FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

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FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,
SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

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FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Flatwoods-Canoe Run Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Braxton County of said State.

B. The Issuer does not presently own or operate a public sewerage system or public sewerage facilities, and it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain sewerage facilities of the Issuer, consisting of a new 0.3 MGD secondary waste treatment plant, collector lines, sewer lines, 7 lift stations, man holes, access roads, force main and house connections for a complete sanitary sewer system, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any additions or improvements thereto or extensions thereof is herein called the "System") at an estimated cost of $7,558,590, 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 estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $2,900,000 in three series, being the Series 1990 A Bonds in the aggregate principal amount of not more than $1,300,000, the Series 1990 B Bonds in the aggregate principal amount of not more than $200,000, and the Series 1990 C Bonds in the aggregate principal amount of not more than $1,400,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than $4,000,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months

after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; 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 of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and/or the Notes 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, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the Notes 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 Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution, and, further, it is in the best interests of the Issuer that its Original Bonds constituting the Series 1990 C Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of a Letter of Conditions dated September 29, 1988, as amended by amendments dated November 9, 1988, and July 17, 1989, and any other amendments thereto (collectively, the "Letter of Conditions").

G. There are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens and source of and security for payment. The Series 1990 A Bonds and the Series 1990 C Bonds shall be on a parity with each other except as otherwise provided herein. The Series 1990 B Bonds shall be junior and subordinate to the Series 1990 A Bonds and the Series 1990 C Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such Grant

Anticipation Notes and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Grant Anticipation Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds (or individual series thereof), certain proceeds of such Bond Anticipation Notes and the Net Revenues, if necessary and if available, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Bond Anticipation Notes. The Issuer has outstanding its $152,000 Water System Revenue Bonds, dated January 1, 1971, which are not payable from or entitled to any lien on or pledge of any of the revenues of the System or a statutory mortgage lien thereon.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Bonds and the Notes, 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 Bonds or any of the Notes or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, 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 and between any one Note of a series and any other Note of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"ARC" means the Appalachian Regional Commission and any successor to the functions of the ARC.

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly 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" 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 and Notes Resolution" or "Local Act" means this Bond and Notes Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" shall have the meaning stated in Section 3.03 hereof, as applicable.

"Bond Year" means each one-year period (or shorter period from the date of issue of the Original Bonds) that ends at the close of business on the day in the calendar year that is selected by the Issuer, which must be the last day of a compounding interval used in computing the yield on the issue under the Code, and shall be October 1 unless otherwise required under the Code.

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

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

"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 Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

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

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

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

"Governing Body" 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.

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

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

Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

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

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

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

"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," "Borrower" or "District" means Flatwoods-Canoe Run Public Service District, in Braxton County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated September 29, 1988, as amended by amendments dated November 9, 1988, and July 17, 1989, and any other amendments thereto.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds from the Issuer by the Authority, the forms 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 Original Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the respective Reserve Accounts. 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 Original 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 Original Bonds and is not acquired in order to carry out the governmental purpose of the Original Bonds.

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

"Notes" means, collectively, the not more than $4,000,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution pertaining to such Notes and its successors and assigns.

"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, Registrar, Paying Agent and the Trustee (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 or the Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $1,300,000 in aggregate principal amount of Series 1990 A Bonds, the not more than $200,000 in aggregate principal amount of Series 1990 B Bonds and the not more than $1,400,000 in aggregate principal amount of Series 1990 C Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means the grant from the Purchaser and the ARC Grant, together with any other grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated (where applicable) and delivered, or all Notes theretofore and thereupon being authenticated and delivered,

except (i) any Bond or Note cancelled by the Bond Registrar or Notes Registrar, at or prior to said date; (ii) any Bond or Note 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 or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the Issuer.

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

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

"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.

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

"Project" means the acquisition and construction of certain sewerage facilities of the Issuer, consisting generally of a new 0.3 MGD secondary waste treatment plant, collector lines, sewer lines, 7 lift stations, man holes, access roads, force main and house connections for a complete sanitary sewer system, together with all appurtenant facilities.

"Purchaser" or "Government" means the United States Department of Agriculture, Farmers Home Administration, which is

expected to be the original purchaser of the Original Bonds constituting the Series 1990 C Bonds, and any successor thereof.

"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.

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

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar, or both.

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

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

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

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

"Series 1990 A Bonds" or "Series A Bonds" means the not more than $1,300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 A, of the Issuer.

"Series 1990 A Bonds Reserve Account" means the Series 1990 A Bonds Reserve Account established in the Series 1990 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1990 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 1990 A Bonds in the then current or any succeeding year.

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1990 B Bonds" or "Series B Bonds" means the not more than $200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 B, of the Issuer.

"Series 1990 B Bonds Reserve Account" means the Series 1990 B Bonds Reserve Account established in the Series 1990 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1990 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1990 B Bonds in the then current or any succeeding year.

"Series 1990 B Bonds Sinking Fund" means the Series 1990 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1990 C Bonds" or "Series C Bonds" means the not more than $1,400,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 C, of the Issuer.

"Series 1990 C Bonds Reserve Account" means the Series 1990 C Bonds Reserve Account established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

"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 Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, 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.

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter 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 $7,558,590, 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 Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1990 A Bonds and the Series 1990 C Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any one or more of such purposes, as determined by the Supplemental Resolution, there shall be and are authorized to be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $2,900,000. Said Bonds shall be issued in three series, to be designated respectively, "Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than $1,300,000, "Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than $200,000, and "Sewer Revenue Bonds, Series 1990 C," in the aggregate principal amount of not more than $1,400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, 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. A. The Series 1990 A Bonds and the Series 1990 B Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 1990 A Bonds and the Series 1990 B 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 1990 A Bonds and the Series 1990 B Bonds 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.

B. The Series 1990 C Bonds shall be issued in the form of a single, fully registered Bond in the principal amount of not to exceed $1,400,000, numbered CR-1, shall be dated the date of delivery

thereof and shall be in such principal amount as set forth in a Supplemental Resolution. The Series 1990 C Bonds shall bear interest on advances of the principal amount thereof from the date of such advances, payable monthly at the rate not exceeding the then legal maximum as the Issuer shall prescribe in a Supplemental Resolution, and shall be sold for the par value thereof. The Series 1990 C Bonds 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 a Supplemental Resolution and/or the Bond form hereinafter set forth.

Unless otherwise provided by the Supplemental Resolution or herein, the Original Bonds shall be issued in the form of a single bond for each series, with the Series 1990 A Bonds and the Series 1990 B Bonds fully registered to the Authority and the Series 1990 C Bonds fully registered to the Purchaser, with a debt service schedule attached to the Series 1990 A Bonds and the Series 1990 B Bonds, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Authority nor the Purchaser shall 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 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date except as otherwise expressly provided herein.

Section 3.03. Bond Registrar. A. The Bond Registrar for the Series 1990 A Bonds and the Series 1990 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

B. The Issuer shall be the Bond Registrar with respect to the Series 1990 C Bonds and will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Series 1990 C Bonds, and, upon presentation for such purpose, the Issuer shall, under such reasonable regulations as it may prescribe, register the Series 1990 C Bonds initially issued pursuant hereto and/or a Supplemental Resolution and register the transfer, or cause to be registered, on such books, the transfer of the Series 1990 C Bonds as hereinafter provided.

The Issuer shall accept the Series 1990 C Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, 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 Series 1990 C Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America, Farmers Home Administration. So long as the Series 1990 C Bonds shall be registered in the name of the United States of America, Farmers Home Administration, the address of the United States of America, Farmers Home Administration, for registration purposes shall be Post Office Box 678, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the United States of America, Farmers Home Administration.

Section 3.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Series 1990 A Bond or Series 1990 B 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 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.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; 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 Flatwoods-Canoe Run Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective November 14, 1990 (the "Bond and Notes Resolution" or "Bond Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS

AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $2,900,000, to be issued in three series, the Series 1990 A Bonds to be in an aggregate principal amount of not more than $1,300,000 (the "Series 1990 A Bonds"), the Series 1990 B Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1990 B Bonds") and the Series 1990 C Bonds to be in an aggregate principal amount of not more than $1,400,000 (the "Series 1990 C Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1990 A Bonds dated November 14, 1990, and a supplemental loan agreement relating to the Series 1990 B Bonds, also dated November 14, 1990 (sometimes collectively referred to herein as the "Loan Agreement"), both by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A, of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 1990 A Bonds and the Series 1990 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement, and the Series 1990 C Bonds are proposed to be purchased by the United States of America, Farmers Home Administration (the "Purchaser"), pursuant to a Letter of Conditions, as amended; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by

the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1990 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,147,938. The Series 1990 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.10% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1991, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1990 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $51,842. The Series 1990 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

(C) The Sewer Revenue Bonds, Series 1990 C, of the Issuer, originally represented by a single Bond,

numbered CR-1 in the principal amount of $1,118,000. The Series 1990 C Bonds shall be dated the date of delivery thereof, shall mature November 14, 2030, shall bear interest on advances of the principal thereof at the rate of 5% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 1990 C Bonds and continuing on the corresponding day of each month and thereafter, principal and interest are payable in monthly installments of $5,490 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 1990 C Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 1990 C Bonds, all such payments to be made at the National Finance Office of Farmers Home Administration, United States Department of Agriculture, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 1990 C Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Series 1990 A Bonds and Series 1990 B Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 1990 A Bonds and Series 1990 B Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 1990 A Bonds and Series 1990 B Bonds.

Section 6. The Issuer does hereby appoint One Valley Bank, National Association, Charleston, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1990 A Bonds proceeds in the amount of $139,400 shall be deposited in the Series 1990 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1990 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 A Bonds Reserve Account, Series 1990 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 B Bonds Reserve Account and Series 1990 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 C Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project, if any.

Section 10. The Issuer hereby authorizes the establishment of, and there are hereby created with the Depository Bank, the following special accounts within the Bond Construction Trust Fund established under Section 5.01 of the Bond and Notes Resolution:

(1) Account One

(2) Account Two

All proceeds received from the sale of the Series 1990 A Bonds and the Series 1990 B Bonds to the Authority shall be deposited in Account One. All proceeds received from the sale of the Series 1990 C Bonds to the Purchaser shall be deposited in Account Two. Proceeds deposited into Account One shall be kept separate and apart from proceeds deposited into Account Two, and vice versa.

Section 11. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any,

including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Series 1990 A Bonds and the Series 1990 B Bonds may be delivered on or about November 14, 1990, to the Authority pursuant to the Loan Agreement and to the end that the Series 1990 C Bonds may be delivered on or about November 14, 1990, to the Purchaser pursuant to the Letter of Conditions and all amendments thereto as soon as the Purchaser will accept such delivery.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. 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 Bond and Notes Resolution held by the Depository Bank, subject to any limitations of the Purchaser with respect to the proceeds from the sale of the Series 1990 C Bonds, in repurchase agreements with maturities not exceeding thirty days, or, if unavailable, such moneys not invested in repurchase agreements shall be invested in time accounts secured by a pledge of Government Obligations with the Depository Bank, 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 and/or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds for the Series 1990 A Bonds and the Series 1990 B Bonds shall be invested by the Municipal Bond Commission in the West Virginia restricted consolidated fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 16. The Issuer elects to have Section 148(f)(4)(B)(iv)(V) of the Code apply to the Bonds and agrees to pay the penalty prescribed under such Section 148(f)(4)(B)(iv)(V) of the Code from lawfully available sources and the Issuer does not elect to exclude earnings on any reserve fund or account from the requirements of, and definition of net proceeds under, Section 148(f)(4)(B)(iv)(II) of the Code.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 14th day of November, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Dale L. Lewis
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on the 14th day of November, 1990.

Dated: November 14, 1990.

[SEAL]

Secretary, Public Service Board

11/13/90
FCRB.D4
29212/88002

Section 3.07. 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 (where applicable) and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.08. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.09. Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of all the Series 1990 A Bonds and all the Series 1990 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity basis. The payment of the debt service of all the Series 1990 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.10. Form of Original Bonds. The text of the Original Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and

desirable and authorized or permitted hereby or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1990 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1990 A

No. AR-____ $_____

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

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The Project and any additions, extensions or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 19_____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19__ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1990 B Bonds are junior and subordinate with respect to liens, pledge and source of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS"), EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), unexpended proceeds of the Bonds and the Series 1990 B Bonds and the other sources provided in the Bond Legislation. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said

special fund provided from the Net Revenues, the moneys in the Series 1990 A Bonds Reserve Account, unexpended proceeds of the Bonds and the Series 1990 B Bonds and the other sources provided in the Bond Legislation. 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 on the Bonds, the Series 1990 B Bonds, the Series 1990 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds, provided, however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1990 B Bonds, the Series 1990 C Bonds and any other obligations outstanding prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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 _____, 19__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1990 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1990 B

No. BR-__ $_____

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

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

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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage 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 Project and any additions, extensions or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the

Issuer on _____, 19____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1990 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 A BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1990 A Bonds and the Series 1990 C Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1990 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the

Series 1990 A Bonds, the Series 1990 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1990 A Bonds, the Series 1990 C Bonds or the Bonds, provided, however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve accounts established for the Series 1990 A Bonds and the Series 1990 C Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the Series 1990 A Bonds and the Series 1990 C Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1990 A Bonds and the Series 1990 C Bonds to the extent provided in the Bond Legislation.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all

other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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 _____, 19__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1990 C Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1990 C

No. CR-____ $_____

FOR VALUE RECEIVED, the FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (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 _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% 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 $_____, 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 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 is issued to finance a portion of the costs of acquisition and construction of new sewerage facilities of the Issuer, and 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 sewerage 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, nor shall the Borrower be obligated to pay the same or the 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 said 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 authorizing issuance of this Bond and a resolution supplemental thereto duly adopted (collectively, 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 Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY WITH THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 A, AND SENIOR AND PRIOR TO THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 B, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BOTH ISSUED CONCURRENTLY HEREWITH AND

DESCRIBED IN THE RESOLUTION, EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN THE RESOLUTION.

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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, and has caused this Bond to be dated _____, 19_____.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman
(Title of Executive Official)

Post Office Box 677
(P. O. Box No. or Street Address)

Sutton, West Virginia 26601
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

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:

_____

Section 3.11. Sale of Original Bonds to Authority and Purchaser; Approval and Ratification of Execution of Loan Agreement with Authority. The Original Bonds constituting the Series 1990 A Bonds and the Series 1990 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer attest the same, and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

The Original Bonds constituting the Series 1990 C Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions.

Section 3.12. "Amended Schedule A" Filing; Tender of Series 1990 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1990 B Bonds to the Issuer for payment in an amount equal to such excess to the extent such excess is lawfully available therefor. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1990 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $4,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Net Revenues (if issued in the form of Bond Anticipation Notes) or the Grant Receipts, the Surplus Revenues and letter of credit proceeds (if issued in the form of Grant Anticipation Notes) and from other sources described in the Indenture and/or a supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree

to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $4,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 and established with 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;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund; and

(4) Rebate Fund.

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

(1) Series 1990 A Bonds Sinking Fund;

(a) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account;

(2) Series 1990 B Bonds Sinking Fund;

(a) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account; and

(3) Series 1990 C 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, (i) each month, on or before the due date of payment of each installment on the Series 1990 C Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Series 1990 C Bonds (or such other place as may be subsequently provided pursuant to the Series 1990 C Bonds), the amount required to pay the interest on the Series 1990 C Bonds, and to amortize the principal of the Series 1990 C Bonds over the life of such Bond issue, (ii) simultaneously with the transfer set forth in Subsection 5.03A(2)(i), on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1990 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1990 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1990 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1990 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (iii), simultaneously with the transfers set forth in Subsections 5.03A(2)(i) and (ii), on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1990 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date. All the payments with respect to principal of and interest on the Series 1990 A Bonds and the Series 1990 C Bonds shall be made on an equal pro rata basis and on a parity with each other to the fullest extent possible.

(3) The Issuer shall next, (i) on each date that payment is made as set forth in Subsection 5.03A(2)(i)

above, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1990 C Bonds Reserve Account, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Series 1990 C Bonds in any year, until the amount in the Series 1990 C Bonds Reserve Account equals such maximum amount (the "Minimum Reserve"), and (ii), simultaneously with the transfer set forth in Subsection 5.03A(3)(i), on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1990 A Bonds, if not fully funded upon issuance of the Series 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 A Bonds Reserve Requirement. After the Series 1990 A Bonds Reserve Requirement and the Minimum Reserve have been accumulated in the respective Reserve Accounts, the Issuer shall monthly deposit into the respective Reserve Accounts such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on or with respect to the Series 1990 A Bonds and the Series 1990 C Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Series 1990 A Bonds Reserve Requirement and the Minimum Reserve in the respective Reserve Accounts on an equal pro rata basis and on a parity with each other. Moneys in the Series 1990 C Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on or with respect to the Series 1990 A Bonds and the Series 1990 C Bonds, respectively, as the same shall become due on an equal pro rata basis and on a parity with each other, or for prepayment of installments on the Series 1990 A Bonds and the Series 1990 C Bonds pro rata, or for mandatory prepayment of the Series 1990 A Bonds and the Series 1990 C Bonds as hereinafter provided, on a pro rata basis, and for no other purpose.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to

2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1990 A Bonds Reserve Account and the Series 1990 C Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereby] shall be promptly eliminated with moneys from the Renewal and Replacement Fund on a pro rata basis, and, thereafter, any deficiencies in the Series 1990 B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereby] shall next be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1990 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1990 B Bonds, if not fully funded upon issuance of the Series 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 B Bonds

Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1990 B Bonds Reserve Requirement.

Moneys in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund shall be used only for purposes of paying principal of and interest, if any, on the Series 1990 A Bonds and the Series 1990 C Bonds on a parity basis and on the Series 1990 B Bonds, respectively, as the same shall become due; provided, however, that, notwithstanding anything herein to the contrary, the holders of the Series 1990 C Bonds shall have no claim to moneys in the Series 1990 A Bonds Sinking Fund, including the Series 1990 A Bonds Reserve Account therein, to the extent such moneys correspond to monthly installments previously paid upon the Series 1990 C Bonds. Moneys in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1990 A Bonds and Series 1990 C Bonds on a parity basis and on the Series 1990 B Bonds, respectively, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the several Sinking Funds and Reserve Accounts 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, except as otherwise required by the regulations of the Purchaser as to earnings in the Series 1990 C Reserve Account, 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 payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1990 A Bonds Reserve Account and the Series 1990 C Bonds Reserve Account which result in a reduction in the balance of the Series 1990 A Bonds Reserve Account and the Series 1990 C Bonds Reserve Account to below the Series 1990 A Bonds Reserve Requirement and the Minimum Reserve, respectively,

shall be subsequently restored from the first Net Revenues available after all required payments set forth in Subsection 5.03(A)(2) hereof have been made in full for payment of debt service on the Series 1990 A Bonds and the Series 1990 C Bonds.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1990 B Bonds Reserve Account which result in a reduction in the balance of the Series 1990 B Bonds Reserve Account to below the Series 1990 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments set forth in Subsection 5.03(A)(2) and to the Series 1990 A Bonds Reserve Account, the Series 1990 C Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1990 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund and otherwise 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 or Accounts in an amount or amounts equal to the maximum amount or amounts of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1990 A Bonds Sinking Fund or the Series 1990 B Bonds Sinking Fund, or into the Reserve Accounts therein, or into the Series 1990 C Bonds Reserve Account, when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1990 A Bonds Sinking Fund, the Series 1990 B Bonds Sinking Fund and the Series 1990 C Bonds Reserve Account created hereunder, and all amounts required for said Sinking Funds and Reserve Accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund, including the Reserve Accounts therein, and the Series 1990 C Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions and in the priority hereinafter set forth.

Whenever the moneys in the Reserve Accounts of the Series 1990 A Bonds and the Series 1990 C Bonds shall be sufficient to prepay the Series 1990 A Bonds and the Series 1990 C Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay such Bonds at the earliest practical date in accordance with applicable provisions of the Loan Agreement, such Bonds and this Bond Legislation.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund and the Rebate Fund as herein provided, and all amounts required for the Renewal and Replacement 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 Depository Bank, at the direction of the Issuer, shall keep the moneys in the Renewal and Replacement Fund and the Rebate Fund invested and reinvested in accordance with Section 8.01 hereof.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1990 A Bonds Sinking Fund (including the Reserve Account therein), the Series 1990 B Bonds Sinking Fund (including the Reserve Account therein), the Series 1990 C Bonds Reserve Account and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

C. 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 the Depository Bank's charges and the Paying Agent fees then due.

D. All funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds shall have a lien thereon, and, thereafter, and subject and subordinate to the liens of the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds, the Holders of the Series 1990 B Bonds shall have a lien thereon. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Renewal and Replacement Fund and the Rebate Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of State and municipal funds under the laws of the State.

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

I. The Issuer shall, prior to delivery of the Series 1990 C Bonds, provide evidence that there will be at least 920 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

J. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank 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 and the Authority.

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 any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1990 A Bonds, there shall first be deposited with the Commission in the Series 1990 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1990 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1990 A Bonds, there shall be deposited with the Commission in the Series 1990 A Bonds Reserve Account, from the proceeds of the Series 1990 B Bonds, there shall be deposited with the Commission in the Series 1990 B Reserve Account, and from the proceeds of the Series 1990 C Bonds, there shall be deposited with the Commission in the Series 1990 C Bonds Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1990 A Bonds and the Series 1990 C Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended are

hereby pledged as additional security for the Series 1990 A Bonds and the Series 1990 C Bonds, and, thereafter, for the Series 1990 B Bonds; provided, however, that such pledge shall only extend to such moneys as have been actually paid to the Bond Construction Trust Fund by the original purchaser of the respective series of Bonds secured thereby. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority and the Purchaser. To the extent required by the Purchaser, in addition to the other requirements herein, proceeds of the Series 1990 C Bonds in the Bond Construction Trust Account in excess of the amount insured by FDIC shall be secured at all times by the Depositary Bank in a manner lawful for securing deposits of State and municipal funds under West Virginia law.

F. There shall additionally be established with the Depository Bank such separate accounts and subaccounts within the Bond Construction Trust Fund as are set forth in the Supplemental Resolution so that the Issuer and the Depository Bank may at all times ascertain the source of all funds in the Bond Construction Trust Fund.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, and as to any proceeds of the Series 1990 C Bonds, a representative of the Purchaser, if the Purchaser so requires, stating:

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

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts and subaccounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer, except as otherwise required by the Purchaser with respect to proceeds of the Series 1990 C Bonds in the Bond Construction Trust Fund.

After completion of the Project, as certified by the Consulting Engineers, and all costs thereof have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund consisting of Series 1990 A Bond and Series 1990 B Bond proceeds to the Series 1990 A Bonds Reserve Account, and when fully funded, to the Series 1990 B Bonds Reserve Account, and shall transfer any moneys remaining in the Bond Construction Trust Fund consisting of Series 1990 C Bond proceeds to the Series 1990 C Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of any or all of the Original Bonds be deposited in any or all of the Reserve Accounts, and when all Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund, except that if otherwise required, any balance in the Bond Construction Trust Fund consisting of proceeds of the Series 1990 C Bonds shall be disposed of in accordance with any requirements of the regulations of the Purchaser. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1990 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1990 B Bonds.

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 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes or any line of credit evidenced by such Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of the Series 1990 A Bonds and the Series 1990 C Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity basis, and payment of the debt service of the Series 1990 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds. The Revenues derived

from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered September 20, 1990 (Case No. 89-708-PSD-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law, 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 and Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1990 A Bonds and the Series 1990 B Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and with respect to the Series 1990 C Bonds, immediately be remitted to the National Finance Office designated in the Series 1990 C Bonds, and, with the written permission of the Authority and the Purchaser, or in the event the Authority and the Purchaser are no longer Bondholders, the Issuer shall direct the Commission and the National Finance Office to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during

the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority and the Purchaser, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and to the National Finance Office and shall be applied only to the purchase or prepayment, as applicable, 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 Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to any or all of the Notes issued under the Indenture and/or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the

Indenture (if an Indenture is used) and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from any or all of the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1990 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from any or all of the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of any or all of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1990 B Bonds. No Parity Bonds shall be issued which shall be payable out of any or all of the revenues of the System on a parity with the Series 1990 A Bonds and the Series 1990 C Bonds, unless the Series 1990 B Bonds are no longer outstanding.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually

derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(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 delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith)

shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. 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.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C 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 1990 A Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority and the Purchaser to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart

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

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

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

(A) A statement of Gross Revenues, Operating Expenses, 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 Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee, the Authority and the Purchaser, or any other original purchaser of the Bonds. Such audit report submitted to the Authority

shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

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 reasonable expenses of operation, repair and maintenance 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased

expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee, the Authority, the Purchaser and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules 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 water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and

Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties, or with the consent of the Authority and the Purchaser, for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the Purchaser, 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 Purchaser, 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, 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 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 Bond Construction Trust Fund is concerned so long as checks thereon require the signature of a representative of the Purchaser.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

C. In addition to the foregoing requirements, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, of such types and in such amounts as required by the Purchaser, if such requirements are greater than or in addition to the types and amounts set forth above.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a

public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition.

Section 7.17. 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 Original 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 Original Bonds during the term thereof is, under the terms of the Original 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 Original 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 Original Bonds during the term thereof is, under the terms of the Original 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 Original 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 Original 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 Original 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 Original 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 Original 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 and the Purchaser) so that the interest on the Original 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 and the Purchaser), the result of which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1990 A Bonds and the Series 1990 C Bonds shall be on a parity with each other and shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1990 B Bonds.

Section 7.19. Use Agreements. Unless otherwise agreed to by the Authority and the Purchaser, the Issuer covenants and agrees that it will, prior to the completion of the Project, enter into agreements with the Town of Gassaway and with the Town of Sutton, each in a form and substance satisfactory to the Purchaser and the Authority, which agreements shall provide for connecting the System to the existing sewerage facilities of the Town of Gassaway and the Town of Sutton and shall provide for the provision of service of the System to the respective users of the sewerage systems of the Town of Gassaway and the Town of Sutton. The Issuer further covenants and agrees that it will obtain all required approvals of such agreements from the Public Service Commission of West Virginia and otherwise.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, 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, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, 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 except as otherwise provided herein with respect to the Rebate Fund. 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, the Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, 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 Trustee, if any, and 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 on the Original 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 Bonds which would cause any of the Original 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 Original Bonds) so that the interest on the Original 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 Original Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Original 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.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority and the Purchaser, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources except as otherwise required by the Purchaser with respect to investment earnings on gross or other proceeds from the sale of the Series 1990 C Bonds. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the

Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority and/or the Purchaser in preparing 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 and/or the Purchaser at the expense of the Issuer. To the extent not so performed by the Authority and/or the Purchaser, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. 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 on the Original Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority and the Purchaser within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception therefrom, then the Issuer shall submit to the Authority and the Purchaser a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The Issuer shall also furnish to the Authority and/or the Purchaser, at any time, such additional information relating to rebate as may be reasonably requested by the Authority and/or the Purchaser.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Purchaser, 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.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, 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 Notes or Bonds, as the case may be, (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 Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1990 B Bonds shall be subject to those of the Holders of the Series 1990 A Bonds and the Holders of the Series 1990 C Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note or a Bond Anticipation Note evidencing a line of credit may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or Bond Anticipation Notes or Bond Anticipation Note evidencing such line of credit any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every

part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1990 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1990 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1990 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1990 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1990 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1990 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1990 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1990 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1990 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior

to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1990 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1990 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1990 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1990 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1990 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1990 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1990 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1990 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1990 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such

reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Payment of Series 1990 C Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the respective Holders of all Series 1990 C Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1990 C Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1990 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Section 10.04. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture and/or the Supplemental Resolution pertaining to such Notes, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1990 A Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder 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 on the Original Bonds and the Notes, if any, from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, 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, the Indenture, if any, the Bonds or the Notes, if any.

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. All orders and resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

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 Flatwoods-Canoe Run Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

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

(b) The respective maximum interest rates and terms of the Bonds and the Notes originally 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 14th day of November, 1990.

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on the 14th day of November, 1990.

Dated: November 14, 1990

[SEAL]

Secretary, Public Service Board

11/12/90
FCRB.A5
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; 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 Flatwoods-Canoe Run Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective November 14, 1990 (the "Bond and Notes Resolution" or "Bond Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS

2A

AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $2,900,000, to be issued in three series, the Series 1990 A Bonds to be in an aggregate principal amount of not more than $1,300,000 (the "Series 1990 A Bonds"), the Series 1990 B Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1990 B Bonds") and the Series 1990 C Bonds to be in an aggregate principal amount of not more than $1,400,000 (the "Series 1990 C Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1990 A Bonds dated November 14, 1990, and a supplemental loan agreement relating to the Series 1990 B Bonds, also dated November 14, 1990 (sometimes collectively referred to herein as the "Loan Agreement"), both by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A, of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 1990 A Bonds and the Series 1990 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement, and the Series 1990 C Bonds are proposed to be purchased by the United States of America, Farmers Home Administration (the "Purchaser"), pursuant to a Letter of Conditions, as amended; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by

the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1990 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,147,938. The Series 1990 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.10% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1991, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1990 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $51,842. The Series 1990 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

(C) The Sewer Revenue Bonds, Series 1990 C, of the Issuer, originally represented by a single Bond,

numbered CR-1 in the principal amount of $1,118,000. The Series 1990 C Bonds shall be dated the date of delivery thereof, shall mature November 14, 2030, shall bear interest on advances of the principal thereof at the rate of 5% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 1990 C Bonds and continuing on the corresponding day of each month and thereafter, principal and interest are payable in monthly installments of $5,490 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 1990 C Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 1990 C Bonds, all such payments to be made at the National Finance Office of Farmers Home Administration, United States Department of Agriculture, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 1990 C Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Series 1990 A Bonds and Series 1990 B Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 1990 A Bonds and Series 1990 B Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 1990 A Bonds and Series 1990 B Bonds.

Section 6. The Issuer does hereby appoint One Valley Bank, National Association, Charleston, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1990 A Bonds proceeds in the amount of $139,400 shall be deposited in the Series 1990 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1990 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 A Bonds Reserve Account, Series 1990 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 B Bonds Reserve Account and Series 1990 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 1990 C Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project, if any.

Section 10. The Issuer hereby authorizes the establishment of, and there are hereby created with the Depository Bank, the following special accounts within the Bond Construction Trust Fund established under Section 5.01 of the Bond and Notes Resolution:

(1) Account One

(2) Account Two

All proceeds received from the sale of the Series 1990 A Bonds and the Series 1990 B Bonds to the Authority shall be deposited in Account One. All proceeds received from the sale of the Series 1990 C Bonds to the Purchaser shall be deposited in Account Two. Proceeds deposited into Account One shall be kept separate and apart from proceeds deposited into Account Two, and vice versa.

Section 11. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any,

including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Series 1990 A Bonds and the Series 1990 B Bonds may be delivered on or about November 14, 1990, to the Authority pursuant to the Loan Agreement and to the end that the Series 1990 C Bonds may be delivered on or about November 14, 1990, to the Purchaser pursuant to the Letter of Conditions and all amendments thereto as soon as the Purchaser will accept such delivery.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. 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 Bond and Notes Resolution held by the Depository Bank, subject to any limitations of the Purchaser with respect to the proceeds from the sale of the Series 1990 C Bonds, in repurchase agreements with maturities not exceeding thirty days, or, if unavailable, such moneys not invested in repurchase agreements shall be invested in time accounts secured by a pledge of Government Obligations with the Depository Bank, 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 and/or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds for the Series 1990 A Bonds and the Series 1990 B Bonds shall be invested by the Municipal Bond Commission in the West Virginia restricted consolidated fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 16. The Issuer elects to have Section 148(f)(4)(B)(iv)(V) of the Code apply to the Bonds and agrees to pay the penalty prescribed under such Section 148(f)(4)(B)(iv)(V) of the Code from lawfully available sources and the Issuer does not elect to exclude earnings on any reserve fund or account from the requirements of, and definition of net proceeds under, Section 148(f)(4)(B)(iv)(II) of the Code.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 14th day of November, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on the 14th day of November, 1990.

Dated: November 14, 1990.

[SEAL]

Secretary, Public Service Board

11/13/90
FCRB.D4
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C

RESOLUTION

RESOLUTION DESIGNATING A CO-DEPOSITORY BANK IN CONNECTION WITH THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C; AND MAKING OTHER PROVISIONS RELATING THERETO

WHEREAS, the public service board (the "Governing Body") of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (the "Issuer"), has duly and officially adopted a bond and notes resolution effective November 14, 1990 (the "Bond and Notes Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms not otherwise defined herein shall have the same meanings as in the Bond and Notes Resolution when used herein;

WHEREAS, the Governing Body of the Issuer has duly and officially adopted a supplemental resolution effective November 14, 1990 (the "Supplemental Resolution"), entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the Bond and Notes Resolution and the Supplemental Resolution (collectively, the "Bond Legislation") provide for the appointment of a Depository Bank for the purposes set forth in the Bond Legislation;

WHEREAS, pursuant to the Bond Legislation, the Issuer appointed One Valley Bank, National Association, as Depository Bank (the "Initial Depository Bank");

WHEREAS, to facilitate the expenditure of proceeds of the Original Bonds on Costs of the Project in accordance with the requirements of the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), the Issuer desires to appoint a Co-Depository Bank for the purposes set forth herein;

WHEREAS, both the Purchaser and the West Virginia Water Development Authority (the "Authority"), being the current holders of

all of the Bonds outstanding, have consented to such appointment and the other matters set forth herein;

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Resolution") be adopted and that a Co-Depository Bank be appointed in the manner and for the purposes stated herein and that other matters relating thereto be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Legislation and the foregoing, this Resolution is adopted and the Issuer does hereby appoint Home National Bank, Sutton, West Virginia (the "Co-Depository Bank"), a member of FDIC, as a Co-Depository Bank for the purposes set forth herein.

