSVILLE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of EIGHT HUNDRED NINETY THOUSAND DOLLARS ($890,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $4,370, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this

Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing the cost of improvements and extensions to the existing waterworks system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a resolution of the Borrower duly adopted authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE PRIOR BONDS DESCRIBED IN SAID RESOLUTION.

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 Resolution and any other resolutions, orders or 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 executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

CRAIGSVILLE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Drawer 368
(P. O. Box No. or Street Address)

Craigsville, West Virginia 26205
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

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:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the Prior Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the Prior Resolution);

(2) Reserve Fund (established by the Prior Resolution);

(3) Depreciation Fund; and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions 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 provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolution not otherwise modified herein:

(i) The Issuer shall first, each month, pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, each month, pay from the moneys in the Revenue Fund the required interest, principal and reserve payments with respect to the Series 1964 Bonds and the Series 1980 Bonds.

(iii) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(iv) The Issuer shall next, each month, on each date that payment is made as set forth in (iii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in

the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest becoming due on the Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(v) The Issuer shall next, each month, on each date that payment is made as set forth in (iii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Fund the aggregate sum of $150,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the money in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Fund herein provided, and all amounts required for the Reserve Fund and the Depreciation Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the Reserve Fund and the Depreciation Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or in the Prior Resolution or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolution, earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 1,427 bona fide full-time users upon the System upon completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

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

G. REMITTANCES. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of advances of principal of the Bond, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $890,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement or similar agreement, with such commercial bank or other lender. 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 credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bond. 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 of the Issuer, if any, 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 as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. So long as the Series 1964 Bonds or any portion thereof remain Outstanding, the Issuer will maintain user rates as prescribed in the Series 1964 Bond Resolution. Thereafter the Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, 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, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the

full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. 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 $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

C. Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

E. Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

F. Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at

any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

G. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond; provided however, that the statutory mortgage lien of the Bond is junior and subordinate to the statutory mortgage lien of the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default"

A. Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

B. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to

obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered as a Recommended Decision on July 11, 1995, and becoming a Final Order on July 31, 1995, in Case No. 94-0444-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. Prior to issuance of the Bond, this Resolution may be amended or supplemented in any way by resolution. Following issuance of the Bond, no resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bond. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bond, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolution.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) and the Prior Resolution.

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. 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 of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: July 23, 1996.

Chairman

CERTIFICATION

Certified a true copy of a Bond Resolution duly enacted by the Public Service Board of the CRAIGSVILLE PUBLIC SERVICE DISTRICT on the 23rd day of July, 1996.

Dated: July 23, 1996

[SEAL]

Beverly Joan Russell
Secretary/Treasurer

07/19/96
CRGJ.A3
195340/94001

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
TELEPHONE: (304) 291-4796
FAX: (304) 291-4159
TTY/TDD: (304) 284-5941

January 6, 1998

CRAIGSVILLE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

CONSENT FOR ISSUANCE OF BONDS
ON PARITY WITH OUTSTANDING RURAL UTILITIES SERVICE BONDS

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States Department of Agriculture, Rural Development, the present holder of the entire outstanding aggregate principal amounts of the Series 1980 Bond and the Series 1996 Bond, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not to exceed $1,500,000 (the "Bonds"), by Craigsville Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the Bonds, junior and subordinate to, with respect to liens, pledge and source of and security for payment, the Issuer's outstanding Water Revenue Bonds, Series 1980, dated October 28, 1980 (the "Series 1980 Bond"), and on a parity with the Issuer's outstanding Water Revenue Bonds, Series 1996, dated July 23, 1996 (the "Series 1996 Bond"), provided that upon the payment in full of the Issuer's outstanding Series A Water Revenue Bonds, dated June 1, 1964, currently held by General Electric Capital Corporation, in the year 2004, the Bonds shall be considered to be on a parity with, in all respects, the Series 1980 Bond and the Series 1996 Bond.

ROBERT D. LEWIS
State Director
Rural Development

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

PRINTED WITH SOY INK

Rec'd 9-9-92

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

September 4, 1992

The Honorable Don McClung
President
Nicholas County Commission
700 Main Street
Summersville, West Virginia 26551

Dear Commissioner McClung:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1992.

I am pleased to approve a grant in the amount of $750,000 to the Nicholas County Commission. These funds will enable you to fund the Central Public Service District's water system improvements.

In order to most effectively use the limited dollars available, I hereby commit $375,000 from our fiscal year 1992 allocation which will be immediately available to you. The remaining $375,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Nicholas County.

Sincerely

Gaston Caperton

Gaston Caperton
Governor

GC:bss

(August 1996)

GRANT AGREEMENT

This Grant Agreement entered into between the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Craigsville Public Service District (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $4,370 (the "Grant") for the purpose of the acquisition and construction/design/planning of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purpose of constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Agreement sets forth the Council, the Authority and the Governmental Agency's understanding and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority and the Council.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Grant held in "contingency" as set forth in the final Schedule B. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Grant available due to bid/construction/project underruns.

8. This Agreement shall be governed by the laws of the State of West Virginia.

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

CRAIGSVILLE PUBLIC SERVICE DISTRICT

By: Alden I. Bayman
Its: Chairman

Date: 01-06-98

SEAL

ATTEST

Joan Russell
Its: Secretary - Treasurer

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: Daniel B. Yankosky
Director

Date: 01-06-98

SEAL

ATTEST

Barbara B Meadows
Secretary - Treasurer

EXHIBIT A

The project consists of construction of approximately 8,400 LF of 2", 1,810 LF of 4", 6,100 LF of 6" and 40,500 LF of 8" water main, one pressure reducing station, a 150,000 gallon water storage tank, and all necessary appurtenances. The total cost of the project is $1,694,370.