Section 2. There is hereby created with the Co-Depository Bank a special account designated as the "Flatwoods-Canoe Run Public Service District Project Construction Account" (herein called the "Project Construction Account").

Section 3. The Initial Depository Bank is hereby authorized to disburse amounts in the Bond Construction Trust Fund to the Co-Depository Bank, by check or wire transfer, for deposit in the Project Construction Account, upon receipt of a certificate or certificates as provided in Section 6.02 of the Bond and Notes Resolution, executed as set forth therein and otherwise complying with the terms thereof. Upon any such disbursement, the Initial Depository Bank shall have no further duty or responsibility for the application of any such amount and shall not be required to monitor the application of any such disbursement.

Section 4. The disbursements from the Bond Construction Trust Fund by the Initial Depository Bank made after the date of adoption of this Resolution and as provided in Section 3 of this Resolution and the proceeds of sale of the Series 1990 C Bonds received after the date of the adoption of this Resolution shall be deposited in the Project Construction Account on receipt by the Issuer or the Co-Depository Bank, as the case may be. Moneys in the Project Construction Account shall be expended by the Issuer solely and immediately for the payment of Costs of the Project upon vouchers and other documentation approved by Purchaser; provided that, the Co-Depository Bank shall not be a trustee as to funds in the Project Construction Account but shall hold such funds in a fiduciary capacity

and provided, further, that the disbursements from the Bond Construction Trust Fund shall only be applied to the payment of the Costs of the Project for which such amounts were requisitioned.

Except as otherwise required by the Purchaser with respect to proceeds of the Series 1990 C Bonds, pending application as provided in this Section 4, moneys 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, and all such investments and income therefrom shall be carried to the credit of 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 Co-Depository Bank in the same manner that the Bond Construction Trust Fund is secured or required to be secured under the Bond and Notes Resolution.

Section 5. Except to the extent expressly provided otherwise herein, the Bond Legislation shall continue and remain in full force and effect as adopted.

Section 6. This Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of December, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Dale L. Leavitt
Chairman of Public Service Board

Harley Brown
Member

Johnnie R. King
Member

CERTIFICATION

Certified a true copy of a resolution duly adopted by the Public Service Board of Flatwoods-Canoe Run Public Service District on this 19th day of December, 1990.

[SEAL]

Secretary, Public Service Board

12/14/90
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(July 1' 0)

LOAN AGREEMENT

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

Flatwoods-Canoe Run Public Service District
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.9 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is

doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit

moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed 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 within 30 days of adoption thereof;

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

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

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

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at

such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(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 Authority's water development revenue 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) 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; and

(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.

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.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

4.6 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.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

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

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

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

next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, 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.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

6.7 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.

6.8 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 are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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 6.3 hereof; or

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

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

Flatwoods-Canoe Run Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: _____
Its: Chairman

Attest:

_____
Its Secretary

Date: November 14, 1990

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

_____
Secretary-Treasurer

Date: November 14, 1990

WDA-5X
(July 1990)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 1,147,938

Purchase Price of Local Bonds $ 1,147,938

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.10 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

Flatwoods-Canoe Run Public Service District
Debt Service Schedule
Analysis of Borrowing from Series 1990 A Pool
38 Principal Payments
Closing Date: 14-Nov-90

Date	Coupon	Principal	Interest	Debt Service / 8.10% Bonds
01-Oct-90			0.00	0.00
01-Oct-91	0.00%	0.00	81,876.68	81,876.68
01-Oct-92	8.10%	5,084.00	92,982.98	98,066.98
01-Oct-93	8.10%	5,496.00	92,571.17	98,067.17
01-Oct-94	8.10%	5,940.00	92,126.00	98,066.00
01-Oct-95	8.10%	6,421.00	91,644.86	98,065.86
01-Oct-96	8.10%	6,941.00	91,124.76	98,065.76
01-Oct-97	8.10%	7,504.00	90,562.54	98,066.54
01-Oct-98	8.10%	8,111.00	89,954.71	98,065.71
01-Oct-99	8.10%	8,768.00	89,297.72	98,065.72
01-Oct-2000	8.10%	9,479.00	88,587.51	98,066.51
01-Oct-2001	8.10%	10,246.00	87,819.71	98,065.71
01-Oct-2002	8.10%	11,076.00	86,989.79	98,065.79
01-Oct-2003	8.10%	11,974.00	86,092.63	98,066.63
01-Oct-2004	8.10%	12,944.00	85,122.74	98,066.74
01-Oct-2005	8.10%	13,992.00	84,074.27	98,066.27
01-Oct-2006	8.10%	15,125.00	82,940.92	98,065.92
01-Oct-2007	8.10%	16,350.00	81,715.80	98,065.80
01-Oct-2008	8.10%	17,675.00	80,391.45	98,066.45
01-Oct-2009	8.10%	19,106.00	78,959.77	98,065.77
01-Oct-2010	8.10%	20,654.00	77,412.19	98,066.19
01-Oct-2011	8.10%	22,327.00	75,739.21	98,066.21
01-Oct-2012	8.10%	24,136.00	73,930.73	98,066.73
01-Oct-2013	8.10%	26,091.00	71,975.71	98,066.71
01-Oct-2014	8.10%	28,204.00	69,862.34	98,066.34
01-Oct-2015	8.10%	30,488.00	67,577.81	98,065.81
01-Oct-2016	8.10%	32,958.00	65,108.29	98,066.29
01-Oct-2017	8.10%	35,628.00	62,438.69	98,066.69
01-Oct-2018	8.10%	38,513.00	59,552.82	98,065.82
01-Oct-2019	8.10%	41,633.00	56,433.27	98,066.27
01-Oct-2020	8.10%	45,005.00	53,060.99	98,065.99
01-Oct-2021	8.10%	48,651.00	49,415.59	98,066.59
01-Oct-2022	8.10%	52,591.00	45,474.86	98,065.86
01-Oct-2023	8.10%	56,851.00	41,214.99	98,065.99
01-Oct-2024	8.10%	61,456.00	36,610.06	98,066.06
01-Oct-2025	8.10%	66,434.00	31,632.12	98,066.12
01-Oct-2026	8.10%	71,815.00	26,250.97	98,065.97
01-Oct-2027	8.10%	77,632.00	20,433.95	98,065.95
01-Oct-2028	8.10%	83,921.00	14,145.76	98,066.76
01-Oct-2029	8.10%	90,718.00	7,348.16	98,066.16
		1,147,938.00	2,660,454.52	3,808,392.52

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

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

Additional Conditions and Covenants

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

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

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

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and in the

event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

7. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

8. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

(d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

WDA-Supp. 5
(July 1990)

SUPPLEMENTAL LOAN AGREEMENT

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

Flatwoods-Canoe Run Public Service District
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

1.4 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and

all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

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

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

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

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

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

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

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with

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

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

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

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

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

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

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including

the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Supplemental Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed 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 within 30 days of adoption thereof;

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

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

provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon;

(xv) 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 Water Development Project;

(xvi) 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; and

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

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

4.7 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the

right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

Flatwoods-Canoe Run Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By _____
Its Chairman

Attest:

Date: November 14, 1990

_____
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Daniel B. Yankosky
Director

Attest:

Date: November 14, 1990

Barbara B Meadows
Secretary-Treasurer

WDA-Supp. 5X
(July 1990)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 51,842
Purchase Price of Supplemental Bonds	$ 51,842

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

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

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

Flatwoods-Canoe Run Public Service Distr
Debt Service Schedule
Analysis of Borrowing from Series 1990 A
38 Principal Payments
Closing Date: 14-Nov-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	0.00
01-Oct-92	1,364.38
01-Oct-93	1,364.26
01-Oct-94	1,364.26
01-Oct-95	1,364.26
01-Oct-96	1,364.26
01-Oct-97	1,364.26
01-Oct-98	1,364.26
01-Oct-99	1,364.26
01-Oct-2000	1,364.26
01-Oct-2001	1,364.26
01-Oct-2002	1,364.26
01-Oct-2003	1,364.26
01-Oct-2004	1,364.26
01-Oct-2005	1,364.26
01-Oct-2006	1,364.26
01-Oct-2007	1,364.26
01-Oct-2008	1,364.26
01-Oct-2009	1,364.26
01-Oct-2010	1,364.26
01-Oct-2011	1,364.26
01-Oct-2012	1,364.26
01-Oct-2013	1,364.26
01-Oct-2014	1,364.26
01-Oct-2015	1,364.26
01-Oct-2016	1,364.26
01-Oct-2017	1,364.26
01-Oct-2018	1,364.26
01-Oct-2019	1,364.26
01-Oct-2020	1,364.26
01-Oct-2021	1,364.26
01-Oct-2022	1,364.26
01-Oct-2023	1,364.26
01-Oct-2024	1,364.26
01-Oct-2025	1,364.26
01-Oct-2026	1,364.26
01-Oct-2027	1,364.26
01-Oct-2028	1,364.26
01-Oct-2029	1,364.26
	51,842.00

SCHEDULE Y
REVENUES

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

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

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

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

4739z

SCHEDULE Z

Additional and Supplemental Definitions

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

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

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

Additional Conditions and Covenants

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

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

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

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

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

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

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

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

7. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

ACCOUNTANT

United States Department of Agriculture

Farmers Home Administration

298 Ragland Road
Beckley, WV 25801
Telephone (304) 252-8644

September 29, 1988

Mr. John Tinney, Chairman
Flatwoods-Canoe Run PSD
P. O. Box 677
Sutton, WV 26601

Dear Mr. Tinney:

This letter, with attachments 1 through 9 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by FmHA by written amendment to this letter. Any changes not approved by FmHA shall be cause for discontinuing process of the application.

This letter is not to be considered as loan and grant approval or as representation to the availability of funds. The docket may be completed on the basis of an FmHA loan not to exceed $1,118,000, an FmHA grant not to exceed $500,000 and other funding in the amount of $6,718,000, for a total project cost of $8,336,000. The other funding is planned in the form of grants from EPA, the State and a loan of $1,118,000 from the Water Development Authority.

Note this changed by letter of 11/9/88 WDA loan increased + State grant decreased

If FmHA makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form FmHA 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to FmHA as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 calendar days before loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

FmHA Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D. C. 20250

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Enclosed are the following:

Attachment No. 1 - Final Project Planning Factors (All copies)
Attachment No. 2 - Flatwoods-Canoe Run PSD Loan (and Grant) Docket Table of Contents (All Copies)
Attachment No. 3. FmHA Instruction 1942-A, Section 1942.17 (Applicant Copy)
Attachment No. 4 - FmHA Instruction 1942-A, Section 1942.18 (Engineer Copy)
Attachment No. 5 - FmHA Instruction 1942-A, Section 1942.19 (Attorney and Bond Counsel Copies)
Attachment No. 6 - FmHA Supplemental General Conditions (Engineer Copy)
Attachment No. 7 - Instructions to Independent Certified Public Accountants and Licensed Public Accountants Performing Audits of Farmers Home Administration Borrowers and Grantees (Accountant's Copy)
Attachment No. 8 - Sample Credit Agreement (Applicant and Attorney Copies)
Attachment No. 9 - Various other FmHA Forms as identified on Attachment No. 2

The agreement you provided with your preapplication and application for legal services has been found acceptable, and the costs for that service has been included in the project budget contained in Attachment No. 1. Your agreement with your engineer will be addressed under separate cover.

Your documents concerning the creation of your authority are administratively acceptable; however, they will be further reviewed by our Office of the General Counsel at the time your file is forwarded for closing instructions. Any changes required by our Office of the General Counsel will be included in the closing instructions.

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5% interest rate and a monthly amortization factor of .00491, which provides for a monthly payment of $5,490.00. Your authority must establish and fund monthly a debt service reserve account in an amount equal to at least 1/10th of your monthly debt service payment.

   You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its FmHA loan, in whole or in part, upon the request of FmHA if at anytime it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the WDA loan, a pledge of the system's revenues and other agreements between you and the lender (FmHA) as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in Form FmHA 1942-31 and Form FmHA 1942-47 which are mentioned later.

3. Users - This conditional commitment is based upon your providing evidence that you will have at least 920 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of signed users agreements and certification from you that identifies and attests to the number of users that are actually connected to and using the authority's existing sewer collection system, at the time you request authorization to advertise the proposed project for construction bids.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Section 1942.19 of FmHA Instruction 1942-A. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

   Also, it will be necessary for the District's Bond Counsel to assist the District in the preparation and adoption of a proper "Mandatory Use Resolution". That resolution must be prepared so as to require all potential users located along the planned sewer lines to connect to and use the District's sewer service as soon as it becomes available.

   The resolution must be completed and properly adopted no later than the date of preliminary loan closing.

5. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form FmHA 427-9, "Preliminary Title Opinion," may be used. Also, in the case of existing systems or where the

authority has already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certificates and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A copy of the right-of-way easements for any rights-of-way needed on private lands. Form FmHA 442-20, "Right-of-Way Easement," may be used. Each easement need not be provided this office; however, each must be available for my review. A copy of the easement being used must be provided.

e. A certification and leal opinion relative to title to the rights-of-way and easements Form FmHA 442-21, "Right-of-Way Certificate," and Form FmHA 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. These forms may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, new Forms, FmHA 442-21 and 442-22 must be provided which do not provide for any exceptions.

f. On the day of loan closing, the authority's attorney must furnish final title opinions on all land(s) being acquired. In the case of existing systems or where the authority has already acquired real property(s) (land or facilities), the authority's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

6. Permits - Copies of all permits needed for the project must be provided for our review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

-West Virginia Department of Highways
-Railroads
-State Department of Health
-Department of Natural Resources
-Corps of Engineers
-Public Land Corporation

7. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

a. Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Farmers Home Administration and the Water Development Authority.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for our review.

Also, the authority, its accountant and engineer must develop the rates and necessary rate related information which is to be included in the authority's rate ordinance so that it is acceptable to EPA and includes necessary information (items) to meet all EPA requirements in connection therewith, i.e., industrial costs recovery, surcharge for excessive strength sewage, etc.

Additionally, if it is determined there will be certain users on the sewer system that are not users on the authority's water system, it will be necessary for the rate ordinance to include a "flat rate" schedule to cover those users. The minimum "flat rate" will not be less than the minimum bill shown on the project planning factors (Attachment No. 1).

8. Accounting - You must obtain the services of a qualified accountant. That accountant must agree (by letter) to develop and provide the following.

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42).

   b. Prior to advertisement for bids, your accountant must state in writing that he will establish your accounts and records in accordance with the requirements of the v1 (resolution) (ordinance), and the requirements of the Public Service Commission within 20 days from the notice to do such.

   c. Prior to the start of construction, the accountant must certify that the accounts and records as required in (b) above have been established and are operational.

A representative of my office may want to review your accounts and records prior to authorizing the issuance of award(s) to the contractor(s).

FmHA regulations (Attachment No. 3), and State Statutes outline audit requirements. The attached booklet, "Instructions to Independent Certified Public Accountants and Licensed Public Accountants Performing Audits of Farmers Home Administration Borrowers and Grantees," (Attachment No. 7) outlines FmHA audit requirements. You must enter into an agreement annually with an accountant (or the State Tax Commission) to perform the authority's annual audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia and must provide for the audit to be completed and submitted for our review within 90 days following the end of the authority's business year.

Audit Reports must be prepared to comply with the requirements of OMB Circular A-128 or A-110, as applicable.

9. Insurance and Bonding Requirements:

a. Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

(1) Liability Insurance - Personal Liability - Minimum $500,000 Property Damage - Minimum $200,000-$200,000. The limits of liability coverage noted herein should be considered as minimum requirements only. FmHA recommends that you consider increasing the given limits of liability after analyzing your specific needs.

(2) Workmen's Compensation - In accordance with appropriate State laws.

(3) Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded for the maximum amount of funds to be under the control of that position at any one time. Form FmHA 440-24, "Position Fidelity Bond," will be used. A certified and effective dated power-of-attorney will be attached to each bond.

(4) National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction is designated special flood or mudslide prone areas:

(a) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

(b) Applicants whose buildings, machinery or equipment are to be located in a

community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

(5). Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein, in an amount equal to the insurable value thereof. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

10. You are, or have been approved to become, a recipient of Federal financial assistance from the United States Department of Agriculture,

In the case of Paralyzed Veterans of America, et al, Plaintiff, V. Williams French Smith, et al, Defendants, United States District Court, Central District of California, No. 79-1979 WPG, the Honorable William P. Gray ordered the United States Department of Agriculture to notify you that as a recipient of such assistance you are required to comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Sec. 794), even though the United States Department of Agriculture has not yet issued final regulations implementing Section 504 of the Rehabilitation Act.

Section 504 of the Rehabilitation Act is designed to assure that those who receive Federal financial assistance will not discriminate against handicapped persons. It provides in relevant part as follows:

> "No otherwise qualified handicapped individual in the United States. . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Effective June 3, 1977, the Department of Health and Human Services issued final regulations implementing Section 504 as it applies to recipients of Federal financial assistance from the agency (45 C.F.R. Part 84). You may look to the HHS regulation for guidance as to your obligation under Section 504 of the Rehabilitation Act.

11. Contract Documents, Final Plans and Specifications:

a. The contract documents should consist of the following:

(1) FmHA Instruction 1942-A, Guide 19, "Agreement," and Attachments 1-9.

(2) Farmers Home Administration Supplemental General Conditions (Guide 18, 7-1-86 Revised WV). One copy of this item is attached hereto (Attachment No. 6). Additional copies must be reproduced by the engineer.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance -Personal Liability- $500,000 Property Damage - $200,000-$200,000. (This coverage must include indemnification of the authority and its engineer.) FmHA Guide 18 suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workmen's Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to FmHA for approval.

d. The project must be designed in compliance with section 504 of the Rehabilitation Act of 1973.

12. Interim Financing - Interim financing will be used for the FmHA loan if it is available at reasonable rates and terms. You must provide FmHA with a copy of the tentative agreement reached in connection with interim financing. The enclosed Sample Credit Agreement (Attachment No. 8) is an acceptable agreement and may be used.

13. Disbursement of Funds - The FmHA funds will be advanced as they are needed in the amount(s) necessary to cover

FmHA's proportionate share of any disbursements required of your authority, over 30 day periods.

note: relate

Any funds not disbursed immediately upon receipt must be deposited in interest bearing account in accordance with OMB Circular A-110. Interest earned on these funds must be remitted promptly, or at least quarterly, to the Farmers Home Administration.

14. Other Grants - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other grants. This evidence should include a copy of the grant award. Prior to award of the contract(s) to the contractor(s), you must provide written evidence that the "other" grant funds are available for expenditure. This evidence should consist of at least a letter from the grantor stating that funds are available for expenditure.

15. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form FmHA 442-7 - Initial Operating Budget
Form FmHA 1940-1 - Request for Obligation of Funds
Form FmHA 1942-31 - Association Water or Sewer System Grant Agreement
Form FmHA 1942-47 - Loan Resolution
Form FmHA 400-1 - Equal Opportunity Agreement
Form FmHA 400-4 - Assurance Agreement

16. The enclosed Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the FmHA State Office with a request for loan closing instructions to be issued.

17. Upon receipt of the loan and grant docket, which contains all the items required above, FmHA may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide FmHA with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards.

18. When the items required by item 17 have been received by the FmHA State Office, they will be included in the loan docket. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing

requirements can be met, a mutually acceptable date for the preliminary loan closing will be scheduled.

Attached is a copy of Form FmHA 1942-31, "Association Water or Sewer System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining FmHA project funds will be considered to be FmHA grant funds and refunded to FmHA. If the amount of unused FmHA project funds exceeds the FmHA grant, that part would be FmHA loan funds.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Please complete and return the enclosed Form FmHA 442-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, FmHA reserves the right to discontinue processing of the application. In the event the project has not advanced to the bid stage within the six-month period and it is determined the authority still wishes to proceed with the project, it will be necessary that the proposed budget and rates be reviewed again in detail. If during that review, it is determined those items are no longer current and/or adequate, FmHA reserves the right to require that they be revised or replaced as may be necessary and appropriate.

Sincerely,

/s/ Gerald Miller

GERALD MILLER
District Director

cc: Administrator, FmHA
Attn: Water and Waste Disposal
Loan Division
Washington, DC

State Director, FmHA
Morgantown, WV

County Supervisor, FmHA
Summersville, WV

Kelley, Gidley, Blair & Wolfe
550 Eagan Street
Charleston, WV 25330

Mr. Jeniver Jones
Attorney At Law
104 Main Street
Sutton, WV 26601

Steptoe & Johnston
Attorneys At Law
P. O. Box 2190
Clarksburg, WV 26301

Wood & Merritt
P. O. Box 1205
Oak Hill, WV 25901

Mr. Edgar Henry, Director
Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Environmental Protection Agency
Department of Natural Resources
1201 Greenbrier Street
Charleston, WV 25311

(REVISED 4-17-86)

Attachment No. 1 to
Dated: SEP 2 9 1988
For: Flatwoods-Canoe Run PSD

Attachment mod paid letter

Project Planning Factors

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of FmHA:

Project Costs	State Grant	EPA Grant	FmHA Grant	FmHA Loan	WDA Loan	Total
Repay WDA				113,000		113,000
Construction	1,006,000	4,000,000	400,000	141,000	799,000	6,346,000
Construction Contg.				480,000		480,000
Land and Rights	30,000		20,000			50,000
Legal Fees	30,000		30,000			60,000
Engineering Fees	226,000	224,000	50,000	134,000	200,000	834,000
Basic 137,500						
Insp. 615,000						
Spec. 81,500						
Bond Counsel					35,000	35,000
Interest	44,000			100,000	80,000	224,000
Proj. Contg.		40,000		150,000	4,000	194,000
TOTALS	1,336,000	4,264,000	500,000	1,118,000	1,118,000	8,336,000

Rates

Available for general domestic, commercial, and industrial service.

First 2,000 gals. @ $5.60 per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Over 2,000 gals. @ $5.60 per M gals.

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" meter - $11.20 per month
3/4" meter - $____ per month
1" meter - $____ per month
1 1/2" meter - $____ per month
2" meter - $____ per month
3" meter - $____ per month
4" meter - $____ per month
6" meter - $____ per month
8" meter - $____ per month

(Minimum Monthly Bill $11.20 for 2,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $0

After the start of construction, there shall be a charge of $ 300 for connection to the system.

Reconnection Charge

$ 20.00

Flatwoods-Canoe Run Sewer Bill Analysis

2,000 Gallon Minimum-Rate Block-Gallons	No. of Bills	1,000's of Gals. Used	Minimum Bills	2000	2001 to 3000	3001 to 6000	6001 to 10,000	10,001 to 20,000
Up to 2000	329	343	343					
2001-3000	167	417		334	83			
3001-6000	280	1,365		616	308	441		
6001-10,000	104	923		248	124	372	179	
10,001-20,000	10	1,237		100	50	150	200	737
20,001 or more	0							
Total	920	4,285	343	1,298	565	963	379	737
$5.60 Flat-Rate			11.20	5.60	5.60	5.60	5.60	5.60
Yield Per Month		25,760	3,684.80	7,268.80	3,164.00	5,392.80	2,122.40	4,127.20
Year		309,120						

Funding -	FmHA Loan	$ 1,118,000
	FmHA Grant	500,000
	WDA Loan	1,118,000
	EPA	4,264,000
	State Grant	1,336,000
		$ 8,336,000

Budget

mod-fed letter 9/68

Income		$ 309,120
Expenses--		
O & M	$ 129,413	
FmHA Debt Service	65,880	
FmHA Reserve	6,588	
WDA Debt Service	97,490	
WDA Reserve	9,749	
		$ 309,120
Balance and Depreciation		$ -0-

Operation and Maintenance Expenses

Wages - Salaries	$ 48,000
Office Expenses (telephone, rent, supplies)	7,500
Taxes, Insurance, Bonds	4,500
Fees (accounting, audit, legal)	3,500
Utilities (electric, water, sewer, gas, fuel oil)	36,000
Repair to Facilities and Equipment	10,000
Fuel - Gasoline - Oil	4,500
Miscellaneous Material and Supplies	11,000
Reading, Billing and Collection	4,413
TOTAL	$ 129,413

Attachment No. 2
Letter of Conditions
Dated: SEP 29 1988
For: FLATWOODS - [illegible]

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Table of Contents
Preapplication, Applications - Complete Docket
Association Loans and Grants
Water and Sewer Systems

PREAPPLICATIONS

Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
AD 621	Preapp. for Fed. Assist.	0 & 2	1942.2(a)(1)	App.			3
	Intergovernmental Review Comments	2	1942.2(a)(1)	App.			3
Guide 7/8	Preliminary Engr. Report	2	1942.18(c)	Engr.			6
	Bond Ordn. or Resol. on Outstanding Debts	1	1942.17(h)	App./Att.			2
	Bonds or Notes Outstanding Debts	1	1942.17(h)	App./Att.			2
	Audit for last year of operation	1	1942.17(h)	App./Att. Acct.			1
1940-20	Request for Env. Info.	2	1942.17(j)(7)	App./Eng.			3
1940-21	Env. Assessment for Class I Action	2	1942.17(j)(7)	FmHA			3

Attachment No. 2
Letter of Conditions
Dated: SEP 2 9 1988
For:

PREAPPLICATIONS

Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
1940-22	Env. Check list for Categorical Exclusions	2	1942.17(j)(7)	FmHA			3
	Env. Assessment for Class II Actions (Exhibit H, 1940-G)	2	1942.17(j)(7)	FmHA			3
	Statement from State Historical Preservation Office concerning historical sites and archeological properties	2	1940.304(d)	App.			3
	Brief Stmt. telling how facility will be operated	1	1942.17(b)(3)	App.			5
	List of users by name expected to use over 20,000 gals. per mo.	2	1942.17(h)(2)	App./Engr.			8
	List of users by number which will have a meter larger than 3/4 x 5/8 and also expected total consumption by these users	2	Preapp/ Packet	App./Engr.			8

Attachment No. 2
Letter of Conditions
Dated: SEP 2 9 1988
For:

PREAPPLICATIONS

Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Breakdown of planned cost to show that cost related to users with meters larger than 3/4 x 5/8		Preapp/ Packet	Engr.			8
	Copy of existing rate tariff	2	1942.17(h)	App./ Atty/Acct.			8
	Bill analysis for existing system(s)	2	1942.17(h)(2)	App./ Engr/Acct.			8
	Projected Bill Analysis for new users	2	1942.17(h)(2)	App./ Engr/Acct.			8
	Adjustments to historic income and cost--explain changes	2	1942.17(h)(i)	App./ Engr/Acct.			8
	Identification of "Other" funding	2	1942.17(n)(5)	App./Att.			2
	Step III Grant Appl. (Sewer Only)	2	1942.17(n)(5)	App./Engr.			Sep. File
	Statement reporting the total number of potential users	2	1942.17(h)(2)(i)(A)	App./ Engr/Acct.			8

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Breakdown of sewer cost to show treatment, collection, elig. and inelig.	2	1942-A Guide 8	Engr.			8
1942-19	Agreement for Engineering Services	3	1942.17(1)(1)	App./Engr.			6
	Legal Services Agreement		Guide 14 1942-17(1)(1)	App./Engr.			5
	Survey conducted by uninterested party to determine MHI	1	1942-A 1942.17(f)(6)	App./FmHA			3
	S/O concurrence in results of survey to determine MHI	1	1942-H 1942.356(b)(7)	FmHA-S/O			3
	Documentation on Service Area	1	1942.5(a)	FmHA			3
	Written Certification that "Other" credit is NOT available	2	1942.17(b)(2)	App.			3
	Documentation on Historical and Archeological Assessments	2	1901.255(2)	FmHA			3

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PREAPPLICATIONS

Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Copy of Certification of Publication and related Environmental Information	2	1940.331(c)	App.			3
	Project Planning Factors	4	S/Office	FmHA			3
1942-51	Development Grant Summary	3	1942-H	FmHA			2
	Grant Determination Worksheet	2	S/Office	FmHA			2
	Finding of No Significant Impact (FONSI)	2	1940-G	FmHA			3
	Evidence of Public Meeting Minutes	2	1942.17(j)(9)	App.			3

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APPLICATIONS

Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
AD 622	Notice of Preapplication Review	0 & 2	1942.17(m)(4)	FmHA			3
AD 624	Application for Federal Assistance	0 & 1	1942.17(m)(5)	App.			3
1942-45	Project Summary	0 & 2	1942.5(a)(1)	FmHA			1
442-7	Initial Operating Budget	0 & 2	1942.17(h)	App.			3
442-14	Project Fund Analysis	0 & 4	1942.5(c)	FmHA			2
	Certified Copy of Town Charter	1	1942.17(b)(3)	App./Att.			5
	Copy of Bylaws or Rules of Order	1	1942.17(b)(3)	App./Att.			5
	Appraisal Report	1	1942.3	App.			8
Guide 26	CP Programs Project Selection Criteria	2	1942-A	FmHA			1

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Letter of Conditions	7	1942.5(c)	FmHA			3
442-46	Letter of Intent to Meet Conditions	2	1942.5(c)	App.			3
1940-1	Request for Obligation of Funds	4	1942.5(c)(3)	FmHA/App.			2
	Written Request from Applicant for the Lower Interest Rate	2	1942.17(f)(1)	FmHA/App.			2
440-57	Acknowledgment of Obligated Funds/Check Request	1	1942.5(d)(5)	FmHA			2
1942-31	Association Water or Sewer System Grant Agreement	2	1942-H	FmHA/App.			2
	Evidence of "Other" Funds	1	1942.17(n)(5)	App.			2
	Water (Sewer) Users Agreement (Copy)	1	1942.17 (h)(2)(B)	App.			5
	Evidence of Users—						

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	1. Map of Users with each identified by number	1	LOC	App.			Sep. File
	2. List of Signed Users Numbered to Map	1	LOC	App.			5
	3. List of Declination Statement Numbered to Map	1	LOC	App.			5
	4. Evidence of Tap Fees Being Paid	1	LOC	App.			5
	5. Having Users Agreements and Declination Statements Available		LOC	App.			-
	Positive program to encourage connections when completed	1	1942.17 (h)(2)(iii)	App.			5
	Verification of Users	1	1942.6(b)	FmHA			3
	Preliminary Bond Transcr. Documents	2	1942.17 (j)(6)(ii)	B. Counsel			2
	Right-of-Way Map	1	Form FmHA 1942-19	Engr.			Sep. File

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Deeds and/or Options		1942.17 (j)(4)(i)	App./Att.			
427-9	Preliminary Title Opn.	1	1942.17 (j)(4)(i)	Att.			5
	Narrative Opinion from Attorney	1	LOC	Att.			5
442-20	Right-of-Way Easement	1	1942.17 (j)(4)(i)	App.			5
442-21	Right-of-Way Certificate	1	1942.17 (j)(4)(i)	App.			5
442-22	Opinion of Counsel Relative to R/Way	1	1942.17 (j)(4)(i)	Att.			5
1942-47	Loan Resolution	1	1942.17(n)(2)	App.			5
1942-9	Association Loan Resolution Security Agreement	1	1942.17(n)(2)	App.			5
1942-8	Resolution of Members or Stockholders	1	1942.17(j)(1)	App.			5
440-22	Promissory Note	3	1942.17(j)(6)	FmHA			2
	Application for DOH Permit	1	1942.17 (j)(4)(i)	Engr.			6

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Application for R/R Permit	1	1942.17 (j)(4)(i)	Engr.			6
	Application for Public Land Corp. Permit	1	1942.17 (j)(4)(i)	Engr.			6
	Application for Corps of Engineers Permit	1	1942.17 (j)(4)(i)	Engr.			6
	Copy of PSC Application	1	State	Att./Acct.			6
	Copy of PSC Rule 42 Exhibit	1	State	Att./Acct.			3
	Agreement with Accountant	1	1942.17 (1)(1)	App./Acc.			6
	Contract Documents, Plans and Specs.	2	1942.18	Engr.			Sep. File
	Dept. of Health Approval	1	1942.17(i)(iv)	Engr.			6
	Dept. of Natural Resources Permit	1	1942.17(k)	Engr.			6
	Interim Financing Agreement	1	1942.17(n)(2)	App./Att.			1

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
442-30	Water Purch. Contract	1	1942.18(f)	App./Att.			5
442-30	Sewer Treatment Contract	1	1942.18(f)	App./Att.			5
400-1	Equal Opportunity Agreement	1	1942.17 (n)(2)(x)	App.			6
400-4	Assurance Agreement	1	1942.17 (n)(2)(x)	App.			3
	Bond Transcript Documents	3	1942.17 (j)(6)(ii)	B. Counsel			Sep. File
	Record of Mailing of Bonds	1	2018-E 2018.203	FmHA			1
	OGC Closing Instructions	1	1942.17(n)(3)	FmHA			5
	S/O Closing Instructions	1	1942.17(n)(3)	FmHA			5
427-10	Final Title Opinion	1	1942.17 (j)(4)(i)	Att.			5
	DOH Permit	1	1942.17 (j)(4)(i)	App.			6
	Railroad Permits	1	1942.17 (j)(4)(i)	App.			6
	Public Land Corp. Permit	1	1942.17 (j)(4)(i)	App.			6
	Corps of Engrs. Permit	1	1942.17 (j)(4)(i)	App.			6

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	PSC Order (Approval of Financing)	1	State	App.			6
	Accountant's Certification on Accounting System	1	1942.17 (q)(1)	Acct.			3
	FmHA Approval of Acct. System	1	1942.17 (q)(1)(ii)	App./FmHA			3
400-8	Comp. Review	1	1942.6(c)	FmHA			5
424-16	Record of Preconstruction Conference	1	1942.18(o)(1)	FmHA/Engr.			6
	Bid Tabulation	1	1942.18(k)	Engr.			6
	Recommendation of Award	1	1942.18(j)(8)	Engr.			6
	Recommendation of Award	1	1942.18(j)(8)	App.			6
	Contract Documents with required Ins. and Bonds	2		App./Engr.			Sep. File
	Resume' of Inspector	1	1942.18(o)(3)	Engr.			6
	Liability Insurance	1	1942.17 (j)(3)(iv)	App.			7
	Workmen's Compensation Certificate	1	1942.17 (j)(3)(iv)	App.			7

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Form No.	Document or Action	No. Needed	Proced. Ref.	Respons. Party	Target Date	Date Rec'd.	File Pos.
	Flood Ins. Policy	1	1942.17 (j)(3)(iv)	App.			7
440-24	Fidelity Bond (with Power of Attorney)	1	1942.17 (j)(3)(iv)	App.			7

United States Department of Agriculture

Farmers Home Administration

298 Ragland Road
Beckley, WV 25801
Telephone: (304) 252-8644

November 9, 1988

Mr. John Tinney, Chairman
Flatwoods - Canoe Run Public Service District
P.O. Box 677
Sutton, WV 26601

RE: Sewer Project

Dear Mr. Tinney:

This letter is an amendment to our letter of conditions, dated September 29, 1988, and was delivered to you on that date. This amendment is necessary due to a reduction in the anticipated funding of the above project by $336,000 by the State Grant.

The Water Development Authority has agreed to furnish the $336,000 in addition to the $1,118,000 they had previously agreed to making a total WDA loan of $1,454,000.

Attachment 1 to this letter is a revised set of the project planning factors. Please note that under the Budget we have incorporated a 15% Reserve and a 2 1/2% Renewal and Replacement Reserve for WDA and have increased the WDA Debt Service to cover the additional loan. The rate structure has been increased from a $5.60 per thousand rate to a $6.25 per thousand gallon rate. The project cost section of attachment No. 1 has been changed to show the reduction of the State Grant by $336,000 and the increase in the WDA loan of the same amount.

Sincerely,

Gerald Miller
GERALD MILLER
District Director

Attachments

cc: State Director, FmHA
Morgantown, WV

Administrator, FmHA
ATTN: Water and Waste Disposal
Loan Division
Washington, DC

Administrator, FmHA
ATTN: Community Facilities
Loan Division
Washington, DC

FmHA Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to
Secretary of Agriculture, Washington, D.C. 20250

County Supervisor, FmHA
Summersville, WV

Kelley, Gidley, Blair & Wolfe
550 Eagan Street
Charleston, WV 25330

Mr. Jeniver Jones
Attorney At Law
184 Main Street
Sutton, WV 26601

Steptoe & Johnston
Attorneys At Law
P.O. Box 2190
Clarksburg, WV 26301

Wood & Merritt
P.O. Box 1205
Oak Hill, WV 25901

Mr. Edgar Henry, Director
Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Mr. Greg Vasilou
Appalachian Regional Commission
Building 6, State Capitol Complex, Room 553
Charleston, WV 25305

Environmental Protection Agency
Department of Natural Resources
1201 Greenbrier Street
Charleston, WV 25311

Congressman Robert Wise
107 Pennsylvania Avenue
Charleston, WV 25302

(REVISED 4-17-86)

Attachment No. 1 to Letter of Conditions
Dated: November 9, 1988 Amendment
For: Flatwoods-Canoe Run PSD

Project Planning Factors

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of FmHA:

Project Costs	ARC Grant	EPA Grant	FmHA Grant	FmHA Loan	WDA Loan	Total
Repay WDA				113,000		113,000
Construction	670,000	4,000,000	400,000	141,000	1,135,000	6,346,000
Construction Contg.				480,000		480,000
Land and Rights	30,000		20,000			50,000
Legal Fees	30,000		30,000			60,000
Engineering Fees	226,000	224,000	50,000	134,000	200,000	834,000
Basic 137,500						
Insp. 615,000						
Spec. 81,500						
Bond Counsel						
Interest	44,000				35,000	35,000
Proj. Contg.				100,000	80,000	224,000
TOTALS		40,000		150,000	4,000	194,000
	1,000,000	4,264,000	500,000	1,118,000	1,454,000	8,336,000

Rates

Available for general domestic, commercial, and industrial service.

First 2,000 gals. @ $6.25 per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Next ____ gals. @ $____ per M gals.
Over 2,000 gals. @ $6.25 per M gals.

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" meter - $12.50 per month
3/4" meter - $____ per month
1" meter - $____ per month
1 1/2" meter - $____ per month
2" meter - $____ per month
3" meter - $____ per month
4" meter - $____ per month
6" meter - $____ per month
8" meter - $____ per month

(Minimum Monthly Bill $12.50 for 2,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $ 0

After the start of construction, there shall be a charge of $ 300 for connection to the system.

Reconnection Charge

$ 20.00

Flatwoods-Canoe Run Sewer Bill Analysis

2,000 Gallon Minimum-Rate Block-Gallons	No. of Bills	1,000's of Gals. Used	Minimum Bills	2000	2001 to 3000	3001 to 6000	6001 to 10,000	10,001 to 20,000
Up to 2000	329	343	343					
2001-3000	167	417		334	83			
3001-6000	280	1,365		616	308	441		
6001-10,000	104	923		248	124	372	179	
10,001-20,000	10	1,237		100	50	150	200	737
20,001 or more	0							
Total	920	4,285	343	1,298	565	963	379	737
$6.25 Flat-Rate			12.50	6.25	6.25	6.25	6.25	6.25
Yield Per Month		28,750	4,112.50	8,112.50	3,531.25	6,018.75	2,368.75	4,606.25
Year		309,120						

Funding -		
	FmHA Loan	$ 1,118,000
	FmHA Grant	500,000
	WDA Loan	1,454,000
	EPA	4,264,000
	State Grant	1,000,000
		$ 8,336,000

Budget

Income		$345,000
Expenses--		
O & M	$124,289	
FmHA Debt Service	65,880	
FmHA Reserve	6,588	
WDA Debt Service	126,789	
WDA Reserve	12,679	
WDA R & R Reserve	8,775	
		$345,000
Balance and Depreciation		$ -0-

Operation and Maintenance Expenses

Wages - Salaries	$ 46,000
Office Expenses (telephone, rent, supplies)	6,500
Taxes, Insurance, Bonds	4,500
Fees (accounting, audit, legal)	3,500
Utilities (electric, water, sewer, gas, fuel oil)	35,000
Repair to Facilities and Equipment	10,000
Fuel - Gasoline - Oil	4,500
Miscellaneous Material and Supplies	10,000
Reading, Billing and Collection	4,289
TOTAL	$ 124,289

OFFICIAL AGENCY FILE COPY

United States Department of Agriculture
Farmers Home Administration
298 Ragland Road
Beckley, WV 25801
Phone: 252-8644

July 17, 1989

Mr. John Tinney, Chairman
Flatwoods - Canoe Run Public Service District
P. O Box 677
Sutton, WV 26601

RE: Sewer Project

Dear Mr. Tinney:

This letter is an amendment to our Letter of Conditions dated September 29, 1988 and the amendment dated November 9, 1988. It concerns the following:

9. Insurance and Bonding Requirements:

(a) Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. FmHA recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

(2) Workers' Compensation - In accordance with appropriate State laws.

(3) Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to FmHA will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). Form FmHA 440-24, "Position Fidelity Bond," may be used. A certified and effective dated power-of-attorney will be attached to each bond.

(4) National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

FmHA Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D C. 20250

(a) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

(b) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

(5) Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

All other conditions remain unchanged in the Letter of Conditions and the first amendment to the Letter of Conditions and must be satisfied before the loan will be closed.

Sincerely,

Richard L. Ellard
District Loan Specialist

cc: State Director, FmHA, Morgantown, WV

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 20, 1990

FINAL
10-10-90

CASE NO. 89-708-PSD-CN

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public utility, Sutton, Braxton County.
Application for a certificate of convenience and necessity to construct a new 0.3 MGD secondary waste treatment plant, collector lines, sewer lines, seven (7) lift stations, man holes, access roads, force main and house connections for a complete sanitary sewer system within the territorial boundaries of said District in Braxton County, and for approval of rates and charges incidental thereto.

RECOMMENDED DECISION

On February 20, 1990, Flatwoods-Canoe Run Public Service District (District), a public utility, Sutton, Braxton County, filed an application with the Public Service Commission, pursuant to West Virginia Code (Code) §24-2-11, requesting a certificate of convenience and necessity to construct and operate a new 0.3 MGD secondary wastewater treatment facility, collector lines, sewer lines, seven (7) lift stations, manholes, access roads, force main and house corrections for a complete sanitary sewer system within the territorial boundaries of said District in Braxton County, and for approval of rates and charges incidental thereto.

On February 20, 1990, a Notice of Filing Order was entered in the above-styled and numbered proceeding, requiring the District to provide notice of the filing of the application. Anyone interested was given an opportunity to protest the application, in writing, within thirty (30) days from the date of the publication of the notice of filing. The Order also provided that, if no protests were received, the Commission could grant the application without hearing, based upon the information submitted with the application. No protests have been received by the Commission.

On August 3, 1990, Chief Administrative Law Judge Melissa K. Marland entered a procedural order which set forth a procedural schedule to be followed in the instant case. This order provided that, among other things, the Commission Staff should file its final recommendation in this matter no later than August 31, 1990, and, if there is a disagreement

between Staff and the District, then Staff and the District were to participate in a prehearing conference to be held no later than September 6, 1990, for the purpose of trying to reach a settlement or to narrow the issues.

On August 31, 1990, Staff Attorney Caryn Watson Short filed her Motion To Deny And Dismiss (Motion) as Staff's "final recommendation" in this matter. She indicated that the scope of the project, and costs associated therewith, may have been increased by the District, and that the District may be seeking additional funding. Since there now existed a disagreement between Staff and the District, they proceeded to participate in a prehearing conference. A second Procedural Order, entered by the undersigned Administrative Law Judge (ALJ) on September 13, 1990, required the parties to respond to the Motion by September 17, 1990.

On September 17, 1990, as a result of the new information obtained at the prehearing conference, and in response to the Motion, Staff Attorney Drexel M. Vealey filed the Final Joint Staff Memorandum, dated September 13, 1990, in this proceeding. Attached to the Joint Staff Memorandum was the Internal Memorandum, dated September 12, 1990, from Utilities Financial Analyst William A. Nelson and Utility Engineer David Hippchen, P.E., both of the Public Service District Division.

Effectively, as reported in the Final Joint Staff Memorandum and Attachment, Staff has been persuaded by the District to change its position in this proceeding. Rather than going forward with its Motion, Staff is now recommending that the project be approved without a hearing, since all matters that previously had been cause for concern have now been resolved.

Mr. Vealey pointed out that, subsequent to Ms. Short's filing of her Motion, on September 7, 1990, the Commission received correspondence from Kenna R. Seal, Superintendent of Braxton County Schools. Mr. Seal expressed concern that the existing Braxton County High School's wastewater treatment package plant would be unable to accommodate a new 850-student middle school which is scheduled for occupancy by the fall of 1992. He urged approval of the District's proposed project so as not to delay the opening of the new school.

Mr. Nelson and Mr. Hippchen indicated that concerns, which they had earlier expressed, had been discussed and resolved at the prehearing conference. They noted that the District, which previously had estimated costs to amount to $8,336,000, now estimated costs for the project at $7,504,630, and the project now will be serving 978 customers in Sutton and Gassaway. They also indicated that the District had revised its funding application to the Department of Natural Resources (DNR) to obtain the full amount of the Environmental Protection Agency (EPA) Grant previously committed. They reported that the additional work contemplated by the District, an extension up Granny Creek to the Flatwoods interchange of Interstate Route 79, is now designated as "Future Contracts" in the grant application and is not now proposed as part of this project. The District and Commission Staff stipulated that the interchange extension will be the subject of a separate certificate application.

Mr. Nelson and Mr. Hippchen also reported that the funding amounts from the various sources had now been revised, as follows:

EPA Grant	$3,686,850
Appalachian Regional Commission (ARC) Grant	1,000,000
Farmers Home Administration (FmHA) Grant	500,000
FmHA Loan @5%	1,118,000
Water Development Authority (WDA) Loan @8%	1,199,780
Total	$7,504,630

They noted that Staff had received and reviewed confirmation of all funding sources. The EPA Grant and the WDA Loan previously were approved at higher amounts; however, as a result of a lower than expected bid, the project costs have actually decreased. They indicated that these lower amounts were also reflected on revised Rule 42 calculations.

Mr. Nelson and Mr. Hippchen report that the District has proposed a rate of $5.88 per 1,000 gallons of water metered, a minimum monthly charge of $11.76 for metered customers, based on 2,000 gallons per month, and a monthly flat rate for unmetered customers of $20.58, based upon 3,500 gallons. The unmetered flat rate title in the District's proposed tariff has been amended to read "Unmetered Rate For Domestic Use Only".

Mr. Nelson and Mr. Hippchen's Internal Memorandum further addresses the revenue requirements of the District. They observe that the proposed operating revenues at the proposed rate would be $330,080 per year, plus an additional $5,000 annual income, while operating expenses will only total $331,003, including Staff's adjustment of the District's expenses to include $4,506 for taxes other than income taxes, thereby reducing the project surplus to $4,077, which represents a coverage ratio of 117.40%, which is adequate to meet the WDA ratio requirement of 115%. Staff further indicated that the above mentioned loans, in the amounts of $1,118,000 from the FmHA at the annual interest rate of 5% for 38 years, and $1,199,780 from the WDA at the annual interest rate of 8% for 38 years, will result in annual debt service requirements of $65,157 for the FmHA Loan and $101,429 for the WDA Loan, both of which loans require a debt service reserve of 10%, for a total debt service reserve in the amount of $16,659. In addition to the debt service reserve, the WDA Loan requires a renewal and replacement reserve of 2.5%, or $8,252. All of the above amounts have been provided for in the cash flow analysis. Staff further opined that the District's proposed operation and maintenance expenses had been overstated at $162,000, and revised this figure downward to $135,000.

Staff recommended the following:

1. The District's application, including the projected costs and related funding reflected in the Revised Rule 42 Exhibit filed September 10, 1990, should be approved.

2. Staff's proposed tariff, as shown in Attachment II, should be approved.

3. Since the District is in agreement with the comments and recommendations contained herein, and since the revised rates are lower than those previously published and on which no protests have been received, there was no need for a hearing.

Mr. Vealey further recommends, as stated above, that the hearing, tentatively scheduled for October 4, 1990, be cancelled.

DISCUSSION

Upon consideration of all of the above, since all of the disputes between Commission Staff and the District, which resulted in a Motion To Deny And Dismiss from Staff, have now been resolved, the Administrative Law Judge (ALJ) will consider the parties to have waived their right to file proposed findings of fact and conclusions of law, or briefs, pursuant to Code §24-1-9(b). Likewise, the ALJ is of the opinion that the remainder of the procedural schedule set forth in the Order of August 3, 1990, including the hearing scheduled for October 4, 1990, should be cancelled.

The ALJ will further approve the District's proposed funding of the project since Staff has recommended approval thereof and since the proposed funding consists of an EPA Grant of $3,686,850, an ARC Grant of $1,000,000, a FmHA Grant of $500,000, a FmHA Loan of $1,118,000 at an annual interest rate of 5% for 38 years, and a WDA Loan of $1,199,780 at an annual interest rate of 8% for 38 years, all of which have been firmly committed.

The ALJ will further approve the District's proposed rates since these rates will generate $335,080 in total income and will meet the WDA coverage requirement of 115%; since the rates will provide the annual debt service requirement of $65,157 for the FmHA Loan and $101,429 for the WDA Loan, will fund the required debt service reserve of $16,659 and the renewal and replacement reserve of $8,252, and will generate $135,000 for operation and maintenance; and since Staff has recommended approving the District's proposed rates.

Finally, the ALJ will deny the Motion and will grant the certificate of convenience and necessity sought by the application filed February 20, 1990, as revised at the prehearing conference of September 7, 1990, including approval of the borrowing and the proposed rates, without a hearing, since no protests were filed to the Notice of Filing duly published by the District; since the District will be serving 978 customers in Sutton at Gassaway; since the project will cost $7,504,630 and will be funded through an EPA Grant of $3,686,850, an ARC Grant of $1,000,000, a FmHA Grant of $500,000, a FmHA Loan of $1,118,000 at an annual interest rate of 5% for 38 years, and a WDA Loan of $1,199,780 at an annual interest rate of 8% for 38 years; and since Commission Staff has recommended approval of the project.

FINDINGS OF FACT

1. The Flatwoods-Canoe Run Public Service District filed an application for a certificate of convenience and necessity to construct a new 0.3 MGD secondary waste treatment plant, collector lines, sewer lines, seven (7) lift stations, man holes, access roads, force main and house connections for a complete sanitary sewer system within the territorial boundaries of said District in Braxton County, and for approval of rates and charges incidental thereto. (See, Application filed February 20, 1990).

2. A hearing has been tentatively scheduled for October 4, 1990. (See, Procedural Order entered August 3, 1990).

3. Staff filed a Motion To Deny And Dismiss. (See, Motion filed by Staff Attorney Caryn Watson Short on August 3, 1990).

4. A prehearing conference was held on September 7, 1990, at which all of the differences between Staff and the District, which were raised by the Motion, were resolved. (See, Final Joint Staff Memorandum with Attachment, filed September 17, 1990).

5. The Notice of Filing, including the costs of the project and the rates, at an amount commensurate with or higher than the costs and rates now proposed by the District, was duly published by the District on February 20, 1990, thereby giving anyone interested thirty (30) days within which to file an objection to the proposed project, and no protests have been received by the Commission. (See, Final Joint Staff Memorandum with Attachment, filed September 17, 1990).

6. The District will serve 978 customers in Sutton and Gassaway with the proposed project. (See, Final Joint Staff Memorandum, with Attachment, filed September 17, 1990).

7. The total project cost will be $7,504,630 and will be funded through an EPA Grant of $3,686,850, and ARC Grant of $1,000,000, a FmHA Grant of $500,000, a FmHA Loan of $1,118,000 at an annual interest rate of 5% for 38 years, and a WDA Loan of $1,199,780 at an annual interest rate of 8% for 38 years. (See, Final Joint Staff Memorandum, with Attachment, filed September 17, 1990).

8. Commission Staff has recommended approval of the project. (See, Final Joint Staff Memorandum, with Attachment, filed September 17, 1990).

9. Commission Staff has recommended approval of the proposed funding for the project. (See, Final Joint Staff Memorandum, with Attachment, filed September 17, 1990).

10. The rates proposed by the District will generate $335,080 in total annual income and will meet the WDA coverage requirement of 115%. (See, Final Joint Staff Memorandum with Attachments, filed September 17, 1990).

11. The proposed rates will provide the annual debt servic requirements of $65,157 for the FmHA Loan and $101,429 for the WDA Loan, will fund the required debt service reserve of $16,659 and the renewal and replacement fund of $8,252, and will generate $135,000 for operation and maintenance. (See, Final Joint Staff Memorandum with Attachments, filed September 17, 1990).

12. Staff has recommended approving the District's proposed rates. (See, Final Joint Staff Memorandum, with Attachment, filed September 17, 1990).

CONCLUSIONS OF LAW

1. Since all of the differences between Staff and the District have been resolved, the Motion To Deny And Dismiss, filed by Staff Attorney Caryn Watson Short on August 31, 1990, should be denied.

2. Since no protests have been received by the Commission regarding this project; since the District will serve 978 customers in Sutton and Gassaway with the proposed project; since the total project cost of $7,504,630 is fully funded and will be funded through an EPA Grant of $3,686,850, and ARC Grant of $1,000,000, a FmHA Grant of $500,000, a FmHA Loan of $1,118,000 at an annual interest rate of 5% for 38 years, and a WDA Loan of $1,199,780 at an annual interest rate of 8% for 38 years; and since Commission Staff has recommended approval of the project, the District should be granted the certificate of convenience and necessity sought by the application filed on February 20, 1990, as revised by stipulation of the parties at the prehearing conference held on September 7, 1990, without a hearing.

3. Since Staff has recommended approving the proposed funding of the project, the proposed funding of the project should be approved. (See, Final Joint Staff Memorandum, with Attachment, filed September 17, 1990).

4. Since no protests have been received by the Commission regarding the proposed rates; since the rates proposed by the District will generate annual income sufficient to meet the WDA coverage requirement of 115%, provide the annual debt service requirements for the FmHA Loan and the WDA Loan, will fund the required debt service reserve and the renewal and replacement fund, and will generate $135,000 for operation and maintenance; and since Staff has recommended approving the District's proposed rates, the District's proposed rates should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the Flatwoods-Canoe Run Public Service District, be, and it hereby is, granted, without a hearing, a certificate of convenience and necessity to construct and operate a new 0.3 MGD secondary waste treatment plant, collector lines, sewer lines, seven (7) lift stations, man holes, access roads, force main and house connections

for a complete sanitary sewer system within the territorial boundaries of said District in Braxton County, to serve approximately 978 customers in the Sutton and Gassaway areas, as sought by its application, filed on February 20, 1990, and as revised by stipulation and agreement at a prehearing conference held with Commission Staff on September 7, 1990.

IT IS FURTHER ORDERED that the District's proposed funding of the project, be, and it hereby is, approved, including the borrowing of an amount not to exceed $1,118,000 from the FmHA at an annual interest rate not to exceed 5% for a term not to exceed 38 years and an amount not to exceed $1,199,780 from the WDA at an annual interest rate not to exceed 8% for a term not to exceed 38 years, and including the EPA Grant of $3,686,850, the ARC Grant of $1,000,000, and the FmHA Grant of $500,000.

IT IS FURTHER ORDERED that the rates proposed by the District at the prehearing conference with Staff on September 7, 1990, as set forth in the Appendix attached hereto, be, and and they hereby are, approved, to become effective for all service rendered on or after the date the project becomes operational. The District shall file an appropriate tariff setting forth said rates hereby approved, with the Commission's Tariff Office, within ten (10) days of the date this becomes the final order of the Commission. The District also shall certify to the Commission the date the project becomes operational.

IT IS FURTHER ORDERED that the Motion To Deny And Dismiss, filed by Staff on August 31, 1990, hereby is denied, and the remainder of the procedural schedule set forth in the Procedural Order, entered August 3, 1990, including the hearing scheduled for October 4, 1990, hereby is cancelled.

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 th Commission sooner than five (5) days after approval of such waiver by the Commission.

Ronnie Z. McCann
Administrative Law Judge

RZMcC:jas

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
CASE NO. 89-708-PSD-CN

PROPOSED RATES

APPLICABILITY

Applicable in entire territory serviced.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(A) METERED RATES

Per thousand gallons used per month -- $5.88

(B) MINIMUM CHARGE

No bill will be rendered for less than 2M gallons used ($11.76).

(C) UNMETERED RATE FOR DOMESTIC USE ONLY

$20.58 per month (based on 3.5M gallons).

(D) CONNECTION CHARGE

Before Construction -- 0
After Construction -- $250.00

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

CROSS-RECEIPT FOR SERIES 1990 A AND
SERIES 1990 B BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority"), and DALE LEAVITT, Chairman of Flatwoods-Canoe Run Public Service District (the "Issuer"), hereby certify as follows:

1. On the 14th day of November, 1990, the Authority received the entire original issue of $1,199,780 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated November 14, 1990, the Series 1990 A Bond being in the principal amount of $1,147,938 and the Series 1990 B Bond being in the principal amount of $51,842.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Dale Leavitt, as Chairman of the Issuer, by his manual signature, and by John R. Tinney, as Secretary of the Issuer, by his manual signature, 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 the proceeds of the Series 1990 A Bonds in the aggregate principal amount of $1,147,938 and proceeds of the Series 1990 B Bonds in the aggregate principal amount of $51,842 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 14th day of November, 1990.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B. Meadows
Secretary-Treasurer

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By Dale L. Leavitt
Chairman

11/11/90
FCRJ.R2
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

DIRECTION TO AUTHENTICATE AND DELIVER
SERIES 1990 A BONDS AND SERIES 1990 B BONDS

One Valley Bank, National Association,
as Bond Registrar for the Series 1990 A
and Series 1990 B Bonds
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 A, in the principal amount of $1,147,938, and Bond No. BR-1, constituting the entire original issue of the Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 B, in the principal amount of $51,842, both dated November 14, 1990 (collectively, the "Bonds"), executed by the Chairman and Secretary of Flatwoods-Canoe Run Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated November 14, 1990, and both by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"); and

(4) Signed opinions 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 $1,199,780, the agreed aggregate purchase price of the Bonds, there

being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar for the Bonds, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 14th day of November, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By _____
Its Chairman

11/11/90
FCRJ.Q3
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

RECEIPT FOR SERIES 1990 C BONDS AND TRANSCRIPT

The undersigned, for Farmers Home Administration of the United States Department of Agriculture (the "Purchaser"), hereby certifies as follows:

1. On the 14th day of November, 1990, at Sutton, West Virginia, the undersigned received for the Purchaser the single, fully registered Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 C, No. CR-1 (the "Series 1990 C Bond"), in the principal amount of $1,118,000, dated the date hereof, bearing interest at the rate of 5% per annum, payable in monthly installments as stated in the Series 1990 C Bond, being the only bond upon original issuance of a series of bonds designated Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 C. The Series 1990 C Bond is issued concurrently with the District's $1,147,938 Sewer Revenue Bonds, Series 1990 A, and its $51,842 Sewer Revenue Bonds, Series 1990 B, which Series 1990 A and Series 1990 B Bonds are sold on this date to the West Virginia Water Development Authority.

2. At the time of such receipt, the Series 1990 C Bond had been executed and sealed by the designated officials of the Public Service Board of said Public Service District.

3. At the time of such receipt, there was paid to said Public Service District the sum of $154,000, being a portion of the principal amount of the Series 1990 C Bond. The balance of the principal amount of the Series 1990 C Bond will be paid to said Public Service District as acquisition and construction of the Project progresses.

4. At the time of such receipt, there was also received by the undersigned a set of Bond Transcript documents.

WITNESS my signature on this 14th day of November, 1990.

Richard L. Ellard

District Director of Farmers Home Administration

11/13/90
FCRJ.E4
29212/88002

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1990 A

No. AR-1 $1,147,938

KNOW ALL MEN BY THESE PRESENTS: That FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Braxton County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED FORTY-SEVEN THOUSAND NINE HUNDRED THIRTY-EIGHT DOLLARS ($1,147,938), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1991. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated November 14, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project and any additions, extensions or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on November 14, 1990, and a Supplemental Resolution duly adopted by the Issuer on November 14, 1990 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $51,842, which Series 1990 B Bonds are junior and subordinate with respect to liens, pledge and source of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,118,000 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS"), EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), unexpended proceeds of the Bonds and the Series 1990 B Bonds and the other sources provided in the Bond Legislation. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1990 A Bonds Reserve Account, unexpended proceeds of the Bonds

and the Series 1990 B Bonds and the other sources provided in the Bond Legislation. 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 on the Bonds, the Series 1990 B Bonds, the Series 1990 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds, provided, however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1990 B Bonds, the Series 1990 C Bonds and any other obligations outstanding prior to or on a parity with the Bonds, the Series 1990 B Bonds or the Series 1990 C Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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 November 14, 1990.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Flatwoods-Canoe Run Public Service District
Debt Service Schedule
Analysis of Borrowing from Series 1990 A Pool
38 Principal Payments
Closing Date: 14-Nov-90

Date	Coupon	Principal	Interest	Debt Service 8.10% Bonds
01-Oct-90			0.00	0.00
01-Oct-91	0.00%	0.00	81,876.68	81,876.68
01-Oct-92	8.10%	5,084.00	92,982.98	98,066.98
01-Oct-93	8.10%	5,496.00	92,571.17	98,067.17
01-Oct-94	8.10%	5,940.00	92,126.00	98,066.00
01-Oct-95	8.10%	6,421.00	91,644.86	98,065.86
01-Oct-96	8.10%	6,941.00	91,124.78	98,065.78
01-Oct-97	8.10%	7,504.00	90,562.54	98,066.54
01-Oct-98	8.10%	8,111.00	89,954.71	98,065.71
01-Oct-99	8.10%	8,768.00	89,297.72	98,065.72
01-Oct-2000	8.10%	9,479.00	88,587.51	98,066.51
01-Oct-2001	8.10%	10,246.00	87,819.71	98,065.71
01-Oct-2002	8.10%	11,076.00	86,989.79	98,065.79
01-Oct-2003	8.10%	11,974.00	86,092.63	98,066.63
01-Oct-2004	8.10%	12,944.00	85,122.74	98,066.74
01-Oct-2005	8.10%	13,992.00	84,074.27	98,066.27
01-Oct-2006	8.10%	15,125.00	82,940.92	98,065.92
01-Oct-2007	8.10%	16,350.00	81,715.80	98,065.80
01-Oct-2008	8.10%	17,675.00	80,391.45	98,066.45
01-Oct-2009	8.10%	19,106.00	78,958.77	98,065.77
01-Oct-2010	8.10%	20,654.00	77,412.19	98,066.19
01-Oct-2011	8.10%	22,327.00	75,739.21	98,066.21
01-Oct-2012	8.10%	24,135.00	73,930.73	98,065.73
01-Oct-2013	8.10%	26,091.00	71,975.71	98,066.71
01-Oct-2014	8.10%	28,204.00	69,862.34	98,066.34
01-Oct-2015	8.10%	30,488.00	67,577.81	98,065.81
01-Oct-2016	8.10%	32,958.00	65,108.29	98,066.29
01-Oct-2017	8.10%	35,628.00	62,436.69	98,066.69
01-Oct-2018	8.10%	38,513.00	59,552.82	98,065.82
01-Oct-2019	8.10%	41,633.00	56,433.27	98,066.27
01-Oct-2020	8.10%	45,005.00	53,060.99	98,065.99
01-Oct-2021	8.10%	48,651.00	49,415.59	98,066.59
01-Oct-2022	8.10%	52,591.00	45,474.86	98,065.86
01-Oct-2023	8.10%	56,851.00	41,214.99	98,065.99
01-Oct-2024	8.10%	61,456.00	36,610.08	98,066.08
01-Oct-2025	8.10%	66,434.00	31,632.12	98,066.12
01-Oct-2026	8.10%	71,815.00	26,250.97	98,065.97
01-Oct-2027	8.10%	77,632.00	20,433.95	98,065.95
01-Oct-2028	8.10%	83,921.00	14,145.78	98,066.78
01-Oct-2029	8.10%	90,718.00	7,348.16	98,066.16
		1,147,938.00	2,660,454.52	3,808,392.52

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:

_____

11/12/90
SPEC.A2
29212/88002

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1990 B

No. BR-1 $51,842

KNOW ALL MEN BY THESE PRESENTS: That FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Braxton County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FIFTY-ONE THOUSAND EIGHT HUNDRED FORTY-TWO DOLLARS ($51,842), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated November 14, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Project and any additions, extensions or improvements thereto is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on November 14, 1990, and a Supplemental Resolution duly adopted by the Issuer on November 14, 1990 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions

thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this series (the "Bonds") under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1990 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,147,938 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 A BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1990 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,118,000 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1990 C BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1990 A Bonds and the Series 1990 C Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1990 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1990 A Bonds, the Series 1990 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1990 A Bonds, the Series 1990 C Bonds or the Bonds, provided, however, that so long as there exists in the

Series 1990 B Bonds Reserve Account and the reserve accounts established for the Series 1990 A Bonds and the Series 1990 C Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the Series 1990 A Bonds and the Series 1990 C Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1990 A Bonds and the Series 1990 C Bonds to the extent provided in the Bond Legislation.

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

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

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

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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 November 14, 1990.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL
DEBT SERVICE

Flatwoods-Canoe Run Public Service Distr
Debt Service Schedule
Analysis of Borrowing from Series 1990 A
38 Principal Payments
Closing Date: 14-Nov-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	0.00
01-Oct-92	1,364.38
01-Oct-93	1,364.26
01-Oct-94	1,364.26
01-Oct-95	1,364.26
01-Oct-96	1,364.26
01-Oct-97	1,364.26
01-Oct-98	1,364.26
01-Oct-99	1,364.26
01-Oct-2000	1,364.26
01-Oct-2001	1,364.26
01-Oct-2002	1,364.26
01-Oct-2003	1,364.26
01-Oct-2004	1,364.26
01-Oct-2005	1,364.26
01-Oct-2006	1,364.26
01-Oct-2007	1,364.26
01-Oct-2008	1,364.26
01-Oct-2009	1,364.26
01-Oct-2010	1,364.26
01-Oct-2011	1,364.26
01-Oct-2012	1,364.26
01-Oct-2013	1,364.26
01-Oct-2014	1,364.26
01-Oct-2015	1,364.26
01-Oct-2016	1,364.26
01-Oct-2017	1,364.26
01-Oct-2018	1,364.26
01-Oct-2019	1,364.26
01-Oct-2020	1,364.26
01-Oct-2021	1,364.26
01-Oct-2022	1,364.26
01-Oct-2023	1,364.26
01-Oct-2024	1,364.26
01-Oct-2025	1,364.26
01-Oct-2026	1,364.26
01-Oct-2027	1,364.26
01-Oct-2028	1,364.26
01-Oct-2029	1,364.26
	51,842.00

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

11/11/90
SPEC.B1
29212/88002

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-1C

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1990 C

No. CR-1 $1,118,000

FOR VALUE RECEIVED, the FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (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 ONE MILLION ONE HUNDRED EIGHTEEN THOUSAND DOLLARS ($1,118,000), 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 $5,490, 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 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 is issued to finance a portion of the costs of acquisition and construction of new sewerage facilities of the Issuer, and 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 sewerage 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, nor shall the

Borrower be obligated to pay the same or the 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 said 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 authorizing issuance of this Bond and a resolution supplemental thereto duly adopted (collectively, 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 Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY WITH THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 A, AND SENIOR AND PRIOR TO THE BORROWER'S SEWER REVENUE BONDS, SERIES 1990 B, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BOTH ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE RESOLUTION, EXCEPT TO THE EXTENT OTHERWISE PROVIDED IN THE RESOLUTION.

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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, and has caused this Bond to be dated November 14, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____
Chairman

Post Office Box 677
Sutton, West Virginia 26601

ATTEST:

_____
Secretary

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

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:

_____

11/11/90
SPEC.C1
29212/88002

STEPTOE & JOHNSON

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OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 14, 1990

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds, Series 1990 A

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Flatwoods-Canoe Run 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 $1,147,938 Sewer Revenue Bonds, Series 1990 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated November 14, 1990, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1991, at the rate of 8.10% per annum, and with principal installments payable on October 1 in each of the years 1992 through 2029, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Local Statute"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Local Bonds during the construction of the Project and for not more than 6 months thereafter; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on November 14, 1990, as supplemented by a supplemental resolution adopted November 14, 1990 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued and the Loan Agreement 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, under existing law, as follows:

1. The Issuer is a duly organized and validly existing public service district 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 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.

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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Local Act 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 Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local 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 referred to in the Local Act and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to the lien and pledge of the Issuer's Sewer Revenue Bonds, Series 1990 C, issued concurrently herewith in the aggregate principal amount of $1,118,000, except to the extent

otherwise provided in the Local Act and the Local Bonds, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

6. The Local Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Local 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 Local Bonds and the enforceability of the Local Bonds, the Loan Agreement, the Local Act 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 Local Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

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LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 14, 1990

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds, Series 1990 B

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Flatwoods-Canoe Run 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 $51,842 Sewer Revenue Bonds, Series 1990 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated November 14, 1990, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1992 through 2029, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made part of the Supplemental Bonds.

The Supplemental 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 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated November 14, 1990, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to liens, pledges and sources of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1990 A" (the "Local Bonds"), issued simultaneously herewith in the aggregate principal amount of $1,147,938, and to the Sewer Revenue Bonds, Series 1990 C (the "Series 1990 C Bonds"), of the Issuer issued simultaneously herewith in the aggregate principal amount of $1,118,000.

We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on November 14, 1990, as supplemented by a supplemental resolution adopted November 14, 1990 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public service district 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 referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

2. The Supplemental 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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Local Act 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 Local Act contains

provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

4. The Supplemental 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 referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate only to the Local Bonds and the Series 1990 C Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

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

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

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds, the Supplemental Loan Agreement, the Local Act 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 Supplemental Bond numbered BR-1, and in our opinion the form of such bond and its execution and authentication are regular and proper.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

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OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 14, 1990

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds, Series 1990 A

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

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $1,147,938 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A (the "Local Bonds"), of Flatwoods-Canoe Run Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

Assuming compliance with the certifications, representations, warranties and covenants contained in such Certificate as to Arbitrage, under existing statutes, regulations, rulings and court decisions, the proceeds from the sale of the Local Bonds in the Bond Construction Trust Fund described in such

Certificate as to Arbitrage will not be subject to rebate to the United States under Section 148(f) of the Code.

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

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

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ATTORNEYS AT LAW

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LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 14, 1990

Flatwoods-Canoe Run Public Service District
$1,118,000 Sewer Revenue Bonds, Series 1990 C

Flatwoods-Canoe Run Public Service
District
Sutton, West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Flatwoods-Canoe Run Public Service District, in Braxton County, West Virginia (the "Issuer"), of its $1,118,000 Sewer Revenue Bonds, Series 1990 C, dated the date hereof (the "Series 1990 C Bonds"), pursuant to Chapter 16, Article 13A, of the Official West Virginia Code of 1931, as amended (the "Local Statute"), and a bond and notes resolution of the Issuer duly adopted November 14, 1990, as supplemented by a supplemental resolution of the Issuer duly adopted November 14, 1990 (collectively, the "Local Act"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Local Act and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia with corporate power to adopt the Local Act, perform the agreements on its part contained therein, and issue and sell the Series 1990 C Bonds, all under the Local Statute and other applicable provisions of law.

2. The Local Act has been duly adopted by the Issuer and, when payment in full for the Series 1990 C Bonds has been received, and assuming that the status of all material conditions which affect or might affect such Bond issue remains unchanged, will constitute a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Local Statute, the Local Act, when payment in full for the Series 1990 C Bonds has been received, and assuming that the status of all material conditions which affect or might affect such Bond issue remains unchanged, will create a valid lien on the funds pledged by the Local Act for the security of the Series 1990 C Bonds on a parity with the Issuer's Sewer Revenue Bonds, Series 1990 A, issued concurrently herewith in the aggregate principal amount of $1,147,938, and other bonds (if any) issued or to be issued under the Local Act, except to the extent otherwise provided in the Local Act and the Series 1990 C Bonds, subject to no prior lien granted under the Local Statute.

4. The Series 1990 C Bonds have been duly authorized, executed and delivered, and when payment in full for the Series 1990 C Bonds has been received, and assuming that the status of all material conditions which affect or might affect such Bond issue remains unchanged, will constitute a valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Local Act.

5. The interest on the Series 1990 C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 1990 C Bonds.

6. The Series 1990 C Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Series 1990 C Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. Assuming that the status of all material conditions which affect or might affect such Bond issue remains unchanged, upon payment of the full purchase price of the Series 1990 C Bonds at a later date, Bond Transcript documents substantially or exactly in the form of those delivered herewith will be delivered, fully executed and dated on or after the date of full payment for the Series 1990 C Bonds.

It is to be understood that the rights of the holders of the Series 1990 C Bonds and the enforceability of the Series 1990 C Bonds, the Local Act and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

11/12/90
FCRJ.F3
29212/88002

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 14, 1990

Flatwoods-Canoe Run Public Service District
$1,118,000 Sewer Revenue Bonds, Series 1990 C

Flatwoods-Canoe Run Public Service District
Sutton,
West Virginia

Ladies and Gentlemen:

Please refer to our preliminary approving legal opinion of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

It is our opinion that, under existing statutes, regulations, rulings and court decisions, and based upon the Certificate as to Arbitrage executed by the Chairman of the Public Service Board of Flatwoods-Canoe Run Public Service District (the "Issuer"), of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, the above-captioned Bonds (the "Series 1990 C Bonds") are not "arbitrage bonds" under the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). While we have undertaken no independent investigation or verification of the certifications, statements, expectations or representations set forth in said Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

The opinion set forth above is further subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that

must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

11/12/90
FCRJ.G3
29212/88002

(STEPTOE & JOHNSON LETTERHEAD)

(Form of Final Approving Opinion)

_____, 19_____
[To be dated the date of final closing]

Flatwoods-Canoe Run Public Service District
$1,118,000 Sewer Revenue Bonds, Series 1990 C

Flatwoods-Canoe Run Public Service District
Sutton,
West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Flatwoods-Canoe Run Public Service District, in Braxton County, West Virginia (the "Issuer"), of its $1,118,000 Sewer Revenue Bonds, Series 1990 C, dated November 14, 1990 (the "Series 1990 C Bonds"), pursuant to Chapter 16, Article 13A, of the Official West Virginia Code of 1931, as amended (the "Local Statute"), and a bond and notes resolution of the Issuer duly adopted _____, 19_____, as supplemented by a supplemental resolution of the Issuer duly adopted _____, 19_____ (collectively, the "Local Act"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Local Act and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Local Act, perform the agreements on its part contained therein, and issue and sell the Series 1990 C Bonds, all under the Local Statute and other applicable provisions of law.

2. The Local Act has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Local Statute, the Local Act creates a valid lien on the funds pledged by the Local Act for the security of the Series 1990 C Bonds on a parity with the Issuer's Sewer Revenue Bonds, Series 1990 A, issued in the aggregate principal amount of $1,147,938, and other bonds (if any) issued or to be issued under the Local Act, except to the extent otherwise provided in the Local Act and the Series 1990 C Bonds, subject to no prior lien granted under the Local Statute.

4. The Series 1990 C Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Local Act.

5. The interest on the Series 1990 C Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 1990 C Bonds.

6. The Series 1990 C Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Series 1990 C Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Series 1990 C Bonds and the enforceability of the Series 1990 C Bonds, the Local Act and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent

constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Yours very truly,

STEPTOE & JOHNSON

11/12/90
FCRJ.H3
29212/88002

(LETTERHEAD OF STEPTOE & JOHNSON)

(Form of Final No Arbitrage Opinion)

_____, 19_____
[To be dated the date of final closing]

Flatwoods-Canoe Run Public Service District
$1,118,000 Sewer Revenue Bonds, Series 1990 C

Flatwoods-Canoe Run Public Service District
Sutton,
West Virginia

Ladies and Gentlemen:

Please refer to our final approving legal opinion of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

It is our opinion that, under existing statutes, regulations, rulings and court decisions, and based upon the certificates executed by the Chairman of the Public Service Board of Flatwoods-Canoe Run Public Service District (the "Issuer"), prior hereto and of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, the above-captioned Bonds (the "Series 1990 C Bonds") are not "arbitrage bonds" under the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). While we have undertaken no independent investigation or verification of the certifications, statements, expectations or representations set forth in said certificate, no matters have come to our attention which make unreasonable or incorrect such certifications, statements, expectations or representations.

The opinion set forth above is further subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Series 1990 C Bonds in order

that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Series 1990 C Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1990 C Bonds.

Yours very truly,

STEPTOE & JOHNSON

11/12/90
FCRJ.I3
29212/88002

LAW OFFICES
JENIVER JAMES JONES
GIVEN BUILDING - 184 MAIN STREET
SUTTON, W. VA. 26601
TELEPHONE 765-5201

November 14, 1990

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

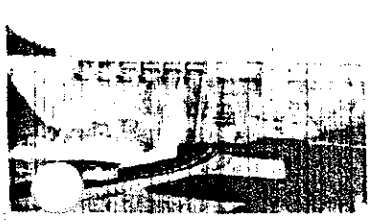
West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

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

Ladies and Gentlemen:

I am counsel to Flatwoods-Canoe Run Public Service District, a public service district, in Braxton County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, relating to the above-captioned Bonds of the Issuer (the "Bonds"), a loan agreement and supplemental loan agreement, both dated November 14, 1990, and both by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents, papers, agreements, instruments and certificates relating to the Bonds and orders of the County Commission of Braxton County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in said opinions, the Local Act and the Loan Agreement and not otherwise defined herein have the same meanings as therein when used herein.

18



SUTTON DAM
and Reservoir
On Beautiful Elk River
SUTTON, W. VA.
A Wonderful Spot For
Boating, Hunting, Fishing
Camping, Etc.

I am of the opinion that:

1. The Issuer is a duly organized and validly existing public service district 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 Local Act 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 Local Act, 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 Braxton County 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 time for appeal of the final order of the Public Service Commission of West Virginia entered September 20, 1990, in Case No. 89-708-PSD-CN, among other things, approving and consenting to the issuance of the Bonds and granting to the Issuer a certificate of public convenience and necessity for the Project has expired prior to the date hereof without any appeal.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, 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 Local Act, 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.

Very truly yours,

Jeniver J. Jones

11/11/90
FCRJ.V3
29212/88002

LAW OFFICES
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TELEPHONE 765-5201

November 14, 1990

Flatwoods-Canoe Run Public Service District
$1,118,000 Sewer Revenue Bonds, Series 1990 C

Flatwoods-Canoe Run Public
Service District
Sutton, West Virginia 26601

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26302

Ladies and Gentlemen:

I am counsel to Flatwoods-Canoe Run Public Service District, a public service district, in Braxton County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the preliminary approving opinion of Steptoe & Johnson, as bond counsel, relating to the above-captioned Bonds of the Issuer (the "Bonds"), the Local Act (as defined in such opinion), other documents and papers relating to the Issuer and the Bonds and orders of The County Commission of Braxton County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in the Local Act and not otherwise defined herein have the same meanings as in the Local Act when used herein.

I am of the opinion that:

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

2. 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.

SUTTON DAM
and Reservoir
On Beautiful Elk River
SUTTON, W. VA.
A Wonderful Spot For
Boating, Hunting, Fishing,
Camping, Etc.

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Local Act, 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 instrument, document or agreement 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.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due 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 have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Braxton County and the Public Service Commission of West Virginia, and the Issuer has duly 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 duly published a notice of the acquisition and construction of the Project, 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.

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

Very truly yours,

Jeniver J. Jones

JJJ:llc

(LETTERHEAD OF JENIVER J. JONES)

(Form of Final Opinion of Counsel to Issuer)

_____, 19_____
[To be dated the date of final closing]

Flatwoods-Canoe Run Public Service District
$1,118,000 Sewer Revenue Bonds, Series 1990 C

Flatwoods-Canoe Run Public
Service District
Sutton, West Virginia

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26302

Ladies and Gentlemen:

I am counsel to Flatwoods-Canoe Run Public Service District, a public service district, in Braxton County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the final approving opinion of Steptoe & Johnson, as bond counsel, relating to the above-captioned Bonds of the Issuer (the "Bonds"), the Local Act (as defined in such opinion), other documents and papers relating to the Issuer and the Bonds and orders of The County Commission of Braxton County relating to the Issuer and the appointment of members of Public Service Board of the Issuer. Terms used in the Local Act and not otherwise defined herein shall have the same meanings as in the Local Act when used herein.

I am of the opinion that:

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

2. 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.

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Local Act, 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 instrument, document or agreement 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.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid 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 have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Braxton County 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 duly published a notice of the acquisition and construction of the Project, 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.

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

Very truly yours,

JENIVER J. JONES

11/12/90
FCRJ.K3
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

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. GRANTS
11. LOAN AGREEMENT
12. RATES AND PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Flatwoods-Canoe Run Public Service District, in Braxton County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $1,199,780, aggregate principal amount of Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 A and Series 1990 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Bond and Notes Resolution of the Issuer adopted November 14, 1990, and a Supplemental Resolution adopted November 14, 1990 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant Receipts or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants 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, the receipt of the Grant Receipts or such pledge or application of moneys and security 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 Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the 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 entered into between the Issuer and the Authority. The Issuer's Sewer Revenue Bonds, Series 1990 C, issued concurrently herewith in the aggregate principal amount of $1,118,000, are, except as otherwise provided in the Local Act, issued on a parity with respect to liens, pledges, sources of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990 A, and senior and prior with respect to liens, pledges, sources of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990 B, and such Series 1990 C Bonds have been sold to the United States Department of Agriculture, Farmers Home Administration. There are no other outstanding debt obligations of the Issuer which are secured by any revenues and/or assets of the System. The Issuer does have outstanding its $152,000 Water System Revenue Bonds, dated January 1, 1971, which are not payable from or entitled to any lien on or pledge of any of the revenues of the System or a statutory mortgage lien thereon.

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:

Orders of County Commission proposing, creating, consolidating and expanding the Public Service District and Affidavits of Publication (if available).

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

Oaths of Office of current members of Public Service Board.

Bond and Notes Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing.

Minutes of 1990 Organizational Meeting of Public Service Board.

Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution.

Loan Agreement and Supplemental Loan Agreement.

EPA Grant Agreement, with Part B Amendment.

ARC Grant Agreement.

Farmers Home Administration Grant Agreement.

Public Service Commission Final Order entered September 20, 1990.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Flatwoods-Canoe Run Public Service District." The Issuer is a public service district and public corporation duly created by the County Commission of Braxton 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
Harley Brown	August, 1989	December, 1990
Dale L. Leavitt	January, 1988	December, 1993
Johnnie R. Tinney	January, 1989	December, 1994

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 1990 are as follows:

Chairman	-	Dale L. Leavitt
Secretary	-	Johnnie R. Tinney
Treasurer	-	Harley Brown

The duly appointed and acting counsel to Issuer is Jeniver J. Jones, Sutton, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the 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 Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all

times during all such meetings. 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 Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Local Act is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS: As of the date hereof, the United States Environmental Protection Agency has committed to the Issuer a grant in the amount of $3,703,920, Farmers Home Administration has committed to the Issuer a grant in the amount of $500,000 and the Appalachian Regional Commission has committed to the Issuer a grant in the amount of $1,000,000. Each such grant is, as of this date, in full force and effect.

11. 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.

12. RATES AND PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on September 20, 1990 (Case No. 89-708-PSD-CN), among other things, granting to the Issuer a Certificate of Public Convenience and Necessity for the Project, approving and rates and charges for the services of the System and approving and consenting to the issuance of the Bonds and the financing for the Project, 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 and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds, all dated November 14, 1990, by his manual signature, and the undersigned

Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate the Bonds 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 from the Authority the agreed purchase price of the Bonds, being $1,199,780 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, issuance of the Bonds and 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 Official 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. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially execute an IRS Form 8038-G and will cause a completed and executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true and correct.

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on this 14th day of November, 1990.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

11/12/90
FCRJ.W4
29212/88002

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE CRANFORD, NEW JERSEY 07016

(Preliminary Certificate)

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1990 C

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. INFORMATION RETURN
18. RELIANCE

We, the undersigned CHAIRMAN and MEMBER and the undersigned SECRETARY of the Public Service Board of Flatwoods-Canoe Run Public Service District, of Braxton County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 C, No. CR-1, dated the date hereof, fully registered, in the principal amount of $1,118,000, and bearing interest at the rate of 5% per annum (the "Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds have been duly awarded to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, as amended, the Bond and Notes Resolution of the Issuer adopted November 14, 1990, and as appears in Section 12 of the Supplemental Resolution of the Issuer also adopted November 14, 1990, collectively authorizing issuance of the Bonds (such Bond and Notes Resolution and

Supplemental Resolution are herein collectively called the "Bond Resolution" or "Resolution"). The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the System, herein defined and described, located within the boundaries of the Issuer. The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant moneys committed for the System (herein defined); nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or said Public Service Board (the "Governing Body"), or the title of the members and officers thereof to their respective offices; nor questioning the acquisition, construction or operation of the sewerage system of the Issuer constituting public service properties (the sewerage system is herein called the "System"), a portion of the cost of which is being permanently financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition, construction and 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 System have been solicited in accordance with Chapter 5, Article 22, Section 1 of the official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the System.

The Sewer Revenue Bonds, Series 1990 A, of the Issuer (the "Series 1990 A Bonds"), issued concurrently herewith in the aggregate principal amount of $1,147,938, are issued on a parity with respect to liens, pledge and source of and security for payment with the

Bonds. The Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued concurrently herewith in the aggregate principal amount of $51,842, are junior and subordinate with respect to liens, pledge and source of and security for payment to the Bonds. Both the Series 1990 A Bonds and the Series 1990 B Bonds are being sold to the West Virginia Water Development Authority.

Except for the Series 1990 A Bonds and the Series 1990 B Bonds issued concurrently herewith, the Issuer does not have any outstanding debt obligations payable from and/or entitled to any lien on or pledge of any of the revenues or assets of the System, or a statutory mortgage lien thereon. The Issuer does have outstanding its $152,000 Water System Revenue Bonds, dated January 1, 1971, which are not payable from or entitled to any lien on or pledge of any of the revenues of the System or a statutory mortgage lien thereon.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures, and said officers are duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

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

> Certified copy of the orders of The County Commission of Braxton County proposing the creation and expansion of the Public Service District and the Affidavits of Publication with respect thereto (if available).
>
> Certified copies of the orders of The County Commission of Braxton County creating, consolidating and expanding the Public Service District and appointing members to the Public Service Board.
>
> Certified copies of the oaths of office of members of Public Service Board.

Grant Agreement with Farmers Home Administration.

Grant Agreement with Environmental Protection Agency, with Part B approval.

ARC Grant Agreement.

Affidavit of Publication on Borrowing.

Rules of Procedure of the Public Service Board.

Bond and Notes Resolution.

Supplemental Resolution.

Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution.

Minutes of Organizational Meeting (current year).

Public Service Commission Final Order entered September 20, 1990.

The undersigned Chairman hereby covenants that he will file tariffs pursuant to said Final Order of the Public Service Commission when the completion date of the System is definitely known, or has caused or will cause such tariffs to be filed in accordance with said Order.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Flatwoods-Canoe Run Public Service District" and its principal office and place of business are in Braxton County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 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
Harley Brown	August, 1989	December, 1990
Dale L. Leavitt	January, 1988	December, 1993
Johnnie R. Tinney	January, 1989	December, 1994

The names of the duly elected, appointed, qualified and acting officers of said Board of the Issuer for the calendar year 1990 are as follows:

Chairman	-	Dale L. Leavitt
Secretary	-	Johnnie R. Tinney
Treasurer	-	Harley Brown

The duly appointed and acting Attorney for the Issuer is Jeniver J. Jones, Esquire, of Sutton, West Virginia.

8. DELIVERY AND PAYMENT: On the date hereof, Bond No. CR-1 was delivered to the Purchaser at Sutton, West Virginia, by the undersigned Chairman for the purposes herein set forth, and at the time of such delivery, the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of Bond No. CR-1, the amount of $154,000 was received by the undersigned Chairman, being a portion of the principal amount of Bond No. CR-1, the balance to be paid as acquisition and construction of the Project progresses.

Bond No. CR-1 is dated the date hereof, and interest on advances of principal thereof at the rate of 5% per annum is payable from the date of each respective advance.

The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, 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.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A, of the official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer has provided evidence that it will have at least 920 bona fide customers on the proposed System when it is completed and placed in operation, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. GRANTS: As of the date hereof, the grant from the Purchaser in the amount of $500,000, the grant from the Appalachian Regional Commission in the amount of $1,000,000 and the grant from the Environmental Protection Agency in the amount of $3,703,920 are committed and in full force and effect.

15. 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 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 issue of the Bonds, and none 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 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 shall 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").

16. 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.

17. INFORMATION RETURN: The information contained in the Information Return to be filed pursuant to Section 149(e) of the Code in connection with the issuance of the Bonds is true, complete and correct.

18. RELIANCE: The undersigned acknowledge that it is intended that interest on the Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson is rendering opinions on the date hereof to said effect, and that, in rendering said opinions, said firm is relying upon, among other things, the statements made herein.

WITNESS our signatures and the official seal of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on this 14th day of November, 1990.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman, Public Service District
_____	Secretary, Public Service District
_____	Attorney for Issuer

11/13/90
FCRJ.L4
29212/88002

(Form of Final Certificate)

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1990 C

FINAL COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. INFORMATION RETURN
18. NO ARBITRAGE
19. RELIANCE

We, the undersigned CHAIRMAN and MEMBER and the undersigned SECRETARY of the Public Service Board of Flatwoods-Canoe Run Public Service District, of Braxton County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 C, No. CR-1, dated November 14, 1990, fully registered, in the principal amount of $1,118,000, and bearing interest at the rate of 5% per annum (the "Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds have been duly awarded to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, as amended, the Bond and Notes Resolution of the Issuer also adopted _____, 19_____, and as appears in Section 12 of the Supplemental Resolution of the Issuer adopted _____,

19_____, authorizing issuance of the Bonds (the Bond and Notes Resolution and Supplemental Resolution are herein collectively called the "Resolution" or "Bond Resolution"). The Bonds have been issued to finance a portion of the cost of the acquisition and construction of the System, herein defined and described, located within the boundaries of the Issuer. The Bonds and the entire proceeds thereof have been and will be used for the purposes herein set forth and for no other purposes.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant moneys committed for the System (herein defined); nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or said Public Service Board (the "Governing Body"), or the title of the members and officers thereof to their respective offices; nor questioning the acquisition, construction or operation of the sewerage system of the Issuer constituting public service properties (the sewerage system is herein called the "System") a portion of the cost of which is being permanently financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition, construction and 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 System were solicited in accordance with Chapter 5, Article 22, Section 1 of the official West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the System.

The Sewer Revenue Bonds, Series 1990 A, of the Issuer (the "Series 1990 A Bonds"), issued in the aggregate principal amount of $1,147,938, were issued on a parity with respect to liens, pledge and source of and security for payment with the Bonds. The Sewer Revenue

Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $51,842, were issued junior and subordinate with respect to liens, pledge and source of and security for payment to the Bonds. Both the Series 1990 A Bonds and the Series 1990 B Bonds have been sold to the West Virginia Sewer Development Authority.

Except for the Series 1990 A Bonds and the Series 1990 B Bonds, the Issuer does not have any outstanding debt obligations payable from and/or entitled to any lien on or pledge of any of the revenues or assets of the System or a statutory mortgage lien thereon. The Issuer does have outstanding its $152,000 Water System Revenue Bonds, dated January 1, 1971, which are not payable from or entitled to any lien on or pledge of any of the revenues of the System or a statutory mortgage lien thereon.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bonds, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers were the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and were at the time of delivery of the Bonds duly authorized to execute and seal the Bonds for the Issuer.

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

Certified copy of the orders of The County Commission of Braxton County proposing the creation and expansion of the Public Service District and the Affidavit of Publication with respect thereto (if available).

Certified copies of the orders of The County Commission of Braxton County creating, consolidating and expanding the Public Service District and appointing members to the Public Service Board.

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

Grant Agreement with Farmers Home Administration.

Grant Agreement with Environmental Protection Agency, with Part B approval.

ARC Grant Agreement.

Affidavit of Publication on Borrowing.

Rules of Procedure of the Public Service Board.

Bond and Notes Resolution.

Supplemental Resolution.

Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution.

Minutes of Organizational Meeting (current year).

Public Service Commission Final Order entered September 20, 1990.

The undersigned Chairman hereby covenants that he will file tariffs pursuant to said Final Order of the Public Service Commission when the completion date of the System is definitely known, or has caused or will cause such tariffs to be filed in accordance with said Order.

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Flatwoods-Canoe Run Public Service District" and its principal office and place of business are in Braxton County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 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

The names of the duly elected, appointed, qualified and acting officers of said Board of said Issuer for the calendar year 19_____ are as follows:

Chairman -
Secretary -
Treasurer -

The duly appointed and acting Attorney for the Issuer is Jeniver J. Jones, Esquire, of Sutton, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On November 14, 1990, Bond No. CR-1 was delivered to the Purchaser at Sutton, West Virginia, by the undersigned Chairman for the purposes herein set forth, and at the time of such delivery, the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of Bond No. CR-1 the amount of $154,000 was received by the undersigned Chairman, being a portion of the principal amount of Bond No. CR-1. As of the date hereof, the entire principal amount of the Bonds has been paid to and received by the undersigned Chairman.

Bond No. CR-1 is dated November 14, 1990, and interest on advances of the principal thereof at the rate of 5% per annum is payable from date of each respective advance.

The Bonds and the entire proceeds thereof have been and will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, 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.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A, of the official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer has provided evidence that it has or will have at least 920 bona fide customers on the System, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to said the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

14. GRANTS: As of the date hereof, the grant from the Purchaser in the amount of $500,000, the grant from the Appalachian Regional Commission in the amount of $1,000,000 and the grant from the Environmental Protection Agency in the amount of $3,703,920 are committed and in full force and effect.

15. 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 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 issue of the Bonds, and none 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 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 shall 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").

16. NO FEDERAL GUARANTY: The Bonds have not been, 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.

17. INFORMATION RETURN: The information contained in the Information Return filed pursuant to Section 149(e) of the Code in connection with the issuance of the Bonds was true, complete and correct.

18. NO ARBITRAGE: On the basis of the facts, estimates and circumstances in existence on the date hereof, it is reasonably expected and estimated as hereinafter set forth with respect to the Bonds and the proceeds thereof.

It is estimated that the total costs of acquisition and construction of the System will be not less than $_____. The said total costs are expected to be permanently financed with:

(i) $_____ of proceeds from the sale of the Bonds;

(ii) $_____ of proceeds from the sale of the Series 1990 A Bonds and the Series 1990 B Bonds; and

(iii) Grant moneys in the amount of $_____.

The purchase price of the Bonds, being $_____ (100% with no accrued interest being paid thereon), has been deposited in the Project Construction Trust Fund provided for in Article V, Section 5.01, of the Bond Resolution, has been and will be spent from such account to permanently finance part of the costs and expenses of the System, and for no other purposes. Amounts in the Project Construction Trust Fund, if invested, have been and will be invested without yield limitations for a period necessary to complete the System, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purposes.

The Issuer has heretofore entered into a contract for the acquisition and construction of the System, which contract obligates payment by the Issuer of not less than $100,000 and is a substantial binding commitment. The actual work of acquiring and constructing the System commenced during the month of _____, 19___. It is contemplated that such work will proceed with due diligence to completion, expected on or about _____, 19____.

The Issuer has heretofore expended, for payment of costs incurred in acquiring and constructing the System, approximately $_____, derived from (i) portions of the aforesaid grants and advances made against the principal amount of the Bonds, and (ii) short-term borrowings made in anticipation of the issuance and sale of the Bonds and which short-term borrowings will be fully repaid within 1 day following the issuance of the Bonds.

The proceeds derived by the Issuer from the sale of the Bonds were used, needed and fully expended, for payment of costs of acquiring and constructing the System (including the repayment of short-term borrowings referred to in the preceding paragraph) by no later than _____, 19___.

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 has been or 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.

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 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.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority and the Purchaser, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

Except for the Series 1990 C Bonds Reserve Account and the Renewal and Replacement Fund provided for under Article V, Section 5.01, of the Bond Resolution, and except as otherwise set forth herein, the Issuer has not created or established, and does not expect to create or establish, any sinking fund or other similar fund. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for debt service on the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. None of the moneys arising from the sale of the Bonds have

been or will be deposited in the Series 1990 C Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1990 C Bonds Reserve Account by the Issuer from time to time will not exceed maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1990 C 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 1990 C Bonds Reserve Account with regard to the Bonds is required by the Purchaser, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds. Principal of and interest on the Bonds have been and will be paid directly to the Purchaser out of revenues of the System in the Revenue Fund provided for with respect to the Bonds in Article V, Section 5.01, of the Bond Resolution, except to the extent otherwise set forth herein.

Except as otherwise allowed, investment earnings and profits have been and will be spent within a one-year period beginning on the date of receipt.

The original proceeds of the Bonds do not exceed the amount necessary for the purposes of the issue except to the extent such proceeds are subject to requirements for rebate to the United States.

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

The Issuer has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer that may not certify its bonds or that there is any disqualification of the Issuer because a certification made by the issuer contains a material misrepresentation.

Except for the Series 1990 A Bonds and the Series 1990 B Bonds, there are no other obligations of the Issuer which (a) were or are to be issued at substantially the same time as the Bonds, (b) were or are to be sold pursuant to a common plan of financing together with the Bonds and (c) have been or will be paid out of substantially the same source of funds or have or will have substantially the same claim to be paid out of substantially the same source of funds as the Bonds.

This certificate is being executed and delivered pursuant to Sections 103 and 148 of the Code and the undersigned Chairman of the Issuer is one of the officers of the Issuer charged by the Issuer with the responsibility of issuing the Bonds.

The undersigned Chairman is familiar with the facts, circumstances and estimates herein certified and is duly authorized to execute and deliver this certificate on behalf of the Issuer. This certificate may be relied upon as the certificate of the Issuer.

In the Bond Resolution, the Issuer has covenanted to not take, or permit or suffer to be taken, any action with respect to the gross proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has covenanted to not intentionally use any portion of the proceeds of the issue 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 Section 148 of the Code. The Issuer, in the Bond Resolution, has further covenanted that it will take all actions that may be required of it so that the interest on the 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 the result of which would adversely affect such exclusion.

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 did not occur sooner than otherwise necessary, nor are the Bonds in a principal amount greater than otherwise necessary or to be outstanding longer than otherwise necessary.

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.

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

To the best of our knowledge, information and belief, the above expectations are reasonable.

19. RELIANCE: The undersigned acknowledge that it is intended that interest on the Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson is rendering opinions on the date hereof to said effect, and that, in rendering said opinions, said firm is relying upon, among other things, the statements made herein.

WITNESS our signatures and the official seal of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT on this _____ day of _____, 19_____.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman, Public Service District
_____	Secretary, Public Service District
_____	Attorney for Issuer

11/13/90
FCRJ.M4
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A and Series 1990 C

CERTIFICATE AS TO ARBITRAGE

I, Dale Leavitt, Chairman of the Public Service Board of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT, in Braxton County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,147,938 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A, of the Issuer, dated November 14, 1990 (the "Series 1990 A Bonds" or "Local Bonds"), and for the issuance of $1,118,000 aggregate principal amount of Sewer Revenue Bonds, Series 1990 C, of the Issuer, dated November 14, 1990 (the "Series 1990 C 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, hereinafter defined. 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.

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 that may not certify its bonds or 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 November 14, 1990, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof or for more than a de minimis amount of the proceeds thereof as to the Series 1990 C Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond and Notes Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it will 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 any of the 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 Bonds) so that the interest 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 Series 1990 A Bonds and the $51,842 aggregate principal amount of Series 1990 B Bonds (the "Series 1990 B Bonds or "Supplemental Bonds"), which Series 1990 B Bonds bear no interest, were sold on November 14, 1990, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $1,199,780 (100% of par). The Series 1990 C Bonds were sold on November 14, 1990, to the United States of America, Farmers Home Administration (the "Purchaser"), for an aggregate purchase price of $1,118,000 (100% of par), of which $154,000 was received on the date hereof, which is more than a de minimis amount of the proceeds of the Series 1990 C Bonds. No accrued interest has been or will be paid on any of the Bonds. The Series 1990 B Bonds are junior and subordinate to the Series 1990 A Bonds and the Series 1990 C Bonds. The Series 1990 A Bonds and Series 1990 C Bonds are on a parity with each other. The Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds are collectively herein referred to as the "Bonds."

7. The Series 1990 A Bonds and Series 1990 C 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 new sewerage facilities of the Issuer (the "Project"); (ii) paying the interest on the respective two series of Bonds during construction of the Project and for not more than 6 months thereafter; and (iii) paying costs of issuance thereof. The Series 1990 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance of the Series 1990 B Bonds.

8. The Issuer will, on the date hereof, 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 and construction of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and any proceeds deposited in the respective Reserve Accounts for the Bonds, 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 November, 1992, 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 November, 1992.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $7,558,590. Sources and uses of funds for the Project are as follows:

Sources	
Gross proceeds of Series 1990 A Bonds	$1,147,938
Gross proceeds of Series 1990 B Bonds	51,842
Gross proceeds of Series 1990 C Bonds	1,118,000
EPA Grant	3,703,920
ARC Grant	1,000,000
FmHA Grant	500,000
Anticipated Investment Earnings	36,890
Total Sources	$7,558,590
Uses	
Acquisition and Construction of Project	$7,389,190
Capitalized Interest in the Series 1990 A Bonds	139,400
Funded Reserve for Series 1990 A Bonds	-0-
Funded Reserve for Series 1990 B Bonds	-0-
Funded Reserve for Series 1990 C Bonds	-0-
Costs of Issuance	30,000
Total Uses	$7,558,590

The amount of Project costs not expected to be reimbursed or paid from grants and Series 1990 B Bond proceeds is estimated to be at least

equal to the gross proceeds of the Series 1990 A Bonds and the Series 1990 C Bonds. Except for the proceeds of the Series 1990 A Bonds, the Series 1990 B Bonds, the Series 1990 C Bonds, the grants and interest earnings during construction (to the extent not required for rebate to the United States under Section 148(f) of the Code), no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Bond and Notes Resolution pursuant to which the Bonds are issued, the following special funds or accounts have been created:

(1) Revenue Fund;

(2) Series 1990 C Bonds Reserve Account;

(3) Renewal and Replacement Fund;

(4) Bond Construction Trust Fund, and within the Bond Construction Trust Fund, Account One and Account Two;

(5) Series 1990 A Bonds Sinking Fund, and within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account;

(6) Series 1990 B Bonds Sinking Fund, and within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account; and

(7) Rebate Fund.

11. Pursuant to Article VI of the Bond and Notes Resolution pursuant to which the Bonds are issued, the proceeds of the Series 1990 A Bonds (and the Series 1990 B Bonds) will be deposited as follows:

(1) Series 1990 A Bond proceeds in the amount of $139,400 will be deposited in the Series 1990 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 1990 A Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 1990 A Bond proceeds in the amount of $-0- and Series 1990 B Bond proceeds in the amount of $-0-

will be deposited in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, respectively.

(3) Series 1990 A Bond and/or Series 1990 C Bond proceeds in the amount of $112,867.50 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(4) The balance of the proceeds of the Series 1990 A Bonds and the Series 1990 B Bonds will be deposited in Account One of 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.

The purchase price of the Series 1990 C Bonds will be advanced as requested by the Issuer and such advances will be deposited in Account Two of the Bond Construction Trust Fund and will immediately thereafter be spent to finance a portion of the Costs of the Project 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, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

All proceeds of the Bonds used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds will be applied to reimbursement of costs which the Issuer intended, at all times, to finance with proceeds of the Bonds, and none of such costs were paid or incurred prior to January, 1989.

12. Moneys held in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1990 A Bonds and the Series 1990 C Bonds on a parity basis and the Series 1990 B Bonds, respectively, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1990 A Bonds Sinking Fund and Series 1990 A Bonds Reserve Account, the Series 1990 B Bonds Sinking Fund and Series 1990 B Bonds Reserve Account and the Series 1990 C Bonds Reserve Account will be returned, not less than once each year, to the Issuer, and such amounts shall, during construction of the Project, be deposited into the Bond Construction Trust Fund, except as otherwise required by the regulations of the Purchaser as to earnings on the Series 1990 C Bonds Reserve Account, 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 payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

13. Except for the Series 1990 A Bonds Sinking Fund and the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Sinking Fund and Series 1990 B 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 Series 1990 A Bonds or the Series 1990 B Bonds, respectively, or which are pledged as collateral for the Series 1990 A Bonds or the Series 1990 B Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1990 A Bonds or the Series 1990 B Bonds, if the Issuer encounters financial difficulties, and except that the Series 1990 C Bonds Reserve Account is being held on a parity basis for the Series 1990 A Bonds and the Series 1990 C Bonds. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Series 1990 A Bonds or Series 1990 B Bonds. 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, 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 designation 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. -0-, constituting less than 10% of the moneys received from the sale of the Series 1990 A Bonds, will be deposited in the Series 1990 A Bonds Reserve Account or any other reserve or replacement fund, and -0-, constituting less than 10% of the moneys received from the sale of the Series 1990 B Bonds, will be deposited in the Series 1990 B Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1990 A Bonds Reserve Account and Series 1990 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively, and will not exceed 125% of average annual principal of and interest on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively. Amounts in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1990 A Bonds and the Series 1990 B Bonds, respectively, if invested, will be invested without yield limitation. The establishment of the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account are required by the Authority, are vital to its purchase of the Series 1990 A Bonds and the Series 1990 B Bonds, respectively, and are reasonably required to assure payments

of debt service on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively.

Except for the Series 1990 C Bonds Reserve Account and except as otherwise set forth herein, the Issuer has not created or established, and does not expect to create or establish, any sinking fund or other similar fund with respect to the Series 1990 C Bonds, and except that the Series 1990 A Bonds Sinking Fund and the Series 1990 A Bonds Reserve Account are being held on a parity basis for the Series 1990 A Bonds and the Series 1990 C Bonds, subject to any limitations in the Bond and Notes Resolution pursuant to which the Bonds are issued. The Issuer does not expect the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Series 1990 C Bonds. 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, 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 Series 1990 C Bonds have been or will be pledged to payment of the Series 1990 C Bonds. None of the moneys arising from the sale of the Series 1990 C Bonds will be deposited in the Series 1990 C Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1990 C Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 1990 C Bonds and will not exceed 125% of average annual principal and interest on the Series 1990 C Bonds. Amounts in the Series 1990 C Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1990 C Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1990 C Bonds Reserve Account is required by the Purchaser, is vital to its purchase of the Series 1990 C Bonds and is reasonably required to assure payments of debt service on the Series 1990 C Bonds. Principal of and interest on the Series 1990 C Bonds will be paid directly to the Purchaser out of revenues of the System in the Revenue Fund, except to the extent otherwise provided herein.

Because amounts in the Rebate Fund and the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. The Issuer expects to enter into a contract within 6 months of 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 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 24 months.

16. 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.

17. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Series 1990 A Bonds and Series 1990 B Bonds to the Authority.

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

19. With the exception of the amount deposited in the Series 1990 A Bonds Sinking Fund for payment of interest on the Series 1990 A Bonds and amounts deposited in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, if any, all of the proceeds of the Series 1990 A Bonds and the Series 1990 B Bonds will be expended on the Project within 24 months from the date of issuance thereof.

20. The Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein) and the amounts paid to the Purchaser out of the Revenue Fund for debt service on the Series 1990 C Bonds are intended primarily to achieve a proper matching of payments of debt service on the Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds, respectively, each year. The Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund 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 Series 1990 A Bonds, the Series 1990 B Bonds and the Series 1990 C Bonds, respectively, or 1 year's interest earnings on the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than the Series 1990 A

Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund, respectively. Except as otherwise allowed, any money deposited in the Series 1990 A Bonds Sinking Fund and in the Series 1990 B Bonds Sinking Fund for payment of the principal of or interest on the Series 1990 A Bonds and the Series 1990 B Bonds, respectively (other than the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account therein), and such portions of the Revenue Fund 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 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund (other than in the Series 1990 A Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund will be spent within a 1-year period beginning on the date of receipt.

21. All the proceeds of the Series 1990 A Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of July 11, 1990.

22. 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.

23. 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.

24. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

25. 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.

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

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

28. 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 any of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of any of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

29. 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.

30. The Issuer will rebate to the United States the amount, if any, required by the Code and 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 on the Bonds from gross income for federal income tax purposes.

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

32. The Issuer has either (a) funded the Series 1990 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 1990 A Bonds in the then current or any succeeding year with the proceeds of the Series 1990 A Bonds, or (b) created the Series 1990 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1990 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 1990 A Bonds in the then current or any succeeding year. Moneys in the Series 1990 A Bonds Reserve Account and the local sinking fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Series 1990 A Bonds on a parity with the Series 1990 C Bonds and will not be available to meet the cost of the Project.

33. The Issuer shall submit to the Authority and the Purchaser 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 and the Purchaser 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. 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 any interest thereon.

34. The Issuer has retained the right to amend its authorizing documents if such amendment is 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 from gross income for federal income tax purposes of interest on the Bonds.

35. 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 any of the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

36. The Issuer will expend the gross proceeds of the Bonds (other than any gross proceeds held in the Series 1990 A Bonds Sinking Fund and the Series 1990 B Bonds Sinking Fund) for the Project no later than the day which is two years after the date of issuance of the Bonds. The Issuer will expend the net proceeds (including, without limitation, investment proceeds earned before the close of the period involved on the investment of the sale proceeds of the Bonds) of the Bonds for the Project within the following periods beginning on the date of issuance of the Bonds:

Not less than 10 percent within 6 months,

Not less than 45 percent within 1 year,

Not less than 75 percent within 18 months, and

Not less than 100 percent within 2 years

(except for a reasonable retainage not exceeding 5% of the net proceeds of the Bonds which will be spent within 3 years). The Issuer shall, within 30 days after the end of each six month period described above, and every six month period thereafter until all the proceeds of the Bonds have been expended for the Project, certify to the Authority the amount of expenditure from Bond proceeds as of the end of such period. The Issuer has elected the application of Section 148(f)(4)(B)(iv)(V) of the Code to the Bonds and has agreed to pay a penalty with respect to the close of each 6-month period

after the date the Bonds are issued equal to 1-1/2 percent of the amount of the net proceeds of the Bonds which, as of the close of such period, are not spent as set forth in this paragraph. At least 75% of the net proceeds of the Bonds are to be used for construction expenditures with respect to property owned by the Issuer, and the Project will be owned by the Issuer.

37. 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 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 Bond and Notes Resolution authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established under the Bonds and Notes Resolution and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

38. The Bonds are a fixed yield issue. No interest or other amount payable on any of 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.

39. 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.

40. 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.

41. The transactions contemplated herein do 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.

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

43. 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.

44. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 1990 A Bonds and the Series 1990 C Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 14th day of November, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By _____
Its Chairman

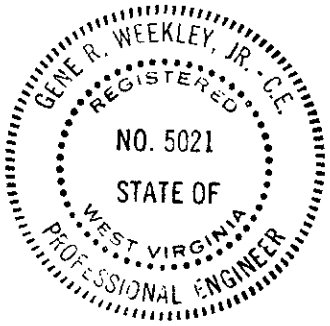
11/13/90
FCRJ.DD3
29212/88002

CERTIFICATE

The undersigned certifies that I am duly authorized to execute this Certificate on behalf of Kelley, Gidley, Blair & Wolfe, Consulting Engineer for Flatwoods-Canoe Run Public Service District (the "Issuer"), and, based on the plans and specifications prepared by my firm and the anticipated construction schedule and schedule of expenditures of the proceeds of the Bonds (as defined in the Certificate as to Arbitrage to which this Certificate is attached), the representations set forth in Paragraph 36 of such Certificate as to Arbitrage are reasonable. This Certificate may be relied upon by the Issuer for purposes of electing the two-year spend-down exception to the rebate requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended.

Dated: November 14, 1990

[SEAL]



KELLEY, GIDLEY, BLAIR & WOLFE

By _____

Its VICE PRESIDENT

11/12/90
FCRJ.EE3
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

ENGINEER'S CERTIFICATE

I, GENE R WEEKLEY JR, Registered Professional Engineer, West Virginia License No. 5021, of Kelley, Gidley, Blair & Wolfe, Inc., consulting engineers, of Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of a new sewerage system (the "Project") of Flatwoods-Canoe Run Public Service District in Braxton County, West Virginia (the "Issuer"). Certain costs of such acquisition and construction are being financed by proceeds of the above-captioned bonds (the "Bonds") and certain grant proceeds from the Environmental Protection Agency, the Appalachian Regional Commission and the Farmers Home Administration.

2. I hereby further certify that (i) my firm will take all reasonable steps to ensure that the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto, and as described in the Application submitted to the West Virginia Water Development Authority (the "Authority") and approved by all necessary governmental bodies and will be situate wholly or chiefly within the boundaries of the Issuer; (ii) the Project is adequate for the purpose for which it was designed and all applicable and necessary governmental approvals, consents, exemptions, authorizations, certificates and permits for the acquisition and construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for acquisition and construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of acquisition and construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for acquisition and construction of the Project and, to the extent presently obtainable, the operation of the System; (v) the acquisition and construction of and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less

than 40 years; (vii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and the Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application submitted to the Authority as of the date of the Loan Agreement; and (ix) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 14th day of November, 1990.

[SEAL]

KELLEY, GIDLEY, BLAIR & WOLFE, INC.

By _____
Its VICE PRESIDENT

11/11/90
FCRJ.N4
29212/88002

EXHIBIT A

Revised

DATE: November 12, 1990

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Flatwoods-Canoe Run PSD

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

A. Cost of Project

1.	Construction	$ 5,729,107.00	
2.	Technical Services	$ 965,891.00	
3.	Legal and Fiscal	$ 75,000.00	
4.	Administrative	$ 45,000.00	
5.	Site and Other Lands	$ 53,330.00	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: WDA - Step 1 & 2)	$ 112,868.00	
7.	Interim Financing Costs	$ 75,000.00	
8.	Contingency	$ 342,994.00	
9.	Total of Lines 1 through 8		$ 7,399,190.00

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	Environmental Protection Agency	$	
			$ 3,703,920.00	
11.	State Grants:[1] (Specify Source)	Appalachian Regional Council	$	
			$ 1,000,000.00	
			$	
			$	
12.	Other Grants:[1] (Specify Source)	Farmers Home Administration Grant	$ 500,000.00	
			$	
13.	Any Other Source[2] (Specify)	Farmers Home Administration Loan	$ 1,118,000.00	
		Interest Earnings	$ 36,890.00	
14.	Total of Lines 10 through 13			$ 6,358,810.00
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 1,040,380.00

C. Cost of Financing

16.	Capitalized Interest (WDA Loan - 18 Months) (Construction period plus six months)	$ 139,400.00	
17.	Funded Reserve Account[3]	$	
18.	Other Costs[4]	$ 20,000.00	
19.	Total Cost of Financing (Lines 16 through 18)		$ 159,400.00
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 1,199,780.00

SIGNATURE OF ENGINEER

Dated: November 14, 1990

SIGNATURE OF CHAIRMAN

Dated: November 14, 1990

Smith, Cochran & Hicks
Certified Public Accountants

Charles S. Smith
Gary L. Cochran
Dennis R. Hicks
Mary A. Kern

400 Capitol Street, Suite 200
P.O. Box 2146
Charleston, West Virginia 25301
(304) 345-1151 FAX (304) 346-6731

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

Re: Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, entered September 20, 1990, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Kelley, Gidley, Blair & Wolfe, consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Flatwoods-Canoe Run Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1990 A and Series 1990 B, to be issued to the West Virginia Water Development Authority, and the Sewer Revenue Bonds, Series 1990 C, to be issued to the United States of America, Farmers Home Administration, and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds, if any.

Respectfully,

Todd F. Dingess, CPA
Smith, Cochran & Hicks
Certified Public Accountants

November 14, 1990

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The following claims were issued-----General County Fund

743	State Auditor	Social Security Oct.,Nov.,Dec.,1966	1365.30
744	Director of Internal Revenue	Withholding, Oct.,Nov., Dec., 1966	1298.00
745	State Tax Commissioner	State Tax, Oct ,Nov.,Dec., 1966	81.17
746	W.Va. Publ Employ Ret. System	Employee Contribution	170.96
747	W.Va. Publ.Employ Ret. System	Employer Contribution	293.10
748	M. O. Given	Coroners Fee	5.00
749	Merlene Campbell	Extra Help,Cir. Clerk less 2.52 SS	57.48
750	Forrest Groves	Jury Commissioner	75.00
751	Joseph Gregory	Jury Commissioner	75.00
752	Henry & Hardesty, Inc.	Insurance for Sheriff	40.80
753	Shirley Conrad	Extra Help, Election	79.79
754	Richard Gibson	Mileage	3.99
755	Edward Helmick	Mileage	10 50
756	William M. Kidd	Copy of Marriage	2.06
757	William W. Jack	Postage	13.80
758	Braxton Central	Printing	27.60
759	Braxton Democfat	Printing	27.60

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No further business coming before the Court they do now adjourn to meet January 3, 1967.

Herbert Moore President

JANUARY 3, 1967

The County Court sat pursuant to their last regular meeting of December 22, 1966.

Present, Herbert Moore, Aubrey Robertson and Berk D. Marple.

The Court re-organized by electing Herbert Moore, President for the ensuing year.

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The Court voted to meet the 1st Tuesday of each month from nine o/clock A.M. to four o'clock PM.

//

Herbert Moore was elected a member of the Western District Guidance Clinic Committee.

//

A motion was made seconded and voted on to buy a 1965 Mercury Comet car from Bruce Stutler for $1600.00. Pay him $25.00 rent per month until July and the amount paid for rent to be deductible from the $1600.00 and the balance paid in July.

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Aubrey C. Robertson was elected a member of the Braxton County Planning Commission.

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The County Court set February 1, 2, 3, 8, 9, 10, 15 and 16th to meet as a Board of Equalization. Any assessment made by the Assessor and not objected to at their meetings will be final after adjournment of the Board.

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IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
CANOE RUN PUBLIC SERVICE DISTRICT.

WHEREAS, on the 10th day of December, 1966, came Jeniver J. Jones, Attorney at Law, and presented a Petition of approximately one hundred fifteen, (115), legal voters resident within the limits of the proposed Canoe Run Public Service District, and moved the Court to file said Petition and to fix a date of hearing in Braxton County, West Virginia on the creation of the proposed public service district; and,

WHEREAS, and being proper so to do, this Court on the 10th day of December, 1966 unanimously sustained said motion, and also on its own motion, ordered the Clerk of this Court to have published at leawst once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia stating, in part and in substance, that the public hearing before this Court would be held at the Town of Sutton, inthe Courthouse of Braxton County, West Virginia, on the 3rd day of January, 1967, starting at 1:00 o'clock, P.M., for the purpose of hearing any and all persons residing in, or owning or having any interest in property in such proposed public service district, for or against its creation, and at said hearing this Court would consider and determine the feasibility of the creation of the proposed public service district and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, the Clerk of this Court caused to have published in the Braxton Democrat in the issues of December 15th and 22nd, 1966 the following notice, namely:

"LEGAL PUBLICATION

NOTICE OF PUBLIC HEARING FOR
CREATION OF CANOE RUN PUBLIC
SERVICE DISTRICT

NOTICE TO ALL PERSONS RESIDING
IN, OR OWNING, OR HAVING ANY
INTEREST IN PROPERTY IN THE
PROPOSED CANOE RUN PUBLIC
SERVICE DISTRICT:

You are hereby notified that pursuant to an order entered on the 10th day of December, 1966, by the County Court of Braxton County, West Virginia, the County Court of Braxton County, West Virginia will hold a public hearing in the Courthouse at Sutton in Braxton County, West Virginia starting at 1:00 o'clock p.m., on the 3rd day of January 1967, for the purpose of hearing any and all persons residing, or owning or having any interest in property, in the proposed public service district, for or against its creation, and at said hearing said County Court shall consider and determine the feasibility of the creation of the proposed district and shall determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area: that a Petition was officially filed with said County Court on the 10th day of December, 1966 of approximately one hundred fifteen (115) legal voters resident within the owning real property within the limits of the proposed public service district; that the territory to be embraced within said prpppsed public service

district is [illegible]

commencing at the Town of Gassaway immediately adjacent to the area in said Town of Gassaway immediately adjacent to the area in said Town of Gassaway presently serviced by the West Virginia Water Service Companu, the centerline to be Elk River and extending on each side of Elk River for a distance of two m iles, and going upstream of said Elk River through a portion of said Otter District to and terminating at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, or its successor in title and in name.

Given under my handthis 10th day of December, 1966.

William W. Jack,
Clerk of the County Court of
Braxton County, West Virginia.

Dc Dec. 15-22"; and,

WHEREAS, this Court convened on this the 3rd day of January, 1967, at one of its regular sessions, and starting at 1:00 o'clock, P.M. proceeded to have and to hold, said public hearing for the reasons aforesaid, for the reasons stated in said notice, and for reasons as provided by the applicable statutes and laws of the State of West Virginia; and,

Whereas, this Court heard all persons for and against the creation of said proposed public service district; and, after mature consideration this Court is of the opinion that said proposed public service district should be created, the creation of such proposed public district being feasible, and being conducive to the preservation of public health, comfort, and convenience of such area; and,

WHEREAS, no written protest was filed by anyone agains said proposed public district.

It is, therefore, hereby ordered that there be, and hereby is, cmated a public service district, to be called and known as the Canoe Run Public Service District; that the territory to be embraced within said public service district is located in the magisterial district of Otter in Braxton County, West Virginia, commencing at the Town of Gassaway immediately adjacent to the area in said Town of Gassaway presently serviced by West Virginia Water Service Company, the center line to be Elk River, and extending on each side of Elk River for a distance of two miles, and going upstream of said Elk River through a portion of said Otter Magisterial District, to and terminating at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, or its successor in title and name; that said Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor; and that said Canoe Run Public Service District, in compliance with Chapter 16, Article 13-A, Section 3, (Michie's Code Serial Section 1409 (38C)) shall be from the date hereof a public corporation and political subdivision of the State of West Virginia with power of perpetual succession.

//

IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
CANOE RUN PUBLIC SERVICE DISTRICT.

On the 3rd day of January, 1967, at one of its regular sessions, and after this Court had by a prior order created the Canoe Run Public Service District, this Court enquired of and sequested, the persons present to recommend three persons to serve on and to constitute the board of said district.

Whereupon, the persons present unanimously recommended that Perris Brady of Gassaway, William Abruzzino of Gassaway, and Wallace Clowser of Gassaway, be appointed such board members.

It is therefore, ordered that Perris Brady, William Abruzzino, and Wallace Clowser, be, and hereby are, appointed board members of the Canoe Run Public Service District, and that Wallace Clowser shall serve for a term of two years, and that William Abruzzino shall serve for a term of four years, and that Perris Brady shall serve for a term of six years as such board members of said district, all starting on the first day of January 1967, for their respective terms of office; and that said three members of said board shall meet at the office of the Clerk of the County Court of Braxton County, West Virginia as soon as practicable after this appointment and shall qualify by taking the oath of office as provided by law.

//

The Court re-approved the budget of the County Clerk originally approved by the Count for fiscal year starting July 1966, said budget approved a $50.00 per month raise for office deputies of said Clerk's Office. Said budget was approved for the remainder of the 1966-67 fiscal year, after a letter was read from the State Tax Commissioner approving this. The raise originally approved by the Court had not been taken. Letter from the Tax Commissioner is as follows: This would make a salary of $375.00 per month.

Mr. William W. Jack, Clerk
Braxton County Court
Sutton, W. Va.

Dear Mr. Jack

This will acknowledg receipt of your letter dated December 27, 1966, relative to the revision of your Levy Estimate (Budget) for the fiscal year 1966-67. You wish to make the following revisions: Decrease: Item 26, Courthouse expense, $400.00; Item 28, Furniture and Fixtures, $1,000; Item 39, Telephone and Telegrapha,$500; Item 44,Lunacy, $500; Increase Item 2, Deputy Clerks County Clurt, Assistants and Employees, $1200; Item 6, Deputy Sheriffs, Assistants and Employee $1200.

Under the provisions of Chapter 11, Article 8, Sections 14b, 26 and 26a, of the West Virginia Code, as amended, the Tax Commissioner may authorize the revisions of the annual approved Levy Estimates to permit expenditures for purposes for which no, or insufficient, appropriation was made in the original Levy Estimate. In view of these provisions of the Code, this department will not disturb the proposed use of funds, provided such expenditures are made in godd faith, and furtheer provided such expenditures do not create a deficit for the Braxton County Court for the fiscal yearrending June 30, 1967.

Very truly yours,

Fairfax Brown, Director
Assessment and Levies.

//

The following claims were issued--------General County Fund

760	Hall & McChesney	Pema Plex Recording and storage	89.22
761	Jack Insurance Agency	Premium on Bonds	888.00
762	Charles W. Clayton	Mileage	35.20
763	William W. Jack	Postage	17.25
764	Ruby L. Holland	Mileage	19.26
765	Kyer Insurance Agency	Insurance Premium	81.00
766	Braxton Co. Health Dept.	Transfer of Funds	255.00
767	Eugene Facemire =	Per Diem 12/10 & 22, 1966	4.00
768	Herbert Moore	Per Diem " " " "	4.00
769	Beatrice Given	Per Diem " " " "	4.00

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 15 at page No. 389

Given under my hand and the seal of said Commission this 26th day of October, 19 90.

John D. Jordan SS Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

[redacted]

[redacted]

Journal Order Book No. 15/413

MAY 29, 1967

At a Special Meeting of the County Court of Braxton County, West Virginia on the 29th day of May, 1967, all members in attendance.

//

Resolved that the Court accept the bid for the construction of the Braxton County Airport by Kenton Meadows Co. a corporation and Meadows Stone and Paving, a corporation, submitted December 22, 1966, which acceptance of bid is subject to the approval of the F. A. A. and further subject to the wage division dated February 2, 1967 and designated A. G. 5880.

All members present voting in the affiemative said resolution is unanimously adopted.

//

It is ordered this Court do now adjourn to meet June 6, 1967.

Herbert Moore President

JUNE 6, 1967

The County Court sat pursuant to their last meeting of May 29, 1967.

Present, Herbert Moore, President, Aubrey Robertson and B. D. Marple, Commissioners.

//

The minutes of the last meeting were read and approved.

//

All bills were approved as presented.

//

The County Court allowed the Janitor, Paul Goldsmith, an additional $30.00 per month salary.

//

The Home National Bank of Sutton, W. Va. and the Bank of Gassaway, Gassaway, W. Va. were approved as County Depositories and their bonds were approved as to sufficient form and amounts and ordered recorded and filed.

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The County Court agreed to pay the Orkin Exterminating Co., Inc. for service a year at a time and receive a 5% discount.

//

The Court approved the Sheriffs' Delinquent List for Real Estate and Personal Property.

//

The Clerk of this Court having on the 16th day of May, 1967, and during a recess of the regular term of this Court qualified Dice Steele for appointment as Notary Public in and for the County of Braxton, and the said Dice Steele having given bond as required by law and there being no objections thereto the same is confirmed by this Court.

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IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
PLATWOODS PUBLIC SERVICE DISTRICT

On the 6th day of June, 1967, came Jeniver J. Jones, Attorney at Law, and presented a Petition of approximately one hundred ten, (110), legal voters resident within the limits of the proposed Platwoods Public Service District, and moved the Court to file said Petition and to fix a date of hearing in Braxton County, West Virginia, on the creation

of the proposed public service district.

Whereupon, and being proper so to do, it is hereby ordered, in this regular session of this Court, that a public hearing shall be held at the Town of Sutton, in the Courthouse of Braxton County, West Virginia, on the 5th day of July, 1967, starting at 10:30 o'clock, A.M., for the purpose of hearing any and all persons residing in, or owning, or having any interest in property in such proposed public service district for or against its creation and at said hearing this Court shall consider and determine the feasibility of the creation of the proposed public service district and shall determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area.

It is further hereby ordered that the Clerk of this Court shall cause notice of said hearing to be publiched at least once in a newspaper of general circulation published in Braxton County, West Virginiam the first publication thereof to be at least ten days prior to said hearing, and in said notice said Clerk shall set forth a description of all of the territory proposed to be included therein, and shall set forth in said notice the purpose of said hearing as hereinbefore set out in this order.

It is hereby further ordered that the costs of said notice shall be paid for by the Petitioners, or someone for them, without any cost to this Court.

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IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN RE: THE MATTER OF TRANSFER
OF THE PROPERTY IN THE LAND
BOOKS OF BRAXTON COUNTY IN THE
NAME OF MENDAL MACE.

TO

O R D E R

WANDA DUFFIELD, CHILD AND
HEIR AT LAW OF JOHN MENDAL
MACE, DECEASED.

This day came the Petitioner, WANDA DUFFIELD, by her counsel, JENIVER J. JONES, and presented her Petition, and moved this Court to list and show in the Land Books of Otter District, Braxton County, West Virginia, the proper and correct interest of the Petitioner in the real estate now listed in the name of Mendal Mace, who is now deceased, and wo died intestate on the 28th day of April, 1966, and there being no objections to said motion, and t the Court being of the opinion that said motion whould be granted, it is, therefore, ORDERED,, that said property now listed in the name of MENDAL MACE in said Braxton County be hereafter listed in the name of this Petitioner, as set out in said Petition, and which shall be listed by the Assessor of Braxton County as follows:

The complete interest in ten (10) certain tracts or parcels of land, situate on the waters of Buffalo, Otter District, in the name of MENDAL MACE, namely: 74 acres, 50 acres, 28.1 acres, 1 acre, 15 acres, 36.4 acres, 4.5 acres, 33.25 acres, 53.75 acres and 65.5 acres; and an undivided one-half (1/2) interest now listed on said Land Books in the names of HARRY DUCKWORTH and MENDAL MACE, a tract of 35.38 acres; and an undivided one-half (1/2) interest in six (6) certain tracts or parcels of land conveyed to MENDAL MACE by PEARL E. BRADY, widow, by deed dated November 18, 1965, and of record in the Office of the Clerk of the County Court of said Braxton County, in Deed Book No. 289, at Page 705, all six tracts being as follows: 2.5 acres, 65 acres, 1 acre, 40 acres, and 38 acres; and all of said real estate being situate on the waters of Buffalo, in Otter District, Braxton County, West Virginia.

The reason for the transfer being that JOHN MENDAL MACE, deceased, died intestate, leaving surviving him one child and heir at law, the Petitioner herein, WANDA DUFFIELD, who

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 15 at page No. 413

Given under my hand and the seal of said Commission this 29th day of October 19 90

John D. Jordan SS Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

[redacted]

[redacted]

JULY 5, 1967

The County Court sat pursuant to their last meeting of June 7, 1967.

Present, Herbert Moore, President, Aubrey Robertson and B. D. Marple, Commissioners.

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The minutes of the last meeting were read and approved .

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All bills were approved as presented.

//

The County Court passed the following resolution:

Be it resolved that the County Court approved the Community Shelter plan for Braxton County and requested the distribution of same to all residents of Braxton County.

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The County Court requested the County Civil Defense director to request funds from the state (C.D.) to print and mail the community shelter plan.

//

The County Court requested that the doors to the Courthouse be left open on Saturday so the public could use the rest rooms/

//

On July 5, 1967, at a regular meeting of the Court, Norman M. Frame, member of the Sugar Creek Public Service District, tendered his resignation as a member of the board of the Sugar Creek Public Service District for the reason of his illness, and the other members of board of the Sugar Creek Public Service District recommended that this Court appoint Garnett James as ambmeber of the board of the Sugar Creek Public Service District to serve for the unexpired term of Norman M. Frame as such member of said district, the said Norman M. Frame having been appointed for a term of six (6) years starting on January 1, 1966.

The resignation of Norman M. Frame is hereby accepted and this Court hereby appoints Garnett James to serve for the unexpired term of Norman M. Frame as amember of the board of the Sugar Creek Public Service District, said term to expire on January 1, 1972, and that said Garnett James, as soon as possible after this appointment, shall qualify by taking the oath of office as provided by law.

Entered this 5th day of July, 1967.

The said Garnett James qualified .

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IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
PLATWOODS PUBLIC SERVICE DISTRICT.

WHEREAS, on the 6th day of June, 1967, came Jeniver J. Jones, Attorney at Law, and presented a Petition of approximately one hundred ten, (110), legal voters resident within the limits of the proposed Platwoods Public Service District, and moved the Court to file said and to fix a date of hearing in Braxton County, West Virginia, on the creation of the proposed public service district; and,

WHEREAS, and being proper so to do, this Court on the 6th day of June, 1967, unanimously sustained said motion, and also on its own motion, ordered the Clerk of this Court to have published at least once a notice of a public hearing in a newspaper of general publication in Braxton County, West Virginia, stating, in part and in substance, that the public hearing before this Court would be held at the Town of Sutton, in the Courthouse of Braxton County, West Virginia, on the 5th day of July, 1967, starting at 10:30 o'clock, A. M., for the purpose of hearing any and allpersons residing in, or owning, or having any interest in property

in such proposed public service district, for or against its creation, and at said hearing this Court would consider and determine the feasibility of the creation of the proposed public service district and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, the Clerk of this Court caused to have published in the Braxton Democrat in the issues of June 15th and 22nd, 1967, the following notice, namely:

"NOTICE OF PUBLIC HEARING
FOR CREATION OF FLATWOODS
PUBLIC SERVICE DISTRICT

NOTICE TO ALL PERSONS RESIDING
IN, OR OWNING, OR HAVING ANY
INTEREST IN PROPERTY IN THE
PROPOSED FLATWOODS PUBLIC
SERVICE DISTRICT:

You are hereby notified that pursuant to an order entered on the 6th day of June, 1967, by the County Court of Braxton County, West Virginia, the County Court of Braxton County, West Virginia will hold a public hearing in the Courthouse at Sutton, in Braxton County, West Virginia starting at 10:30 o'Clock, A. M. on the 5th day of July, 1967, for the purpose of hearing any and all persons residing in, or owning, or having any interest in property in the pr@posed public service district, for or against its creation, and at said hearing said County Court shall consider and determine the feasibility of the creation of the proposed district and shall determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience ofnauch area; that a Petition was officially filed with said County Court on the 6th day of June, 1967 of approximately one hundred ten, (110), legal voters resident within and owning real property within the limits of the proposed public service district; that the territory to be embraced within said proppsed public service district is located in three of the magisterial districts of Holly, Otter and Salt Lick, in Braxton County, West Virginia, commencing at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, the centerline to be Granny's Creek, and tributaries of Salt Lick Creek and extending on each side of Granny's Creek for a distance of two miles and extending on each side of tributaries of Salt Lick Creek, paralleling U. S. Route No. 19, a distance of two miles and terminating one mile north of the Village of Heaters in Salt Lick District.

Given under my hand this 6th day of June, 1967.

William W. Jack,
Clerk of the County Court of
Braxton County, West Virginia

Dc June 15-22"; and,

WHEREAS, this Court convened on this the 5th day of July, 1967, at one of its regular sessions, and starting at 10:30 o'clock, A.M. Proceeded to have, and to hold said public hearing for the reasons aforesaid, and for the reasons stated in said notice, and for reasons as provided by the applicable statutes and laws of the State of West Virginia; and,

WHEREAS, the Court heard all persons for and against the creation of said Flatwoods Public Service District, and considered the feasibility of the creation of the proposed district, and the matters applicable to the creation of said proposed public service district being feasible, and being conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, no written protest was filed by anyone against said proposed public district.

This Court on its own motion, and also based upon the said Petition, hereby orders that there be, and hereby is, created a public service district, to be called and known as the Platwoods Public Service District; that the territory to be embraced within said public service district is located in three of the magisterial districts of Holly, Otter and Salt Lick, in Braxton County, West Virginia, commencing at the Town of Sutton immediately adjacent to the area in said Town of Sutton presently serviced by the West Virginia Water Service Company, the center line to be Granny's Creek and tributaries of Salt Lick Creek, and extending on each side of Granny's Creek for a distance of two miles and extending on each side of tributaries of Salt Lick Creek, paralleling U. S. Route No. 19, a distance of twomiles and terminating one mile north of the Village of Heaters in Salt Lick District; that said Platwoods Public Service District shall have all such powers as are provided by the statutes and laws of the State of West Virginia so made and provided therefor; and that said Platwoods Public Service District, in compliance with Chapter 16, Article 13-A, Section 3 (Michie's code formerly serial section 1409 (38 C), and with the laws of this State, shall be from the date hereof a public corporation and political subdivision of the State of West Virginia with power of perpetual succession.

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IN THE COUNTY COURT OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF
PLATWOODS PUBLIC SERVICE DISTRICT,

On the 5th day of July, 1967, at one of the regular sessions, and after this Court had by a prior order this day created the Platwoods Public Service District District, this Court enquired of, and requested, the persons present to recommend three persons to serve on and to constitute the board of said district.

Whereupon, the persons present unanimously recommended that L. W. O'Dell of Heaters, W. Va., Max J. Lockard of Platwoods, W. Va., and Charles R. Lloyd of Platwoods, W. Va., be appointed such board members.

It is, therefore, ordered that L. W. O'Dell, Max J. Lockard and Charles R. Lloyd, be, and hereby are, appointed board members of the Platwoods Public Service District, and that L. W. O'Dell shall serve for a term of two years, that Max J. Lockard shall serve for a term of four years, and that Charles R. Lloyd shall serve for a term of six years as such members of said district, all terms of office starting as the 1st day of January, 1967 for their respective terms of office; and that said three members shall meet at the office of the County Clerk of Braxton County, West Virginia as soon as practicable after this appointment and shall qualify by taking the oath of office as provided by law.

The above members took the oath of office.

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It appearing to the Court, the Prosecuting Attorney being present, that Pearl Hyer was charged on the Personal Property Books of said County for the year 1966, in Sutton Corporation, with one 1965 Pontiac Catalina four door automobile, valued at $2100.00, and household furniture valued at $300.00, when in fact on the 1st day of July, 1965, she should have been assessed and charged on the Personal Property Books of said county, in Sutton Corporation, with one 1957 Chevrolet two door automobile, valued at $100.00, and household furniture valued at $300.00. It further appearing to the Court that said Personal Property by reason of the improper assessment of said automobile caused the said Pearl Hyer to pay the sum of $53.82 over-

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RESOLUTION AUTHORIZING THE COUNTY OF BRAXTON, WEST VIRGINIA, TO PARTICIPATE IN A PLANNING ASSISTANCE PROGRAM AS SET FORTH IN THE FEDERAL HOUSING ACE OF 1954, AS AMENDED, AND AUTHORIZING THE PRESIDENT OF THE COUNTY COURT TO EXECUTE AN AGREEMENT WITH THE WEST VIRGINIA DEPARTMENT OF COMMERCE, AND PROVIDING FOR THE PAYMENT BY THE COUNTY OF ITS SHARE OF THE COST OF THE PROGRAM.

WHEREAS, The County Court of Braxton County has signified its intent and willingness to participate in a Planning Assistance Program as set forth in the Federal Housing Ace of 1954, as amended, and further has signified its intent, willingness and ability to pay its share of the cost of such program, and

WHEREAS, it is now necessary for the County Court to enter into an agreement with the State of West Virginia, acting by and through its Department of Commerce in connection with the Planning Assistance Program as set forth in the Federal Housing Act of 1954, and to provide for the payment of the County's share in connection with the same.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COURT OF BRAXTON COUNTY:

FIRST: The Court hereby authorizes and agrees for the County of Braxton to participate in a planning assistance program as set forth in the Federal Housing Ace of 1954, as amended, and designates the Planning Commission of the County of Braxton as the County agency to represent the County in connection with such program.

SECOND: The Court hereby authorizes and directs the President of the County Court of Braxton County to execute on behalf of the County an agreement between the State of West Virginia by its Department of Commerce and the said County providing for local planning assistance.

THIRD: The Court authorized and directs the payment from funds heretofore budgeted for such purposes the sum of Two Thousand Eight Hundred and No/100 ($2,800.00) within thirty (30) days from the date hereof, said sum being a portion of the County's full share of the costs of the aforesaid Planning Program. The Court further signifies its intentions to budget for and provide the balance of its costs of such planning program during July of the fiscal year(s) 1968 - 1969, and 1969 - 1970, being installments of Two Thousand Eight Hundred and No/100 ($2,800.00 Dollars each.

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It appearing to the Court there will not be sufficient money in the Sheep Fund with which to pay all coamis presented for the loss of sheep, it is ordered that the clerk of this court immediately pay from said fund the cost in full of each appraisal as stated in each separate claim, and that he prorate all claims for the loss os sheep and pay the same from the residue of the money in the sheep fund as of the 5th day of July, 1967, thereby expending said entire residue.

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true photostatic copy from the records in my office, the same appearing in General Order Book No. 15 at page No. 420

Given under my hand and the seal of said Commission this 19th October, 19 88

John D. Jordan /pl Clerk
Braxton County Commission

CASTO & HARRIS INC., SPENCER, W. VA. NO-ORDER NO 87523-B

General Order Book No. 15 / Page 442

2024	Braxton Democrat	Printing	270.95
2025	Robertson Funeral Home	Ambulance Service	32.75

//

The following Claim was issued-----Dog Fund

905	Cecil Rose	Dog Warden Expense	53.05

//

The following Claims were issued-----Justice Fund

510	Braxton Co. Ct. Gen. County Fund	Transfer of Funds	270.00
511	M. O. Given	Justice	119.50

//

The Court adjourned to meet December 16 with the Civil Defense.

Herbert Moore President

DECEMBER 16, 1967

The County met pursuant to their last meeting og December 5,1967.

Present Herbert Moore, President, Aubrey Robertson and B. D. Marple, Commissioners.

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The Court met with the Civil Defense Organization for training.

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The Court adjourned to meet January 2, 1968.

Herbert Moore President

JANUARY 2, 1968

The County Court sat pursuant to their last meeting of December 16, 1967.

Present, Herbert Moore, President and B. D. Marple, Commissioner.

The Court reorganized by electing Herbert Moore, President for the ensuing year.

They will meet the first Tuesday of each month.

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The minutes of the last meeting were read and approved.

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All bills were approved as presented.

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Rev. Soute, Rev. Kuhn and Mr. and Mrs. William Hopkins appeared before the Court requesting funds for Sutton and Gassaway libraries. They agreed to come back at the February meeting when the Court would know more about their funds.

//

Dec. 23, 1967
Burnsville, W. Va.

Commissioners of the County Court of Braxton County
Sutton, West Virginia,

Dear Sirs:

Due to the fact that there is no longer a local Justice of Peace for me to serve as Constable, I hereby submit my resignation [illegible]

and ask that you release the company who has furnished my bond in this capacity. I would like to resign effective January 1, 1968.

Please notify Eugene "Ace" Collins, Box 121, Glenville, West Virginia the agent for Ohio Farmers Insurance Company of the release of said bond as of Jan. 1, 1968.

Yours Respectfully,

E. C. Heater.

The County Court accepted the resignation of E. C. Heater as constable of Salt Lick District.

Mr. Heaters' bonding company is hereby relieved of any further liability as of that date.

//

The County Court appointed Earl Marpleand Raymond Nottingham four years term as Hospital Trustees. N. B. Hamric and George Ptomey have two years yet to serve also the President of the County Court is the fifth member.

The appointment of the two new trustees will be effective February 12, 1968.

//

The Braxton County Court will receive bids up to February 6, 1968, 11:00 a.m. at the County Court office Braxton County Courthouse, Sutton, West Virginia.

The Court will receive bids for a rental lease to operate the Braxton County Airport near Sutton, West Virginia. The Court will expect the operator of the airport to furnish the services necessary for the for the operation of this airport to serve the public on a full time basis. They shall have available necessary personnel to service incoming aircraft

The bids should be based on a percentage of the gross sales of the airport operations. All bidders should furnish a detailed statemtnt of what they expect to furnish and describe the manner in which they expect to operate the airport. All bids shall be accompained with a certified check or performance bond in the amount of $2,500.00. The length of the agreement will be negotiated between the successful bidder and the court before the award is made.

The Braxton County Court reserves the right to reject any and all bids.

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The Court set the following fees for the registrars.

$10.00 for day of instruction, $10.00 a day of sitting, .15¢ for each new name, .08¢ checkec on book for all names, .07¢ mileage to and from meeting and returning books, .07¢ mile to and from meeting for instructions and returning books not to exceed $5.00 mileage for any one day.

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IN THE MATTER OF SUGAR CREEK PUBLIC SERVICE DISTRICT

It appearing to the Court that John W. Hamric was appointed a member of the Sugar Creek Public Service District on the 12th day of March, 1966, for a term of two years, and it appearing to the Court that under the statutes and laws of the State of West Virginia any term so expiring must be filled in the month of January, it is therefore, ordered that John W. Hamric be, and hereby is, appointed as a Board Member of the Sugar Creek Public Service District; and that John W. Hamric shall serve for a term of six (6) years starting from this date, January 2, 1968, and shall serve until January 1974, or until a successor member has been appointed in his place and he shall as soon as practicable after this appointment qualify by taking an oath of office as provided by law.

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IN THE MATTER OF THE CONSOLIDATION OF PLATWOODS PUBLIC SERVICE DISTRICT AND CANOE RUN PUBLIC SERVICE DISTRICT.

It appearing necessary, feasible and proper to consolidate the Platwoods Public Service District and the Canoe Run Public Service District, and deeming it necessary, feasible and proper so to do, and the officers of both of said districts being of the same opinion and requesting same to be so done, this Court, on its own motion, hereby orders and directs that the Platwoods Public Service District and the Canoe Run Public Service District be, and hereby are forthwith this day consolidated as one public service district.

It is further ordered that Ferris K. Brady, Max J. Lockard and Charles R. Lloyd be, and they hereby are, appointed board members of the consolidated districts, which consolidated districts shall forthwith be, and hereby are, one public service district, which shall be named and know as the "PLATWOODS-CANOR RUN PUBLIC SERVICE DISTRICT"; and that Ferris K. Brady shall serve for a term of six years, that Max J. Lockard shall serve for a term of four years, and that Charles R. Lloyd shall serve for a term of two years as members of said Platwoods-Canoe Run Public Service District, all terms of office starting as of the 1st day of January, 1968, for their respective terms of office; and that said three members shall meet at the office of the Clerk of the County Court of Braxton County, West Virginia as soon as practicable after this appointment and shall qualify by takingthe oath of office as provided by law.

It is further ordered the three board members herein named after their qualification shall forthwith be the governing body of said Platwoods-Canoe Run Public Service District and the board members heretofore appointed by this Court in each of the two former public service dostricts, the Platwoods Public Service District and the Canoe Run Public Service District, shall have no further authority in respect to their respective former districts and in respect to the new consolidated public service district.

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IN RE:
THE MATTER OF TRANSFER OF
THE PROPERTY IN THE LAND
BOOKS OF BRAXTON COUNTY
IN THE NAME OF C. B. AND
MAMIE LLOYD

TO

MARY L. BRUNN,
MABEL L. JOHNSON,
J. H. LLOYD,
ELLA M. HOLCOMB,
CHARLES M. LLOYD and
HELEN GRAN

This day came the Petitioners, MARY L. BRUNN, MABEL L. JOHNSON, J. H. LLOYD, ELLA M. HOLCOMB, CHARLES M. LLOYD, and HELEN GRAN, by their Counsel, Jeniver J. Jones, and presented their Petition, and moved thid Court to list and show in the Land Books of Otter District, Braxton County, West Virginia, the proper and correct undivided interest of each of these Petitioners in the real estate, being the Coal, Oil and Gas, now listed in the names of C. B. Lloyd and Mamie Lloyd, who are now both deceased, and who both died intestate and there being no objection to said motion, and the Court being of the opinion that said motion should be granted, it is therefore, ORDERED that said property now listed in the names of C. B. Lloyd and Mamie Lloyd in said Braxton County be hereafter listed in the names of these Petitioners in respect to their respective undivided interest of each Petitioner as specifically mentioned and set out in said Petition, and which shall be listed by the Assessor of Braxton County as follows:

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General ORder Book No. 15 at page No. 447

Given under my hand and the seal of said Commission this 26th day of October, 19 90.

Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV -- RE-ORDER NO. BCC-14

[redacted]

[redacted]

IN THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA.

IN THE MATTER OF THE ENLARGEMENT
OF THE FLATWOODS-CANOE RUN PUBLIC
SERVICE DISTRICT.

WHEREAS, the County Commission of Braxton County, West Virginia, on its own motion, deems it necessary, feasible and proper to enlarge the Flatwoods-Canoe Run Public Service District to include additional areas, and desires so to do; and,

WHEREAS, and being proper so to do, this Commission on the 15th day of March, 1985, at one of its regular meetings, unanimously sustained its own motion, and also on its own motion hereby orders the Clerk of this Commission to have published at least once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia, and to post in at least five, (5), conspicuous places in the proposed enlargement of said public service district a copy of said notice stating, in part and in substance, that the public hearing before this Commission will be held at the Town of Sutton, in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Courthouse of Braxton County, West Virginia, on Thursday, the 11th day of April, 1985, at 7:30 o'clock, P.M., for the purpose of hearing any and all persons residing in or owning or having any interest in property in such proposed enlargement of said public service district, for or against its enlargement; and at such hearing said Commission will consider and determine the feasibility of the enlargement of said public service district, and will determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvements, and extension of such public service properties by such enlargement of said public service district will be conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, the present limits of the present Flatwoods-Canoe Run Public Service District is located in parts of the Magisterial Districts of Holly, Otter and Salt Lick, in Braxton County, West Virginia.

NOW, THEREFORE, IT IS, HEREBY ORDERED, that said proposed enlargement shall be such that the enlargment, together with the present limits or boundaries of said public service district, shall be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Town of Burnsville; and all of the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District; but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia."

Entered this 15th day of March, 1985.

THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA.

By: James R. Frame
James R. Frame, Its President

Lewis E. Wine, One of its Members

Ledra Argabrite, One of its Members

16-A

General Order Book No. 20 16-A

Book 426 Page 334 IN THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA

IN THE MATTER OF THE ENLARGEMENT OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT.

WHEREAS, on the 15th day of March, on its own motion, at one of its regular meetings, unanimously sustained its own motion, to enlarge the Flatwoods-Canoe Run Public Service District, deeming it necessary, feasible and proper to so enlarge said Flatwoods-Canoe Run Public Service District, and also on its own motion ORDERED the Clerk of this Commission have published at least once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia, and to post in at least five , (5) conspicuous places in the proposed enlargement of said public service district a copy of said notice, stating, in part and in substance, that the public hearing before this Commission would be held at the Town of Sutton, in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Courthouse of Braxton County, West Virginia, on Thursday, the 11th day of April, 1985, at 7:30 o'clock, P.M., for the purpose of hearing any and all persons residing in, or owning or having any interest in property in such proposed enlargement of said public service district, for or against its enlargement; and at said hearing said Commission would consider and determine the feasibility of the enlargement of said public service district, and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvements, and extension of such public service properties by such enlargement of said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

WHEREAS, the Clerk of this Commission caused to be published in the Braxton Citizens News in the issue of March 25, 1985, the following Notice, namely:

"NOTICE OF PUBLIC HEARING TO ENLARGE THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT.

All persons residing in, owning or having any interest in property lying within the Magisterial District of Holly, in the Magisterial District of Salt Lick, except the Town of Burnsville, and the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, in Otter District, pursuant to the provisions of Chapter 16, Article 13A, Section 2 of the Code of West Virginia, as amended, are hereby notified and advised that the County Commission of Braxton County, West Virginia, on its own motion entered on March 15, 1985, proposed to enlarge the present Flatwoods-Canoe Run Public Service District to include and be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Town of Burnsville; and all of the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia." and that an Order has been entered by said County Commission fixing Thursday, April 11, 1985, at 7:30 o'clock, P. M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Braxton County Courthouse, as the date, time and place for a public hearing upon the question of the proposed enlargement of said public service district to include the aforesaid territory, at which meeting you may attend if you so desire.

This the 15th day of March, 1985.

David L. Jack
David L. Jack, Clerk of the County Commission of Braxton County, West Virginia.

(3-22d)"

WHEREAS, a copy of said Notice was duly posted in at least five (5), conspicuous places in the proposed enlargement of said public service district; and,

WHEREAS, this Commission convened on the 11th day of April, 1985, at 7:30 o'clock, P. M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, at the Courthouse in the said Town of Sutton, and starting at 7:30 o'clock, P. M., proceeded to have and to hold said public hearing for the reasons aforesaid, for the reasons stated in said Notice and for reasons as provided by the applicable statutes and laws of the State of West Virginia; and ,

WHEREAS, the Commission heard all persons for and against the enlargement of said Flatwoods-Canoe Run Public Service District, and considered the feasibility of the enlargement of said District, and the matter applicable to the enlargement of the said public service district, and, after mature consideration this Commission is of the opinion that said proposed enlargement of public service district should be enlarged and created, the creation and enlargement of such enlargement of said public service district being feasible and being conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, an oral protest was made by Charles Sweitzer, Mayor of the Town of Burnsville, against said proposed enlargement of said Public Service District insofar as it would affect the Town of Burnsville and its water system and requested that the Town of Burnsville not be restricred to its corporate limits and to include other areas [illegible]

but not limited to, the area to and including Orlando, the area to Gilmer, the area to and including Gem, and the area adjacent thereto, and to extend from the Town of Burnsville back to the Gilmer County line, and being the area below Burnsville; and,

WHEREAS, said meeting and hearing was adjourned until a regular meeting of this Commission of Friday, April 19, 1985 at 9:00 o'clock, A. M., to enter an order sometime during its said regular session on April 19, 1985, creating the enlargement of said public service district; and,

WHEREAS, this Commission met in one of its regular sessions on Friday, April 19, 1985, starting at 9:00 o'clock, A. M., and all three, (3), members b eing present, this matter was again discussed and it was agreed that the Burnsville Area would be excluded from the Flatwoods-Canoe Run Public Service District, in Salt Lick District, Braxton County, West Virginia, and would be marked on a map of that area of Braxton County to be agreeable to the officials of the Town of Burnsville and expecially Charles Sweitzer, then Mayor of the Town of Burnsville, which was later done on September 11, 1985, by Charles Sweitzer, representing the Town of Burnsville, and Jeniver J. Jones, representing theFlatwoods-Canoe Run Public Service District, which area was marked on said map, and the outside boundaries thereof was marked with red "x'a', and placed thereon to designate the boundaries thereof to be so excluded, and the Burnsville area to be excluded shall be as follows:

Following the boundary lines between the Counties of Lewis and Gilmer, with Braxton County, and starting in with the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the Confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight linm as marked on said map to the confluence of Patty's Run and Salt Lick Creek; thence Northerly to the Village of Gem, as markdd on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; and the three members of the Commission voted unanimously to sustain said motion for the enlargement of said Public Service District, said area shall not include the Burnsville Area as marked and designated on said map.

It is, therefore, ORDERED that there be, and hereby is, create an enlargement of the Flatwoods-Canoe Run Public Service District; that the territory to be embraced within said enlargement, within the said District to include and to be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Burnsville Area as designated and marked on said map showing that portion of Braxton County, and the boundary lines of the Burnsville District shall be the boundary line between Braxton County and the Counties of Gilmer and Lewis, and thence starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction tothe backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the confluence of Patty's Run and Salt Lick Creek, thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; which area shall be excluded from the Flatwoods-Canoe Run Public Service District, as shown on said map and the boundaries marked in red; and the Flatwoods-Canoe Run Public Service District shall also include the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia." that said Flatwoods-Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor in the said District, and in the territory in this enlargement of said public service district

Entered this 7th day of February, 1986

THE COUNTY COMMISSION OF BRAXTON COUNTY,
WEST VIRGINIA

By: James R. Frame
James R. Frame, Its President

Lewis E. Wine
Lewis E. Wine, One of its Members

Ledra Argabrite
Ledra Argabrite, One of its Members

but not limited to, the area to and including Orlando, the area to Gilmer, the area to and including Gem, and the area adjacent thereto, and to extend from the Town of Burnsville back to the Gilmer County line, and being the area below Burnsville; and,

WHEREAS, said meeting and hearing was adjourned until a regular meeting of this Commission of Friday, April 19, 1985 at 9:00 o'clock, A. M., to enter an order sometime during its said regular session on April 19, 1985, creating the enlargement of said public service district; and,

WHEREAS, this Commission met in one of its regular sessions on Friday, April 19, 1985, starting at 9:00 o'clock, A. M., and all three, (3), members b eing present, this matter was again discussed and it was agreed that the Burnsville Area would be excluded from the Flatwoods-Canoe Run Public Service District, in Salt Lick District, Braxton County, West Virginia, and would be marked on a map of that area of Braxton County to be agreeable to the officials of the Town of Burnsville and expecially Charles Sweitzer, then Mayor of the Town of Burnsville, which was later done on September 11, 1985, by Charles Sweitzer, representing the Town of Burnsville, and Jeniver J. Jones, representing theFlatwoods-Canoe Run Public Service District, which area was marked on said map, and the outside boundaries thereof was marked with red "x'a', and placed thereon to designate the boundaries thereof to be so excluded, and the Burnsville area to be excluded shall be as follows;

Following the boundary lines between the Counties of Lewis and Gilmer, with Braxton County, and starting in with the Town or Village of Orlando, adjoining the Lewis County Line, thence following Oil Creek, to the Confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight linm as marked on said map to the confluence of Patty's Run and Salt Lick Creek; thence Northerly to the Village of Gem, as markdd on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; and the three members of the Commission voted unanimously to sustain said motion for the enlargement of said Public Service District, said area shall not include the Burnsville Area as marked and designated on said map.

It is, therefore, ORDERED that there be, and hereby is, create an enlargement of the Flatwoods-Canoe Run Public Service District; that the territory to be embraced within said enlargement, within the said District to include and to be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Burnsville Area as designated and marked on said map showing that portion of Braxton County, and the boundary lines of the Burnsville District shall be the boundary line between Braxton County and the Counties of Gilmer and Lewis, and thence starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction tothe backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the confluence of Patty's Run and Salt Lick Creek, thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; which area shall be excluded from the Flatwoods-Canoe Run Public Service District, as shown on said map and the boundaries marked in red; and the Flatwoods-Canoe Run Public Service District shall also include the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia." that said Flatwoods-Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor in the said District, and in the territory in this enlargement of said public service distri

Entered this 7th day of February, 1986

THE COUNTY COMMISSION OF BRAXTON COUNTY,
WEST VIRGINIA

By: James R. Frame
James R. Frame, Its President

Lewis E. Wine
Lewis E. Wine, One of its Members

Ledra Argabrite
Ledra Argabrite, One of its Members

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 20 at page No. 16-A.

Given under my hand and the seal of said Commission this 26th day of October, 19 90.

John D. Jordan Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

[redacted]

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(47)

IN THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA.

Deed Book No. 426/334

BOOK 426 PAGE 334

IN THE MATTER OF THE ENLARGEMENT OF THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT.

WHEREAS, on the 15th day of March, on its own motion, at one of its regular meetings, unanimously sustained its own motion, to enlarge the Flatwoods-Canoe Run Public Service District, deeming it necessary, feasible and proper to so enlarge said Flatwoods-Canoe Run Public Service District, and also on its own motion ORDERED the Clerk of this Commission to have published at least once a notice of a public hearing in a newspaper of general circulation in Braxton County, West Virginia, and to post in at least five, (5), conspicuous places in the proposed enlargement of said public service district a copy of said notice, stating, in part and in substance, that the public hearing before this Commission would be held at the Town of Sutton, in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Courthouse of Braxton County, West Virginia, on Thursday, the 11th day of April, 1985, at 7:30 o'clock, P.M., for the purpose of hearing any and all persons residing in, or owning or having any interest in property in such proposed enlargement of said public service district, for or against its enlargement; and at said hearing said Commission would consider and determine the feasibility of the enlargement of said public service district, and would determine whether or not the construction or acquisition by purchase or otherwise, and maintenance, operation, improvements, and extension of such public service properties by such enlargement of said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

WHEREAS, the Clerk of this Commission caused to be published in the Braxton Citizens News in the issue of March 25, 1985, the following Notice, namely:

"NOTICE OF PUBLIC HEARING
TO ENLARGE THE FLATWOODS-
CANOE RUN PUBLIC SERVICE
DISTRICT.

All persons residing in, owning or having any interest in property lying within the Magisterial District of Holly, in the Magisterial District of Salt Lick, except the Town of Burnsville, and the Magisterial District

of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, in Otter District, pursuant to the provisions of Chapter 16, Article 13A, Section 2 of the Code of West Virginia, as amended, are hereby notified and advised that the County Commission of Braxton County, West Virginia, on its own motion, entered on March 15, 1985, proposed to enlarge the present Flatwoods-Canoe Run Public Service District to include and be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Town of Burnsville; and all of the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia."; and that an Order has been entered by said County Commission fixing Thursday, April 11, 1985, at 7:30 o'clock, P.M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, in the Braxton County Courthouse, as the date, time and place for a public hearing upon the question of the proposed enlargement of said public service district to include the aforesaid territory, at which meeting you may attend if you so desire.

This the 15th day of March, 1985.

David L. Jack, Clerk of the County Commission of Braxton County, West Virginia.

(3-22c)"

WHEREAS, a copy of said Notice was duly posted in at least five (5), conspicuous places in the proposed enlargement of said public service district; and,

WHEREAS, this Commission convened on the 11th day of April, 1985, at 7:30 o'clock, P.M., in the Courtroom of the Circuit Court of Braxton County, West Virginia, at the Courthouse in the said Town of Sutton, and starting at 7:30 o'clock, P.M., proceeded to have and to hold said public hearing for the reasons aforesaid, for the reasons stated in said Notice and for reasons as provided by the applicable statutes and laws of the State of West Virginia; and,

WHEREAS, the Commission heard all persons for and against the enlargement of said Flatwoods-Canoe Run Public Service District, and considered the feasibility of the enlargement of said District, and the matter applicable to the enlargement of the said public service district, and, after mature consideration this Commission is of the opinion that said proposed enlargement of said public service district should be enlarged and created, the creation and enlargement of such enlargement of said public service district being feasible and being conducive to the preservation of public health, comfort and convenience of such area; and,

WHEREAS, an oral protest was made by Charles Sweitzer, Mayor of the Town of Burnsville, against said proposed enlargement of said Public Service District insofar as it would affect the Town of Burnsville and its water system and requested that the Town of Burnsville not be restricted to its corporate limits and to include other areas around Burnsville, including, but not limited to, the area to and including Orlando, the area to Gilmer, the area to and including Gem, and the area adjacent thereto, and to extend from the Town of Burnsville back to the Gilmer County line, and being the area below Burnsville; and,

WHEREAS, said meeting and hearing was adjourned until a regular meeting of this Commission of Friday, April 19, 1985, at 9:00 o'clock, A.M., to enter an order sometime during its said regular session on April 19, 1985, creating the enlargment of said public service district; and,

WHEREAS, this Commission met in one of its regular sessions on Friday, April 19, 1985, starting at 9:00 o'clock, A.M., and all three, (3), members being present, this matter was again discussed and it was agreed that the Burnsville Area would be excluded from the Flatwoods-Canoe Run Public Service District, in Salt Lick District, Braxton County, West Virginia, and would be marked on a map of that area of Braxton County to be agreeable to the officials of the Town of Burnsville and especially Charles Sweitzer, then Mayor of the Town of Bursnville, which was later done on September 11, 1985, by Charles Sweitzer, representing the Town of Bursnville, and Jeniver J. Jones, representing the Flatwoods-Canoe Run Public Service District, which area was marked on said map, and the outside boundaries thereof was marked with red

"x's:, and placed thereon to designate the boundaries thereof to be so excluded, and the Burnsville area to be excluded shall be as follows:

Following the boundary lines between the Counties of Lewis and Gilmer, with Braxton County, and starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the Confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the confluence of Patty's Run and Salt Lick Creek; thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; and the three members of the Commission voted unanimously to sustain said motion for the enlargement of said Public Service District, said area shall not include the Burnsville Area as marked and designated on said map.

It is, therefore, ORDERED that there be, and hereby is, created an enlargement of the Flatwoods-Canoe Run Public Service District; that the territory to be embraced within said enlargement, within the said District, to include and to be as follows:

"All of the Magisterial District of Holly; all of the Magisterial District of Salt Lick, except the Burnsville Area as designated and marked on said map showing that portion of Braxton County, and the boundary lines of the Burnsville District shall be the boundary line between Braxton County and the Counties of Gilmer and Lewis, and thence starting in the Town or Village of Orlando, adjoining the Lewis County line, thence following Oil Creek, to the confluence of Posey Run and Oil Creek, as designated on said map, thence in a Southerly direction to the backwaters of McCauley Run, and to the Burnsville Dam Site, thence a straight line as marked on said map to the confluence of Patty's Run and Salt Lick Creek, thence Northerly to the Village of Gem, as marked on said map, thence along with the right fork as marked on said map, to the backwaters of Wolf Pen Run, and following Route 2 from Gem to Copen, as

marked on said map, thence with Highway No. 2/3 to the Gilmer County line, and being at or near Toler Fork at the Gilmer County line; which area shall be excluded from the Flatwoods-Canoe Run Public Service District, as shown on said map and the boundaries marked in red; and the Flatwoods-Canoe Run Public Service District shall also include the Magisterial District of Otter, except those portions now included in the boundaries of the Sugar Creek Public Service District, within Otter District, but all of said Flatwoods-Canoe Run Public Service District shall be confined within Braxton County, West Virginia."' that said Flatwoods-Canoe Run Public Service District shall have all such powers as are provided by the statutes and the laws of the State of West Virginia so made and provided therefor in the said District, and in the territory in this enlargement of said public service district.

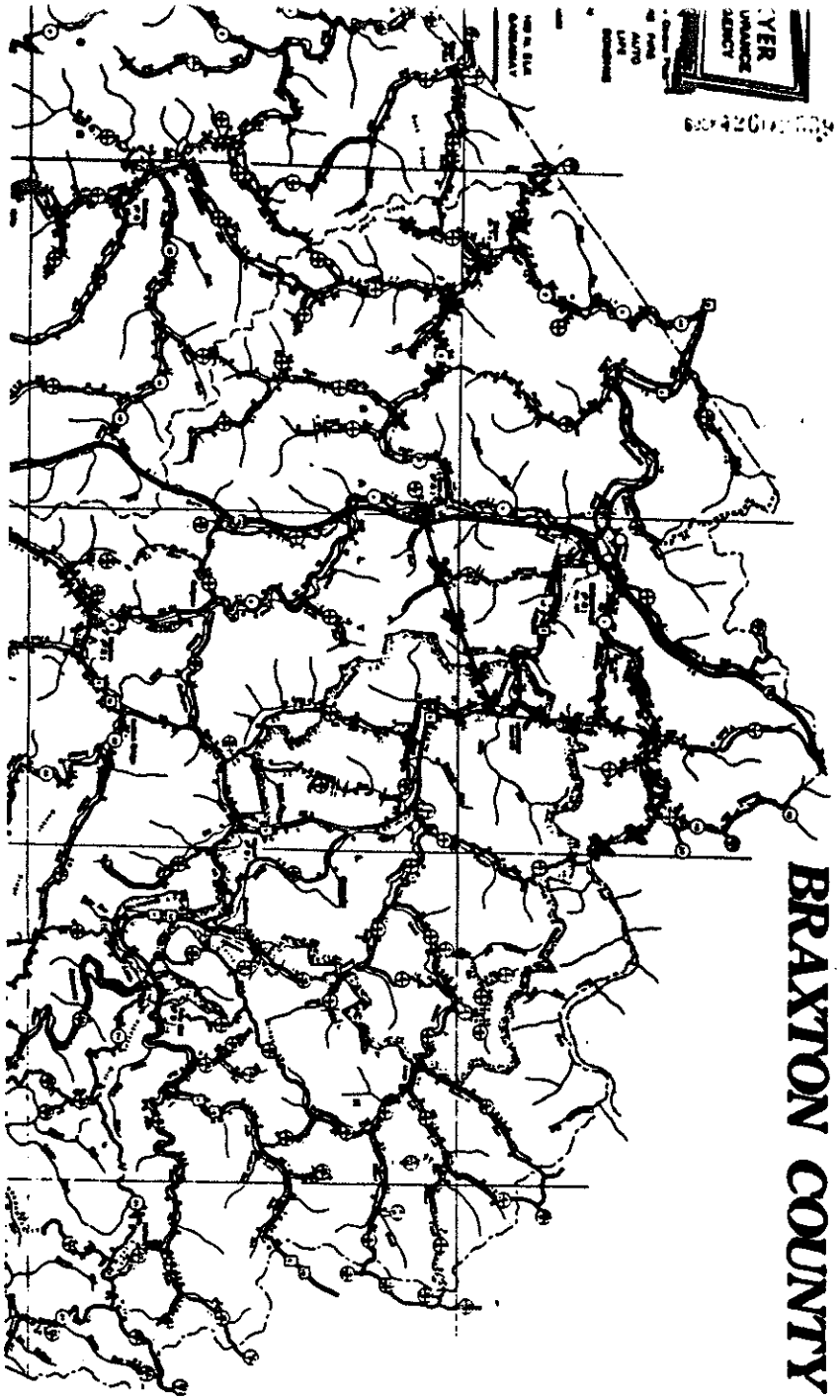
Entered this 7th day of February, 1986.

THE COUNTY COMMISSION OF BRAXTON COUNTY, WEST VIRGINIA

By: James R. Frame
James R. Frame, Its President

Lewis E. Wine, One of its Members

Ledra Argabrite, One of its Members



BRAXTON COUNTY

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office February 7, 1986

The foregoing Enlargement of Flatwoods-Canoe Run P.S.D. together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: _____ Clerk

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Deed Book No. 426 at page No. 334.

Given under my hand and the seal of said Commission this 26th day of October, 19 90.

John D. Jordan Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

[redacted]

[redacted]

AFFIDAVIT

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

This day personally appeared before the undersigned Notary Public in and for the state and county aforesaid, Jeniver J. Jones, who, being by me first duly sworn, upon his oath deposes and says:

1. That he is an attorney at law practicing in Sutton, Braxton County, West Virginia.

2. That he was the counsel to Canoe Run Public Service District from and including all the calendar year 1966 to and including January 2, 1968.

3. That he was counsel to Flatwoods Public Service District from and including all the calendar year 1967 to and including January 2, 1968.

4. That he has been counsel to Flatwoods-Canoe Run Public Service District from and including January 2, 1968, to the date hereof.

5. That, as such counsel, he assisted in the creation of Canoe Run Public Service District and Flatwoods Public Service District, the consolidation of Canoe Run Public Service District and Flatwoods Public Service District as one public service district known as Flatwoods-Canoe Run Public Service District and the enlargement of Flatwoods-Canoe Run Public Service District.

6. That, to the best of his knowledge, information and belief, the petitions filed in connection with the creation of both Canoe Run Public Service District and Flatwoods Public Service District contained the signatures of the required number of legal voters resident within and owning real property within the limits of the respective public service districts.

7. That all notices required to be posted and/or published under Chapter 16, Article 13A, Section 2 of the West Virginia Code of 1931, as amended, and the other applicable provisions of law, as in effect at the relevant time or times, in connection with the creation of both Canoe Run Public Service District and Flatwoods Public Service

District, the consolidation of Canoe Run Public Service District and Flatwoods Public Service District as one public service district known as Flatwoods-Canoe Run Public Service District and the enlargement of Flatwoods-Canoe Run Public Service District were posted and/or published in accordance with such requirements of law.

Given under my hand this 14th day of November, 1990.

Jennifer J. Jones

Taken, subscribed and sworn to before me this 14th day of November, 1990.

My commission expires: September 8, 2000

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA L. COX
570 S. FRANKLIN AVENUE
SUTTON, WV 26601
My Commission Expires September 8, 2000

11/13/90
FCRB.GG3
29212/88002

AT THE REGULAR MEETING OF THE COMMON COUNCIL OF THE TOWN OF SUTTON, WEST VIRGINIA, HELD ON THURSDAY, JANUARY 23, 1969, AT THE COMMUNITY BUILDING, ITS REGULAR MEETING PLACE

Councilman C. W. Humphreys.

I move that the following Resolution be adopted by the Common Council of the Town of Sutton, West Virginia, and that the Council waive any further readings of the proposed Resolution, the Resolution being as follows:

"Be It Ordained And Resolved By The Common Council Of The Town Of Sutton:

The Common Council of the Town of Sutton hereby resolves that the boundaries of, and within, the corporate limits of the Town of Sutton shall be forthwith included within the boundaries of the Flatwoods-Canoe Run Public Service District, and the Common Council of the Town of Sutton hereby consents to the forthwith inclusion of the boundaries of, and within, the corporate limits of the Town of Sutton within the boundaries of the Flatwoods-Canoe Run Public Service District."

Councilman J. W. Stoneking.

I second the motion

After due deliberation and discussion it was voted unanimously to immediately and forthwith adopt the proposed resolution in its entirety, there being present at said voting the following persons, namely:

O. L. Holcomb, Mayor of the Town of Sutton,

R. W. Cutlip, Recorder of the Town of Sutton,

and C. W. Humphreys, I. W. Stoneking,

J. O. Cogar, _____

and _____, members of the Common Council of the Town of Sutton, all of whom voted in the affirmative to adopt said proposed resolution in its entirety without any change thereof or therein; and further at said time all of said persons voted in the affirmative to waive and to dispense with any reading or readings of said proposed resolution.

C E R T I F I C A T I O N

I, Roy Cutlip, Recorder of the Town of Sutton, hereby certify that the foregoing Resolution was duly adopted by unanimous affirmative vote of the members of the Common Council of the Town of Sutton, West Virginia, and the affirmative vote of said Mayor and Recorder of said Town of Sutton, West Virginia, at a regular meeting held of said mu nicipal council of the Town of Sutton, on the 23rd day of January, 1969.

TOWN OF SUTTON

By: Roy Cutlip
Its Recorder

AT THE REGULAR MEETING OF THE COMMON COUNCIL OF THE TOWN OF GASSAWAY, WEST VIRGINIA, HELD ON THURSDAY, JANUARY 23, 1969, AT THE COMMUNITY BUILDING, ITS REGULAR MEETING PLACE

Councilman Harry F. Kyer.

I move that the following Resolution be adopted by the Common Council of the Town of Gassaway, West Virginia, and that the Council waive any further readings of the proposed Resolution, the Resolution being as follows:

"Be It Ordained And Resolved By The Common Council Of The Town Of Gassaway:

The Common Council of the Town of Gassaway hereby resolves that the boundaries of, and within, the corporate limits of the Town of Gassaway shall be forthwith included within the boundaries of the Flatwoods-Canoe Run Public Service District, and the Common Council of the Town of Gassaway hereby consents to the forthwith inclusion of the boundaries of, and within, the corporate limits of the Town of Gassaway within the boundaries of the Flatwoods-Canoe Run Public Service District."

Councilman Howard Heckler.

I second the motion

After due deliberation and discussion it was voted unanimously to immediately and forthwith adopt the proposed resolution in its entirety, there being present at said voting the following persons, namely:

Simon L. Cole, Jr., Mayor of the Town of Gassaway,

Sarah S. Hopkins, Recorder of the Town of Gassaway,

and ~~Howard Heckler~~, Harry F. Kyer,

Olen Lively, Jack B. Phillips

and _____, members of the Common Council of the Town of Gassaway, all of whom voted in the affirmative to adopt said proposed resolution in its entirety without any change thereof or therein; and further at said time all of said persons voted in the affirmative to waive and to dispense with any reading or readings of said proposed resolution.

C E R T I F I C A T I O N

I, Sarah S Hopkins, Recorder of the Town of Gassaway, hereby certify that the foregoing Resolution was duly adopted by unanimous affirmative vote of the members of the Common Council of the Town of Gassaway, West Virginia, and the affirmative vote of said Mayor and Recorder of said Town of Gassaway, West Virginia, at a regular meeting held of said municipal council of the Town of Gassaway, on the 23rd day of January, 1969.

TOWN OF GASSAWAY

By: Sarah S. Hopkins
Its Recorder

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 20 at page No. 299.

Given under my hand and the seal of said Commission this 25th day of October, 19 90.

John D. Jordan /SS Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

The Braxton County Commission convened in regular session at 9:00 a.m. August 4, 1989 with the following present: Commission President, Harry L. Wright and Commissioner George Skidmore; Commissioner Norman Nottingham absent due to a prior commitment; John D. Jordan, Clerk; Raymond Chapman, Ann Duffield, Marlene Carr, Creston Hughes; Joan Bias, Braxton Democrat; Del Thayer, Braxton Citizens News.

///

Raymond Chapman appeared before the Commission to discuss the proposed Waterline extension referred to as Duck extension. Mr. Chapman had no word on any progress on this extension and wanted to know if the Commission had any update on it. Commission President, Harry Wright, explained that it was up to the district to make the application and that he should attend a meeting of the Sugar Creek P.S.D. and request this information. Mr. Chapman did not know the dates of the meetings. The Commission requested John D. Jordan, Clerk to write the chairman of the Sugar Creek P.S.D and request this information and any other information they have on the Duck Waterline Extension.

///

Ann Duffield appeared before the Commission to discuss the request that had been submitted for the replacement of a board member on the Frametown Parks and Recreation Board. The Commission stated they had not taken any action on this request until the new Commissioner, just appointed from that District, had a chance to review the problem. Also a petition had been received by the Commission seeking removal of all the board members from this board with the exception of Wills Ruth Brown. The Commission felt they may be ready to issue a decision by the next regular scheduled meeting, August 18, 1989.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved all probate appointments for July as assigned by the Clerk.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved the following purchase orders:

P.O. #700 to Charleston Cash Register for $450.00 on maintenance agreements for 5 IBM typewriters in Braxton County Sheriff's Department.

P.O. #702 to MCM Business Systems for $575.00 for a maintenance agreement of copier for Braxton County Sheriff's Department.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved Budget Revision #1 to the General County Fund for FY 89/90 to revise the encumbered and unencumbered balances.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved the acceptance of resignation from Hunter Young of the Flatwoods Canoe Run P.S.D., resignation as follows:

Mr. Harry Wright
Pres. Braxton Co. Commission

Sutton, W.V.
August 3, 1989

Harry,

Please accept my resignation effective immediately from the Flatwoods Canoe Run P.S.D.

Due to health and other personal reasons, I feel that I won't be able to devote the effort to properly execute the duties required of the office of treasurer of the Flatwoods Canoe Run P.S.D

Thank you for giving me the opportunity to serve my neighbors.

Respectfully,
Hunter B. Young

///

By motion of Commissioner Wright and seconded by Commissioner Skidmore, unanimously approved the appointment of Harley Brown to fill the unexpired term of Hunter Young to the Flatwoods Canoe Run P.S.D.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved a request of the Clerk to upgrade the software for the PSAS:Payroll/Personnel System at an estimated cost of $1,700.00. This request being approved on Purchase Order #703.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved payment to the Town of Sutton in the amount of $2,500. for the purchase of a 1985 Dodge Police Cruiser.

///

By motion of Commissioner Skidmore and seconded by Commissioner Wright, unanimously approved Purchase Order #704 to IBM for the purchase of a Computer Work Station for the Clerk's office to bring on line the last part of the Computer Index and Fee Book System.

///

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 20 at page No. 259.

Given under my hand and the seal of said Commission this 25th day of October, 19 90

John D. Jordan Clerk
Braxton County Commission

55

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

The Braxton County Commission convened in regular session on December 2, 1988 at 9:00 a.m. with the following members present: Lewis E. Wine, President, Ledra Argabrite and Harry L. Wright, Commissioners.

Also attending: John D. Jordan, Clerk, William C. Martin, Del Thayer, Hunter Young, Billy B. Jack, Charles Cutlip, Clarence Johnson, and Cleota Bayless.

///

Hunter Young was unanimously approved as board member to the Flatwoods Canoe Run Public Service District to fill the unexpired term of Richard Jarvis, on motion of Commissioner Wright and seconded by Commissioner Argabrite. Mr. Young's term will run for two (2) years.

///

Commissioner Wright stated since Mr. Dale Leavitt had not been reappointed after his last term expired, he moved to re-appoint him to a six (6) year term beginning January,1988, the motion being seconded by Commissioner Argabrite, the vote being unanimous in the affirmative.

///

Billy B. Jack, Assessor, appeared before the Commission to discuss the resignation of Edith Bleigh and the approval of hiring Carolyn Fox as a full-time employee beginning January 1, 1989. On motion of Commissioner Wright and seconded by Commissioner Argabrite, unanimously approved the request.

///

On motion of Commissioner Argabrite and seconded by Commissioner Wright, unanimously approved probate appointments as made by the Clerk while in vacation of the Court.

///

On motion of Commissioner Wright and seconded by Commissioner Argabrite, unanimously approved the consolidation of the following contiguous tracts as requested by David B. Weidmoyer: to wit:

Map 6K-Parcel 21---13.00 acres
Map 6K-Parcel 13---63.00 acres
Map 6K-Parcel 25---75.00 acres
Map 6K-Parcel 22---52.45 acres

Total acres----129.20 acres

///

On motion of Commissioner Argabrite and seconded by Commissioner Wright, unanimously approved an erroneous assessment refund request as submitted by Trio Petroleum.

///

On motion of Commissioner Wright and seconded by Commissioner Argabrite, unanimously approved the resignation of Harry F. Kyer for the Braxton County Development Authority effective November 17, 1988. Commissioner Wright expressed the Commissions regrets that Mr. Kyer had to resign as he had been a valuable member of the Development Authority as well as an outstanding citizen of Braxton County and requested a letter be written to him thanking him for his contribution to Braxton County.

///

A letter of request to close the Courthouse offices from 12:00 p.m. until 1:00 p.m. on December 23, 1988 to have the annual Christmas luncheon was presented to the Commission. On motion of Commissioner Wright and seconded by Commissioner Argabrite, unanimously approved the request.

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in General Order Book No. 20 at page No. 266.

Given under my hand and the seal of said Commission this 25th day of October, 19 90.

John D. Jordan Clerk
Braxton County Commission

SS

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

///

Johnna Stalnaker appeared before the commission to follow up their previous request at the December 16 commission meeting, requesting that the commission reduce the Jail fee from $88.00 per weekend to $44.00 per weekend for Billy Joe Stalnaker who enters the jail at 9:00 pm on Friday night and leaves at 5:00 am on Monday morning. On motion of Commissioner Wright and seconded by Commissioner Skidmore, the vote being unanimous, granted the request of Mr. Stalnaker.

///

Since Mr. Tinney was present, Commissioner Wright made the following motion to reappoint Mr. Tinney to the F.C.R.P.S.D board for a six (6) year term, beginning January 89 thru December 94, the motion being seconded by Commissioner Skidmore, the vote being unanimous to reappoint him.

///

The commission then held a lengthy discussion concerning the rumor of moving the dispatch center to the jail. Commissioner Wright then stated that the county was experiencing monetary problems by not receiving the coal severance funds in a timely manner, could potentially have a serious impact on Braxton Control, but there is enough money in the general fund to take care of the dispatch center for three months, but would like to sit down and discuss these problems with the users of the dispatch center. On motion of Commissioner Wright and seconded by Commissioner Skidmore,the vote being unanimous, set the meeting for Wednesday January 18, 1989 at 7:00 pm at the courthouse to meet with all concerned users of Braxton control.

///

On motion of Commissioner Skidmore and seconded by Commissioner Wright unanimously approved the payroll schedule as submitted.

///

On motion of Commissioner Wright and seconded by Commissioner Skidmore approved Holiday Schedule "B" as submitted.

///

On Motion of Commissioner Wright and seconded by Commissioner Skidmore, unanimously approved the Board of Equalization and Review Schedule for February.

///

On motion of Commissioner Wright and seconded by Commissioner Skidmore unanimously approved all probate appointments for the month of December as assigned by John D. Jordan, Clerk in vacation of the court.

///

On motion of Commissioner Wright and seconded by Commissioner Skidmore, unanimously approved the request of Sylvia Shaw, Guardian for the estates of David Ray Shaw and Thomas Junior Shaw, Infant's, to remove Gary Herndon and replace him with Clifford Pierson as an appraiser in these estates.

///

On motion of Commissioner Wright and seconded by Commissioner Skidmore, unanimously approved the appointment of Dana C. Friend, Sheriff as successor committee and administrator in the following estates, to wit:

Mary G. Carr, Committee
Flora Dennison, Committee
Jimmie Dennison, Committee
Luther Dennison, Committee
Barbara Brannon, Committee
Robert B. Edwards, Committee
Grover Conrad, Committee
Randy Conrad, Committee
Lenora Hanric, Committee
Katherine McClain, Committee
Beulah M. Harris, Committee
Betty Knight, Committee
Francis L. Knight, Committee
Debra L. Lacy, Committee
John Martin, Committee
Lily F. Meadows, Committee

Barbara Miller, Committee
Bernard Rohrbough, Committee
James Sindorf, Committee
Sarah Thompson, Committee
Denzil Trout, Committee
Roxie Wilson, Committee
Sabina Barnett, Administrator
Gene Hudkins, Administrator

///

On motion of Commissioner Wright and seconded by Commissioner Skidmore unanimously approved Purchase Order # 666 to Department of Finance and Administration in the amount of $485.93 for supplies for the courthouse.

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF BRAXTON, TO-WIT:

I, DALE L. LEAVITT, 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 BOARD MEMBER OF FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant) Dale L. Leavitt

Subscribed and sworn to before me, in my said County and State, this 13th day of November, 1990.

ADMITTED TO RECORD
90 NOV 13 AM 10:31
BOOK NO. PAGE NO.
JOHN D. JORDAN, CLERK
BRAXTON COUNTY COMM. W.VA.

Susan K. Lunceford
Notary Public
My Commission expires: July 15, 1997

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office November 13, 1990

The foregoing Oath of Office, together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan SL Clerk

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 94128-90

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF BRAXTON, TO-WIT:

I, JOHNNIE R. TINNEY, 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 BOARD MEMBER OF FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant) Johnnie R Tinney

Subscribed and sworn to before me, in my said County and State, this 13th day of November, 1990.

Susan K. Lunceford

Notary Public

My Commission expires: July 15, 1997

ADMITTED TO RECORD
90 NOV 13 AM 10: 39
BOOK NO. PAGE NO.
JOHN D. JORDAN, CLERK
BRAXTON COUNTY COMM. W.VA.

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office November 13, 1990

The foregoing Oath of Office, together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan /se Clerk

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 94128-90

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF BRAXTON, TO-WIT:

I, HARLEY BROWN, 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 BOARD MEMBER OF FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant) Harley Brown

Subscribed and sworn to before me, in my said County and State, this 13th day of November, 1990.

ADMITTED TO RECORD
90 NOV 13 AM 10: 32
BOOK NO. PAGE NO.
JOHN D. JORDAN, CLERK
BRAXTON COUNTY COURT, W.VA.

Susan K. Lunceford
Notary Public
My Commission expires: July 15, 1997

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office November 13, 1990

The foregoing Oath of Office, together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan/sc Clerk

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 94128-90

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Oath of Office Book No. 2 at page No. 614.

Given under my hand and the seal of said Commission this 11th day of January, 19 91.

John D. Jordan Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF BRAXTON, TO-WIT:

I, DALE L. LEAVITT, 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 BOARD MEMBER OF FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant) Dale L. Leavitt

Subscribed and sworn to before me, in my said County and State, this 13th day of November, 1990.

Susan K. Lunceford

Notary Public

My Commission expires: July 15, 1997

ADMITTED TO RECORD
20 NOV 13 AM 10: 31
BOOK NO. PAGE NO.
JOHN D. JORDAN, CLERK
BRAXTON COUNTY COMM. WVA.

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office November 13, 1990

The foregoing Oath of Office, together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan Clerk

CASTO & HARRIS INC

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Oath of Office Book No. 2 at page No. 613.

Given under my hand and the seal of said Commission this 11th day of January, 19 91.

John D Jordan /ss Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF BRAXTON, TO-WIT:

I, JOHNNIE R. TINNEY, 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 BOARD MEMBER OF FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant) Johnnie R. Tinney

Subscribed and sworn to before me, in my said County and State, this 13th day of November, 1990.

Susan K. Lunceford

Notary Public

My Commission expires: July 15, 1997

SUBMITTED TO RECORD
90 NOV 13 AM 10:39
BOOK NO. PAGE NO.
JOHN D. JORDAN, CLERK
BRAXTON COUNTY COMM. WVA.

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office November 13, 1990

The foregoing Oath of Office, together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan /sc Clerk

STATE OF WEST VIRGINIA,

Braxton County, ss:

I, John D. Jordan, Clerk of the County Commission of Braxton County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Oath of Office Book No. 2 at page No. 615.

Given under my hand and the seal of said Commission this 11th day of January, 19 91.

John D Jordan SS Clerk
Braxton County Commission

QUALITY PRINTING CO., SUTTON, WV — RE-ORDER NO. BCC-14

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF BRAXTON, TO-WIT:

I, HARLEY BROWN, 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 BOARD MEMBER OF FLATWOODS CANOE RUN PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of Affiant) Harley Brown

Subscribed and sworn to before me, in my said County and State, this 13th day of November, 1990.

Susan K. Lunsford

Notary Public

My Commission expires: July 15, 1997

ADMITTED TO RECORD
90 NOV 13 AM 10: 32
BOOK 112 PAGE 112
JOHN D. JORDAN, CLERK
BRAXTON COUNTY COMMISSION

STATE OF WEST VIRGINIA, Braxton County Commission Clerk's Office November 13, 1990

The foregoing Oath of Office, together with the certificate of acknowledgment, was this day presented in said office and admitted to record.

Teste: John D. Jordan/sc Clerk

CRYSTO & HARRIS INC., SPENCER, W. VA. RE ORDER NO. 94128-90

RULES OF PROCEDURE

_____ PUBLIC SERVICE DISTRICT

ARTICLE I
NAME AND PLACE OF BUSINESS

Section 1. Name: _____ PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at _____, _____, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed _____ 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 _____ 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 _____ 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 _____ 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 _____ 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:

_____ PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of _____ 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.

03/23/90
FORMS/NOTICE/N

COPY

Affidavit of Publication

STATE OF WEST VIRGINIA
COUNTY OF BRAXTON

I, Craig A Smith, being first duly sworn upon my oath, do depose and say that I am publisher of:

THE BRAXTON DEMOCRAT-CENTRAL, INC., a Democrat and Republican newspaper published weekly for at least 51 weeks during the calendar year in Sutton, Braxton County, West Virginia, 26601, that such newspaper is a newspaper of "general circulation", as that term is defined in Article Three, Chapter Fifty-Nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Braxton; exclusive of any cover, per issue, that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisings, and other notices; that the annexed notice of The Flatwoods Canoe Run Public Service

was duly published in said newspaper once a week for 2 successive weeks (Class II), commencing with the issue of the 20th day of Oct., 1989 and ending with the issue of the 27th day of Oct, 1989

That the cost of publishing said annexed notice as aforesaid was $ 27.44

Signed [signature]

Taken, subscribed and sworn to before me in my said county this 30 day of Oct., 1989

My commission ex; Sept. 3, 1992

Frances Ivan Bias
Notary Public of Braxton County, West Virginia

Legal Notice

The Flatwoods-Canoe Run Public Service District has made a pre- filing for an application with the Public Service Commission of West Virginia for a certificate of public convenience and necessity to construct and operate a sanitary sewer system to serve the public within the territorial boundaries of said District in Braxton County.

In order to construct the project, the said Public Service District proposes to borrow the anticipated sum of $1.118.000. from Farmers Home Administration not to exceed an interest rate of 5% for a period of 40 years. and to borrow the anticipated sum of $1.454.000. from the Water Development Authority not to exceed an interest rate of 8-1/2% for a period of 40 years.

The Flatwoods-Canoe Run Public Service District expects to construct a sanitary sewer or waste water treatment plant. seven submersible sewage lift stations with access roads and incidental items for the complete lift station systems. 28.895 feet of gravity lines and sewers. 24.977 feet of force mains. 152 man holes. 145 house connections. 1.272 feet of river crossing pipe. access road to plant. and incidental items for a complete sanitary sewer system for a total anticipated project cost of $8.336.000.

Customers of the Flatwoods-Canoe Run Public Service District can expect to pay the following rates and charges for services monthly: $6.25 Flat-Rate per thousand gallons of water used. with an anticipated minimum monthly of $12.50.

The Flatwoods-Canoe Run Public Service District expects to file a formal application for a certificate of public convenience and necessity on December 20, 1989.

Flatwoods-Canoe Run
Public Service District
Johnnie R Tinney. Chairman

31A

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 20th day of February, 1990.

CASE NO. 89-708-PSD-CN

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT,

a public utility, Sutton, Braxton County.

Application for a certificate of convenience and necessity to construct a new 0.3 MGD secondary waste water treatment plant, collector lines, sewer lines, seven lift stations, man holes, access roads, force main and house connections for a complete sanitary sewer system within the territorial boundaries of said District in Braxton County, and for approval of rates and charges incidental thereto.

NOTICE OF FILING

WHEREAS, on February 20, 1990, Flatwoods-Canoe Run Public Service District, a public utility, Sutton, Braxton County, filed an application, duly verified, for a certificate of convenience and necessity to construct a new 0.3 MGD secondary wastewater treatment plant, collector lines, sewer lines, seven lift stations, man holes, access roads, force main and house connections for a complete sanitary sewer system within the territorial boundaries of said District in Braxton County; and

WHEREAS, Flatwoods-Canoe Run Public Service District estimates that construction will cost $8,336,000 and will be financed as follows: Appalachian Regional Commission Grant-$1,000,000; Environmental Protection Agency Grant - $4,264,000; Farmers Home Administration Grant-$500,000 Farmers Home Administration Loan-$1,118,000; and a Water Development Authority Loan in the amount of $1,454,000; and

WHEREAS, Flatwoods-Canoe Run Public Service District has requested approval of the following rates and charges for the project in question:

METER RATES:

First 2,000 gallons used per month, $7.50

Each 1,000 gallons over 2,000, $7.50

MINIMUM CHARGE:

No bill will be rendered for less than the following monthly amounts according to the size of meter installed, to-wit:

3/8-inch meter, $15.00

DELAYED PAYMENT PENALTY:

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

CONNECTION AND RECONNECTION CHARGE:

Prior to construction, there will be no charge for connection. After the start of construction, there will be a charge of $300.00 for connection to the system. There shall be a charge of $20.00 reconnections to all customers.

Pursuant to Section 24-2-11, West Virginia Code, IT IS ORDERED that Flatwoods-Canoe Run Public Service District, a public utility, give notice of the filing of said application by publishing a copy of this order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Braxton County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to make objection to said application must do so in writing, within thirty (30) days after the publication of this notice, to P. O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said 30-day period, the Commission may waive formal hearing and grant the application of Flatwoods-Canoe Run Public Service District, based on the evidence submitted with said application and its review thereof.

A True Copy: Teste:
Howard M. Cunningham
Executive Secretary (2-23c)

Affidavit of Publication

STATE OF WEST VIRGINIA
COUNTY OF BRAXTON

I, Craig A. Smith, being first duly sworn upon my oath, do depose and say that I am publisher of:

THE BRAXTON DEMOCRAT-CENTRAL, INC., a Democrat and Republican newspaper published weekly for at least 51 weeks during the calendar year in Sutton, Braxton County, West Virginia, 26601, that such newspaper is a newspaper of "general circulation", as that term is defined in Article Three, Chapter Fifty-Nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Braxton; exclusive of any cover, per issue, that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisings, and other notices; that the annexed notice of Public Service Commission of West Virginia Charleston

was duly published in said newspaper once a week for 1 successive weeks (Class I), commencing with the issue of the 23rd day of Feb., 1990 and ending with the issue of the 23rd day of Feb, 1990.

That the cost of publishing said annexed notice as aforesaid was $34.20

Signed Craig A. Smith

Taken, subscribed and sworn to before me in my said county this 23 day of Feb., 1990

My commission expires Sept 2, 1992

Notary Public of Braxton County, West Virginia

318

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

MINUTES ON ADOPTION OF BOND AND NOTES
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, JOHN R. TINNEY, SECRETARY of the Public Service Board of Flatwoods-Canoe Run 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 Flatwoods-Canoe Run Public Service District met in special session, pursuant to notice duly posted, on the 14th day of November, 1990, at Sutton, West Virginia, at the hour of 9:00 a.m.

PRESENT:	Dale Leavitt	-	Chairman
	John R. Tinney	-	Member and Secretary
	Harley Brown	-	Member
	Jeniver J. Jones	-	Attorney for District

ABSENT: None

Dale Leavitt, Chairman, presided, and John R. Tinney 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.

The Chairman proposed that the Board adopt rules of procedure, including, without limitation, rules to make available, in advance, the time and place of all regularly scheduled sessions of the Board, and the time, place and purpose of all special sessions of the Board, to the public and news media. Thereupon, on motion of Johnnie R. Tinney, seconded by Harley Brown, it was unanimously ordered that said rules of procedure be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed Bond and Notes Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Johnnie R. Tinney, seconded by Hurley Brown, it was unanimously ordered that the said Bond and Notes Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; 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 of Johnnie R. Tinney, seconded by Harley Brown, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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

Chairman

Secretary and Member

Member

*** *** ***

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 14th day of November, 1990.

Secretary, Flatwoods-Canoe Run Public Service District, Public Service Board

11/12/90
FCRJ.P3
29212/88002

MINUTES OF THE MEETING OF THE
FLATWOODS-CANOE RUN PUBLIC
SERVICE DISTRICT, HELD ON
JANUARY 3, 1990, AT 3:00 O'CLOCK,
P.M.

The members of the Flatwoods-Canoe Run Public Service District met by agreement for its regular monthly meeting on January 3, 1990, at 3:00 o'clock, P.M., at the office of the District in Sutton, West Virginia, and waived notice of the hour of the meeting.

Present at the meeting were: John Tinney, Chairman, Harley Brown, member and Dale Leavitt, Secretary.

Harley Brown said: "I move that Dale Leavitt be Chairman for the ensuing year of 1990, as to the Public Service District regulations requirement; and that Dale L. Leavitt, as Chairman, be authorized to sign all instruments and documents in behalf of the District, including all instruments and papers for the Sewage Project.

Dale Leavitt said: "I second the motion."

Motion carried by unanimous vote in the affirmative.

Harley Brown agreed to be Treasurer and John Tinney agreed to be secretary.

Motion carried by majority vote in the affirmative.

Harley Brown said: I move that we pay the bills."

John Tinney said: "I second the motion."

Vote unanimous in the affirmative.

On motion meeting was adjourned.

Dale L. Leavitt
Dale Leavitt, Chairman

John R Tinney
John Tinney, Secretary

I, hereby certify that the foregoing is a true copy of the minutes of the Flatwoods-Canoe Run Public Service District, held on January 3, 1990, which was the organizational meeting.

Given under my hand and seal, this the 26th day of October, 1990.

Johnnie R Tinney

Johnnie R. Tinney, Secretary

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4390
(304) 263-6991
FACSIMILE (304) 263-4785

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

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

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
J. LEE VAN METRE, JR.
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
DOUGLAS S. ROCKWELL
VINCENT A. COLLINS
JAMES A. RUSSELL
LUCIEN G. LEWIN
WILLIAM T. BELCHER
MICHAEL L. BRAY
JAMES D. STEPTOE
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
DAVID LAYVA
GRAY SILVER III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
CHRISTOPHER P. BASTIEN
GORDON H. COPLAND
RANDALL C. LIGHT
STEVEN P. McGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
CURTIS G. POWER III
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.

LOUIS E. ENDERLE, JR.
ROBERT J. SCHIAVONI
JOHN K. DORSEY
WALTER WASHINGTON
JOSEPH R. FERRETTI
MARK E. KINLEY
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI
DAVID M. HAMMER
WILLIAM F. ROHRBAUGH
CAROLINE J. STAFFORD
MATTHEW J. MULLANEY
BRENT O. BURTON
PAUL R. CRANSTON
JONATHAN P. JESTER
GINA M. HOUSEHOLDER
MICHAEL KOZAKEWICH, JR.
CYNTHIA R. COKELEY
MARK A. ATKINSON
CAROLYN A. WADE
CAROLINE A. HENRICH
SHERRI L. MAZZA
SUSAN C. OSENTON
ARTHUR M. STANDISH
CHARLES F. JOHNS
PATRICK J. NOONEY
LAURIE A. BADZEK
DANIEL C. COOPER
LAURIE L. CRYTSER
O. GAY ELMORE, JR.
KAREN E. KAHLE
SUSAN L. KAHN
AMY R. LAMP
DOUGLAS G. LEE
ANDREW L. PATERNOSTRO
RONALD T. TOMASKO
LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

February 11, 1991

(304) 624-8152

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith are two completed and executed Internal Revenue Service Forms 8038-G and file copies thereof with regard to the above-captioned bond issues. Please file the original forms in the appropriate Internal Revenue Service records and return the copies marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Walter L. Williams

Walter L. Williams

WLW/bnc
Enclosures
Copy of letter with enclosures to:
Samme L. Gee, Esquire and Jeniver J. Jones, Esquire
29212/88002/8038.LTR

Form **8038-G** (Rev. October 1989)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Section 149(e)

▶ See separate instructions

(Use Form 8038-GC if the issue price is under $100,000)

OMB No. 1545-0720
Expires 5-31-92

Part I Reporting Authority — Check box if **Amended Return** ▶ ☐

1 Issuer's name: Flatwoods-Canoe Run Public Service District

2 Issuer's employer identification number: 55-053-2503-001

3 Number and street: P. O. Box 677

4 Report number: G19 91- 1

5 City or town, state, and ZIP code: Sutton, West Virginia 26601

6 Date of issue: November 14, 1990

7 Name of issue: Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 A

8 CUSIP Number: "N/A"

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

		Issue price
9	Check box if obligations are tax or other revenue anticipation bonds ▶ ☐	
10	Check box if obligations are in the form of a lease or installment sale ▶ ☐	
11	☐ Education	$
12	☐ Health and hospital	
13	☐ Transportation	
14	☐ Public safety	
15	☒ Environment (including sewage bonds) See Statement 1	$ 1,147,938
16	☐ Housing	
17	☐ Utilities	
18	☐ Other. Describe (see instructions) ▶	

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity	10/1/2029	8.10%	$ 90,718	$ 90,718			
20	Entire issue			$1,147,938	1,147,938	28.61 years	%	8.10 %

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21	Proceeds used for accrued interest			21	-0-
22	Issue price of entire issue (enter line 20c)			22	$1,147,938
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	$4,557		
24	Proceeds used for credit enhancement	24	-0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25	-0-		
26	Proceeds used to refund prior issues	26	-0-		
27	Total (add lines 23, 24, 25, and 26)			27	$4,557
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			28	$1,143,381

Part V Description of Refunded Bonds (complete this part only for refunding bonds) N/A

29	Enter the remaining weighted average maturity of the bonds to be refunded ▶	years
30	Enter the last date on which the refunded bonds will be called ▶	
31	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

32	Enter the amount of the state volume cap allocated to the issue ▶	0
33	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶	0
34	Pooled financings:	
a	Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶	0
b	Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ July 11, 1990	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Signature of officer: Dale Leavitt

Date: 2/11/91

Type or print name and title: Dale Leavitt, Chairman

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form **8038-G** (Rev 10-89)

*U.S. Government Printing Office: 1989-262-151/00019

STATEMENT 1

The Issuer also concurrently issued supplemental sewage bonds which bear no interest with an issue price of $51,842, which are junior and subordinate to the bonds set forth on the Form 8038-G to which this statement is attached, but which, for purposes of Form 8038-G, may be considered as part of the same issue although separate obligations. Such supplemental sewage bonds are named Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 B, have no Cusip Number and finally mature on October 1, 2029, with a final maturity issue price and stated redemption price at maturity of $1,364.26. The entire issue of such supplemental sewage bonds has an issue price and stated redemption price at maturity of $51,842, with a weighted average maturity of 20.38 years. $207 of the original proceeds of such supplemental sewage bonds will be used for bond issuance costs and the balance of $51,635 will be nonrefunding proceeds of such supplemental sewage bonds. No amount of the state volume cap will be allocated to such supplemental sewage bonds, and no amount of such supplemental sewage bonds has been designated by the Issuer under Section 265(b)(3)(B)(i)(III). None of the proceeds of such supplemental sewage bonds will be used to make loans to other governmental units and none of such supplemental sewage bonds are a loan made from the proceeds of another tax-exempt issue.

Form **8038-G** (Rev. October 1989)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Section 149(e)
▶ See separate instructions
(Use Form 8038-GC if the issue price is under $100,000)

OMB No. 1545-0720
Expires 5-31-92

Part I Reporting Authority — Check box if **Amended Return** ▶ ☐

1 Issuer's name: Flatwoods-Canoe Run Public Service District
2 Issuer's employer identification number: 55-053-2503-001
3 Number and street: P. O. Box 677
4 Report number: G19 91 - 2
5 City or town, state, and ZIP code: Sutton, West Virginia 26601
6 Date of issue: November 14, 1990
7 Name of Issue: Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 C
8 CUSIP Number: "N/A"

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

		Issue price
9	Check box if obligations are tax or other revenue anticipation bonds ▶ ☐	
10	Check box if obligations are in the form of a lease or installment sale ▶ ☐	
11	☐ Education	$
12	☐ Health and hospital	
13	☐ Transportation	
14	☐ Public safety	
15	☒ Environment (including sewage bonds) See Statement 1	$1,118,000
16	☐ Housing	
17	☐ Utilities	
18	☐ Other. Describe (see Instructions) ▶	

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity	11/14/2030	5 %	$ 4,831	$4,831			
20	Entire issue			$1,118,000	$1,118,000	26.58 years	%	5 %

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21	Proceeds used for accrued interest			21	-0-
22	Issue price of entire issue (enter line 20c)			22	$1,118,000
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	$4,437		
24	Proceeds used for credit enhancement	24	-0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25	-0-		
26	Proceeds used to refund prior issues	26	-0-		
27	Total (add lines 23, 24, 25, and 26)			27	$4,437
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			28	$1,113,563

Part V Description of Refunded Bonds (complete this part only for refunding bonds) N/A

29	Enter the remaining weighted average maturity of the bonds to be refunded ▶	years
30	Enter the last date on which the refunded bonds will be called ▶	
31	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

32	Enter the amount of the state volume cap allocated to the issue ▶	-0-
33	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶	-0-
34	Pooled financings:	
a	Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶	-0-
b	Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☐ and enter the name of the issuer ▶ and the date of the issue ▶	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Please Sign Here

Signature of officer: Dale Leavitt
Date: 2/11/91
Type or print name and title: Dale Leavitt, Chairman

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form **8038-G** (Rev 10-89)

*U.S. Government Printing Office: 1989-262-151/00019

STATEMENT 1

The Issuer also concurrently issued supplemental sewage bonds which bear no interest with an issue price of $51,842, which are junior and subordinate to the bonds set forth on the Form 8038-G to which this statement is attached, but which, for purposes of Form 8038-G, may be considered as part of the same issue although separate obligations. Such supplemental sewage bonds are named Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 B, have no Cusip Number and finally mature on October 1, 2029, with a final maturity issue price and stated redemption price at maturity of $1,364.26. The entire issue of such supplemental sewage bonds has an issue price and stated redemption price at maturity of $51,842, with a weighted average maturity of 20.38 years. $207 of the original proceeds of such supplemental sewage bonds will be used for bond issuance costs and the balance of $51,635 will be nonrefunding proceeds of such supplemental sewage bonds. No amount of the state volume cap will be allocated to such supplemental sewage bonds, and no amount of such supplemental sewage bonds has been designated by the Issuer under Section 265(b)(3)(B)(i)(III). None of the proceeds of such supplemental sewage bonds will be used to make loans to other governmental units and none of such supplemental sewage bonds are a loan made from the proceeds of another tax-exempt issue.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. †(Extra charge)†
2. ☐ Restricted Delivery †(Extra charge)†

3. Article Addressed to:

INTERNAL REVENUE SERVICE
INTERNAL REVENUE SERVICE CENTER
PHILADELPHIA, PA 19255

4. Article Number
P 020 664 471

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature — Agent
X

7. Date of Delivery

RECEIVED
FEB 13 1991
28
PHIL, PA

PS Form 3811, Mar. 1987 ★ U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

U.S.MAIL

PENALTY FOR PRIVATE USE, $300

RETURN TO

Print Sender's name, address, and ZIP Code in the space below.

Walter L. Williams, Esquire
Steptoe & Johnson
P. O. Box 2190
Clarksburg, WV 26302-2190

(Flatwoods Canoe Run Rd)

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 11/14/90

(See Reverse for Instructions)

ISSUE: Flatwoods-Canoe Run Public Service District, Sewer Revenue Bonds, Series 1990 A

ADDRESS: P. O. Box 677, Sutton, WV 26601 COUNTY: Braxton

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: 11/14/90 CLOSING DATE: 11/14/90

ISSUE AMOUNT: $ 1,147,938 RATE: 8.10%

1st DEBT SERVICE DUE: 4/1/91 1st PRINCIPAL DUE: 10/1/92

1st DEBT SERVICE AMOUNT: $35,385.19 PAYING AGENT: One Valley Bank, National Association

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Walter L. Williams, Esq.

Phone: 624-8152

CLOSING BANK: One Valley Bank, National Association

Contact Person: Charlotte Morgan

Phone: 348-7000

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Dale Leavitt

Position: Chairman

Phone: 765-5143

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esquire

Phone: 340-1318

ESCROW TRUSTEE: ____

Contact Person: ____

Phone: ____

OTHER: ____

Contact Person: ____

Function: ____

Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____ Accrued Interest: $ ____
X Capitalized Interest: $ 139,400.00
____ 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: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ____

TRANSFERS REQUIRED: ____

35A

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 11/14/90

(See Reverse for Instructions)

ISSUE: Flatwoods-Canoe Run Public Service District, Sewer Revenue Bonds, Series 1990 B

ADDRESS: P. O. Box 677, Sutton, WV 26601 COUNTY: Braxton

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: 11/14/90 CLOSING DATE: 11/14/90

ISSUE AMOUNT: $ 51,842 RATE: 0%

1st DEBT SERVICE DUE: 10/1/92 1st PRINCIPAL DUE: 10/1/92

1st DEBT SERVICE AMOUNT: $1,364.38 PAYING AGENT: One Valley Bank, National Association

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Walter L. Williams, Esq.
Phone: 624-8152
CLOSING BANK: One Valley Bank, National Association
Contact Person: Charlotte Morgan
Phone: 348-7000
KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Dale Leavitt
Position: Chairman
Phone: 765-5143

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Sammie L. Gee, Esquire
Phone: 340-1318
ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____
OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:
By [redacted] Wire
X 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: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

35B

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 11/14/90

(See Reverse for Instructions)

ISSUE: Flatwoods-Canoe Run Public Service District, Sewer Revenue Bonds, Series 1990 C

ADDRESS: P. O. Box 677, Sutton, WV 26601 COUNTY: Braxton

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: 11/14/90 CLOSING DATE: 11/14/90

ISSUE AMOUNT: $ 1,118,000 RATE: 5%

1st DEBT SERVICE DUE: 12/14/90 1st PRINCIPAL DUE: 11/14/92

1st DEBT SERVICE AMOUNT: Cannot be determined PAYING AGENT: Not applicable

ISSUERS
BOND COUNSEL: Steptoe & Johnon
Contact Person: Walter L. Williams, Esq.
Phone: 624-8152
CLOSING BANK: One Valley Bank, National Association
Contact Person: Charlotte Morgan
Phone: 348-7000
KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Dale Leavitt
Position: Chairman
Phone: 765-5143

UNDERWRITERS
BOND COUNSEL: ____
Contact Person: ____
Phone: ____
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: This is a Farmers Home loan. Principal and interest will be paid directly to Farmers Home. The Reserve Account for such Series 1990 C Bonds will be maintained with the Municipal Bond Commission.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

35C

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

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540239-03-0	Three - C
3. DATE OF AWARD: SEP 30 1988	4. ~~EFFECTIVE DATE~~: OCT 07 1988

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
operative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement	X	Send Payment Request To: WVDNR Construction Grants Branch	Continuation
Assistance Amendment			

RECIPIENT ORGANIZATION

8. RECIPIENT	9. PAYEE
Flatwoods Canoe Run Public Service District P. O. Box 677 Sutton, West Virginia 26601	Flatwoods Canoe Run Public Service District P. O. Box 677 Sutton, West Virginia 26601
EIN NO.	CONGRESSIONAL DISTRICT: 3rd
	10. RECIPIENT TYPE: Public Service District
11. PROJECT MANAGER AND TELEPHONE NO. John H. Tinney, Chairman (304) 765-5072	12. CONSULTANT *(WWT Construction Grants Only)* Kelley, Gidley, Blair & Wolfe, Incorporated P. O. Box 2986 Charleston, West Virginia 25330 (304) 345-0470

EPA CONTACT

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

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID *(Clearinghouse)*	17. FIELD OF SCIENCE	18. PROJECT STEP *(WWT CG Only)*
Patricia Gaskins (202)382-5184	SAI-WV880208-008	N/A	III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*		
Clean Water Act, Title II	40 CFR Parts 30 & 35	a. Treatment Level	3	
		b. Project Type	NEW	
		c. Treatment Process	F	
		d. Sludge Design	5	

22. PROJECT TITLE AND DESCRIPTION: Construction of secondary wastewater treatment plants, interceptors, force mains, river crossings, and pump stations. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Sutton/Gassaway	Braxton	WV	3rd

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/88 - 02/92	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
4,284	N/A	7,753,500

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		4,264,420	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		7,753,500	

39. FISCAL

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GHSW80	76-R	68X0103.7	W76C03	DGHS036006	41.11	$ 18,318
GHQW80	78-R	68X0103.A	W78C03	DGHQ036006	41.11	47,458
GHPW80	79-R	68X0103.B	W79C03	DGHP036006	41.11	195,780
GTAW80	88	68X0103.L	W88016	8GTA036006	41.11	4,002,864

3-A

PART II–APPROVED BUDGET

ASSISTANCE IDENTIFICATION NO. C-540239-03-0

TABLE A – OBJECT CLASS CATEGORY (Non–construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient ____ % Federal ____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE B – PROGRAM ELEMENT CLASSIFICATION (Non–construction)	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient ____ % Federal ____ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE C – PROGRAM ELEMENT CLASSIFICATION (Construction)	
1. ADMINISTRATION EXPENSE	29,685
2. [redacted] Fiscal	14,843
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	87,972
5. OTHER ARCHITECTURAL ENGINEERING FEES	106,154
6. PROJECT INSPECTION FEES	608,575
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	6,278,471
12. EQUIPMENT	
13. MISCELLANEOUS	
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	627,800
19. TOTAL (Share: Recipient 45 % Federal 55 %)	7,753,500
20. TOTAL APPROVED ASSISTANCE AMOUNT	$ 4,264,420

PART III–AWARD CONDITIONS

a. GENERAL CONDITIONS

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

b SPECIAL CONDITIONS

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

A. The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

"1. Regulations Affecting Federal Grant Payments

(a) Payments shall be made in accordance with 40 CFR 35.2300.

2. Project Schedule

EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a special condition. The grantee is expected to take all appropriate actions to ensure that this schedule is maintained.

In the event that the project is delayed for reasons beyond the control of the grantee, this schedule may be revised. If the delay arises from mismanagement and could otherwise have been avoided, the schedule will not be revised, in which case EPA will be compelled to determine if ineligible incremental costs have been incurred as a result.

3. Project Initiation (40 CFR 35.2212)

Construction is expected to be initiated on the following schedule.

Failure of the grantee to initiate construction of all major contracts within 12 months of approval of plans and specifications will result in disallowance of incremental costs in accordance with 40 CFR 35.2212, "Project Initiation".

Plans and Specifications approval	11/88		
Bid Advertisement	03/89		
Construction Contract Award	03/89		

4. Grant Payment Milestones (40 CFR 35.2206)

Grant payments cannot exceed 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and cannot exceed 90% unless the grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payments.

Final Plan of Operation Approval	10/89
Operation and Maintenance Manual Approval	08/90

5. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The sewer use ordinance must be adopted, and the user charge system implemented, before the system is placed in operation. The following dates represent an estimate of that operational date.

Sewer Use Ordinance Adoption	01/89
User Charge System Implementation	08/90

6. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request to State for final physical inspection	12/90
Preliminary Final Payment Request	01/91

7. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee, therefore, agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	10/90
Project Performance Certification	10/91
Final Payment Request	02/92

8. Subagreements and Contracts

(a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.

(b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.

(c) The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

9. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

10. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

11. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving official.

12. Advertisement for Bids

Prior to the advertisement for construction bids, the grantee agrees to submit to the Regional Administrator for approval the following:

Final design drawings and specifications (40 CFR 35.2040 (b)(5)).

13. MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, ATTN: EEO Specialist, EPA, Region III, a completed Standard Form-334 within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements for building and building-related services and supplies.

14. EPA's National Municipal Policy

Nothing in this grant agreement shall be construed to excuse the grantee from meeting the requirements of the National Municipal Policy and the enforceable requirements of the Clean Water Act, as amended.

The schedule for completion of this project will be revised as needed to correspond to any schedule approved in the context of an enforcement action.

15. Eligibility Agreement

The grantee and the Environmental Protection Agency agree, pursuant to section 203(a)(2) of the Clean Water Act, that only those items specified in the project description (scope) portion of the grant agreement are eligible for Federal participation in accordance with 40 CFR Part 35.2250 (determination of allowable costs)."

b. SPECIAL CONDITIONS *(Continued)*

PART IV

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

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

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers

assistance/~~amendment~~ to the Flatwoods Canoe Run Public Service District
(RECIPIENT ORGANIZATION)

for 55 % of all approved costs incurred up to and not exceeding $ 4,264,420
(ASSISTANCE AMOUNT)

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

C-540239-03 Flatwoods Canoe Run Public Service District included herein by reference.
(DATE AND TITLE)

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS	ORGANIZATION/ADDRESS
Environmental Protection Agency Grants Management Branch (3PM70) 841 Chestnut Building Philadelphia, Pennsylvania 19107	Environmental Protection Agency Water Management Division (3WM00) 841 Chestnut Building Philadelphia, Pennsylvania 19107

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

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	James M. Seif, Regional Administrator	SEP 30 1988

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

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
Johnnie R. Tinney	Johnnie R. Tinney, Chairman	12-16-88

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

October 23, 1990

Mr. Dale L. Leavitt, Chairman
Flatwoods-Canoe Run Public Service
District
P. O. Box 677
Sutton, West Virginia 26601

RE: Flatwoods-Canoe Run PSD
C-540239-03

Dear Mr. Leavitt:

You are hereby advised that the bidding procedures for Contracts 1, 2, 3, 4 and 5 have been reviewed and approved. The contracts may now be awarded to the low, responsive bidders, Dave Sugar Contracting Company, Hemlock Pipeline, Incorporated and Breckenridge Corporation as indicated by the proposal you have submitted.

Certain construction activities have been assigned to our Engineering Section. You will be contacted by a representative of this section in the near future.

The Part B documents that you submitted are being reviewed by this office. The official approval letter and the grant amendment are currently being processed and will be forwarded under separate cover. The total eligible project costs are $7,512,300 reflecting an EPA grant of $4,131,760.

Should you have any questions, please contact Rosalie Ortega or Paul Frantz at (304) 348-0637.

Sincerely,

CONSTRUCTION ASSISTANCE BRANCH

Mike Johnson

Mike Johnson, P. E.
Branch Head

cc: Lee Murphy, EPA
Bernie Yonkosky, WDA
John Demchalk, ARC
Richard Ellard, FmHA
Kelley, Gidley, Blair & Wolfe

Rose

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

October 25, 1990

Mr. Frederick G. Warren, Chief
Grants Management Section (3PM71)
Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Flatwoods-Canoe Run PSD
C-540239-03

Dear Mr. Warren:

Transmitted are the Part B documents for Contracts 1, 2, 3, 4 and 5 of the referenced project. The State approves the bidding procedures and the request for grant decrease in the amount of $132,660 reflecting a revised federal grant of $4,131,760. The total eligible project cost is now $7,512,300.

Should you have any questions, please contact Rosalie Ortega of my staff at (304) 348-0637.

Sincerely,

CONSTRUCTION ASSISTANCE BRANCH

Mike Johnson

Mike Johnson, P. E.
Branch Head

MJ/jra

Enclosures

cc: Flatwoods-Canoe Run PSD
Kelley, Gidley, Blair & Wolfe
Richard Ellard, FmHA
Bernie Yonkosky, WDA
John Demchalk, ARC

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

November 9, 1990

Mr. Dale L. Leavitt, Chairman
Flatwoods Canoe Run Public
Service District
P. O. Box 677
Sutton, West Virginia 26601

RE: Flatwoods Canoe
Run PSD
C-540239-03

Dear Mr. Leavitt:

In response to inquiries about the EPA grant and dollar amounts relative to the extension, the following is a breakout of costs associated with each scope of work:

original project	=	$ 3,703,920
sewer extension	=	$ 427,840
Total grant		$ 4,131,760

Should you have any questions, please contact me at (304) 348-0637.

Sincerely,

CONSTRUCTION ISTANCE BRANCH

Rosalie Ortega

Rosalie Ortega, Administrator
Grants Management Section

RO/a

cc: Kelley, Gidley, Blair & Wolfe
FmHA
John Demchalk, ARC
Steptoe & Johnson
Bernie Yonkosky, WDA

Form FmHA 1942-31
(4-85)

FORM APPROVED
OMB No. 0575-0074
Expiration date available upon request.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated November 14, 1990, between

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

a public corporation organized and operating under

Chapter 16, Article 13A of the Code of West Virginia, as amended,

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of $ 8,336,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 7,836,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 7,836,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 500,000 or 75 percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, to be approved by the Public Service Commission of WV and may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

The information collected through the grant agreement is required to obtain a construction development grant and is used to determine that the grant funds are used for authorized program purposes.

(1) Activities sponsored by the FmHA.

(2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activities in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than $1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisition cost of $1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share $100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

All that sewage utility owned and operated by the Grantee within the boundary of its Public Service District situated in the Holly and Otter Magisterial Districts of Braxton County, WV, and as further described by the final plans and specifications prepared by Kelley, Gidley, Blair and Wolfe, Consulting Engineers, and used by the Contractor in constructing and installing the sewage system.

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

S. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. In construction contracts in excess of $2,000 and in other contracts in excess of $2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

U. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1875C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

V. The following clause is applicable to nonprofit organizations:

> As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $ 500,000

which it will advance to Grantee to meet not to exceed 75 percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated November 14, 1990, between

Flatwoods - Canoe Run Public Service District

a public corporation organized and operating under Chapter 16, Article 13A,

West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of $8,336,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $ 7,336,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $ 7,336,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $ 1,000,000 or _____ percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to the Appalachian Regional Development Act of 1965, as amended for the purpose only of defraying a part not to exceed 80 percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Comply with any measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.

D. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

E. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, to be approved by the Public Service Commission of WV and whether for one or more classes of service, which may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Office, OIRM, Room 404-W, Washington, D.C. 20250, and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0074), Washington, D.C. 20503.

F. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

G. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

H. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

I. To execute Forms FmHA 400-1, "Equal Opportunity Agreement," and FmHA 400-4, "Assurance Agreement," and any other agreements required by Grantor which Grantee is legally authorized to execute. If any such forms have been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this Grant, another form of the same type need not be executed in connection with this Grant.

J. Upon any default under its representations or agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, to the extent legally permissible, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred, whichever is greater. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

K. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

L. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantor may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

The Grant Agreement covers the following described real property (use continuation sheets as necessary):

M. Abide by the following conditions pertaining to nonexpendable personal property which is furnished by the Grantor or acquired wholly or in part with grant funds. Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of $300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided such definition would at least include all tangible personal personal property as defined above.

1. Use of nonexpendable property.

(a) The Grantee shall use the property in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by FmHA.

(2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activites in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than $1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisiton cost of $1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share $100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for a description of the property; manufacturer's serial number or other identification number; acquisition date and cost, source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

All that sewage utility owned and operated by the Grantee within the boundary of its Public Service District in the Holly and Otter Magisterial Districts of Braxton County, WV, and as further described by the final plans and specifications proposed by Kelley, Gidley, Blair and Wolfe, Consulting Engineers, and used by the Contractor in constructing and installing t sewage system.

N. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

O. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

P. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

Q. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

R. Agree to account for and to return to Grantor interest earned on grant funds pending this disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

S. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

T. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

U. In construction contracts in excess of $2,000 and in other contracts in excess of $2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

V. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1857C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement,contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

W The following clause is applicable to nonprofit organizations.

As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $ 1,000,000 _____

which it will advance to Grantee to meet not to exceed 80 _____ percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, determent, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

TERMINATION OF THIS AGREEMENT

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in Paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presence to be executed by its duly authorized Chairman

and attested and its corporated seal affixed by its duly authorized Secretary

ATTEST:

By _____
John R. Tinney

Secretary
(Title)

By _____
Dale L. Leavitt

Chairman
(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

Assistant District Director
(Title)

★U.S. Government Printing Office: 1990-717-014/03831

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Flatwoods-Canoe Run Public Service District Sewer Revenue Bonds, Series 1990 A and Series 1990 B, all dated November 14, 1990, in the aggregate principal amount of $1,199,780 (collectively the "Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 14th day of November, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

11/11/90
FCRJ.Z2
36733/89001

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, with principal office in Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of Flatwoods-Canoe Run Public Service District, adopted November 14, 1990, authorizing issuance of the District's Sewer Revenue Bonds, Series 1990 A, Series 1990 B and Series 1990 C, all dated November 14, 1990, in the aggregate principal amount of $2,317,780 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 14th day of November, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

11/11/90
FCRJ.02
29212/88002

40A

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

ACCEPTANCE OF DUTIES OF CO-DEPOSITORY BANK

HOME NATIONAL BANK, a national banking association, with principal office in Sutton, West Virginia, hereby accepts appointment as a Co-Depository Bank in connection with a Resolution of Flatwoods-Canoe Run Public Service District, adopted December 19, 1990 (the "Resolution"), and agrees to perform all duties of Co-Depository Bank as set forth in the Resolution.

Dated this 19th day of December, 1990.

HOME NATIONAL BANK

By _____
Its Executive Vice President

12/14/90
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FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Local Act and Registrar's Agreement providing for the $1,199,780 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, of Flatwoods-Canoe Run Public Service District (the "Issuer"), hereby certify that on the 14th day of November, 1990, the single fully registered Series 1990 A Bond of the Issuer in the principal amount of $1,147,938 designated "Sewer Revenue Bond, Series 1990 A," numbered AR-1, and the single fully registered Series 1990 B Bond of the Issuer in the principal amount of $51,842 designated "Sewer Revenue Bond, Series 1990 B," numbered BR-1, were registered as to principal and interest (the Series 1990 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 14th day of November, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Corporate Trust Administrative Officer

11/11/90
FCRJ.AA2
29212/88002

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of November, 1990, by and between FLATWOODS-CANOE RUN 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 $1,199,780 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Resolution adopted November 14, 1990, and a Supplemental Resolution adopted November 14, 1990 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar for the Bonds under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the 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 Local Act, 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, from time to time, 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 Local Act with respect to the Registrar for the Bonds. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

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 Local Act 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: Flatwoods-Canoe Run Public Service District
P. O. Box 677
Sutton, West Virginia 26601
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 Local Act.

IN WITNESS WHEREOF, FLATWOODS-CANOE RUN 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.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

By _____
Its Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

11/11/90
FCRJ.BB2
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EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-2C

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1990 A, of Flatwoods-Canoe Run Public Service District in the principal amount of $1,147,938, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: November 14, 1990.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yankoski
Authorized Representative

11/11/90
FCRJ.CC2
29212/88002

RECEIVED
NOV 12 '90
KELLEY, GIDLEY, BLAIR AND WOLFE, INC. CONSULTING ENGINEERS

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

LARRY W. GEORGE
Deputy Director

June 11, 1990

Mr. Dale L. Leavitt, Chairman
Flatwoods-Canoe Run PSD
P. O. Box 677
Sutton, WV 26601

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Leavitt:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0084042, dated the 4th day of June 1990, for Flatwoods-Canoe Run Public Service District to serve the same including the Town of Sutton and the Town of Gassaway in Gassaway, West Virginia.

Please note that a Discharge Monitoring Report (DMR) is to be completed and submitted to this office each month. It is suggested that several copies of the enclosed DMR form be made for your future use, as this office does not supply permittees with DMR forms. Please also note the attachment to this permit which describes the annual permit fee requirement.

Please also note Requirement No. 7 on page 8 of 9 prohibiting the acceptance of new non-domestic wastewater discharges without prior Division approval.

Also enclosed find Order No. 2797 for revocation of Water Pollution Control Permit No. 3167.

If you have any questions, please do not hesitate to contact John Morgan of this office at 348-4086.

Sincerely,

MUNICIPAL WASTE SECTION

PGSangani

Pravin G. Sangani
Section Leader
Permits Branch

mll

Enclosures

44

WRD 1A-82
Revised 5-89

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0084042

Issue Date: June 11, 1990

Effective Date: July 11, 1990

Subject: Sewage Facilities

Expiration Date: June 10, 1995

Supersedes: Permit Nos. 3167 and S-6531-81, NPDES Permit No. WV0028053-Effective Date May 5, 1976

Location: Gassaway (City) Braxton (County) Kanawha (Drainage Basin)

Outlet Sites: Latitude: 38 ° 40 ' 00 " N
Longitude: 80 ° 47 ' 50 " W

To whom it may concern:

This is to certify that Flatwoods-Canoe Run Public Service District, P. O. Box 677, Sutton, WV 26601 is hereby granted a NPDES Water Pollution Control Permit to construct, install, operate and maintain a 0.3 MGD ORBAL process wastewater treatment plant and a wastewater collection system which are further described as follows.

The wastewater treatment plant will be comprised of a mechanically cleaned bar screen, two(2) grit chambers, a 300,000 gallon ORBAL aeration basin, two(2) clarifiers with a volume of 56,145 gallons each and a surface area of 616 square feet each, two(2) chlorine contact chambers with a volume of 6,525 gallons each, a 25,450 gallon sludge decant tank, two(2) vacuum sludge dewatering beds with a surface area of 495 square feet each and all requisite appurtenances.

The wastewater collection system will be comprised of approximately 12,219 linear feet of eight(8) inch diameter, 876 linear feet of 10 inch diameter, 331 linear feet of 12 inch diameter, 2,779 linear feet of 15 inch diameter, 7,563 linear feet of 18 inch and 4,394 linear feet of 20 inch diameter gravity sewer lines, 153 manholes, 35 cleanouts, six(6) lift stations, eight(8) simplex grinder lift stations, 1,624 linear feet of one and one-fourth (1 1/4) inch diameter, 400 linear feet of four(4) inch diameter, 325 linear feet of six(6) inch diameter, 1,790 linear feet of eight(8) inch diameter and 24,715 linear feet of 10 inch diameter force mains and all requisite appurtenances.

To operate and maintain an existing wastewater collection system comprised of approximately 500 linear feet of four(4) inch diameter, 13,200 linear feet of six(6) inch diameter, 6,150 linear feet of eight(8) inch diameter, 1,555 linear feet of 10 inch

(Continued on Page 1A)

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0084042, dated the 7th day of November, 19 89, _____ ; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the State Water Resources Board.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0084042, dated the 7th day of November, 19 89 _____ , and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 5A, Chapter 20 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 5A, Chapter 20 of the Code of West Virginia and is transferable under the terms of Section 7 of said article.

By: _____
Chief

LEM:JDM:mll

FARMERS HOME ADMINISTRATION
P. O. BOX 678
MORGANTOWN, WV 26505

DECEMBER 18, 1990

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds, Series 1990 A, Series 1990 B and Series 1990 C

TO WHOM IT MAY CONCERN:

The undersigned ACTING STATE DIRECTOR, for the United States of America, Farmers Home Administration, the present holder of the entire outstanding aggregate principal amount of the $1,118,000 Sewer Revenue Bonds, Series 1990 C, of the Flatwoods-Canoe Run Public Service District, hereby consents to the designation of a Co-Depository Bank and other matters set forth in the form of Resolution of the Public Service Board of the Flatwoooods-Canoe Run Public Service District (the "Resolution") attached hereto as a part hereof as Exhibit A, and hereby waives any requirements imposed by the Bond and Notes Resolution and Supplemental Resolution both adopted November 14, 1990, and authorizing the above-captioned bonds, regarding the designation of a Co-Depository Bank.

William F. Patton
WILLIAM F. PATTON
Acting State Director

..r A

EXHIBIT A

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C

RESOLUTION

RESOLUTION DESIGNATING A CO-DEPOSITORY BANK IN CONNECTION WITH THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C; AND MAKING OTHER PROVISIONS RELATING THERETO

WHEREAS, the public service board (the "Governing Body") of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (the "Issuer"), has duly and officially adopted a bond and notes resolution effective November 14, 1990 (the "Bond and Notes Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms not otherwise defined herein shall have the same meanings as in the Bond and Notes Resolution when used herein;

WHEREAS, the Governing Body of the Issuer has duly and officially adopted a supplemental resolution effective November 14, 1990 (the "Supplemental Resolution"), entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the Bond and Notes Resolution and the Supplemental Resolution (collectively, the "Bond Legislation") provide for the appointment of a Depository Bank for the purposes set forth in the Bond Legislation;

WHEREAS, pursuant to the Bond Legislation, the Issuer appointed One Valley Bank, National Association, as Depository Bank (the "Initial Depository Bank");

WHEREAS, to facilitate the expenditure of proceeds of the Original Bonds on Costs of the Project in accordance with the requirements of the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), the Issuer desires to appoint a Co-Depository Bank for the purposes set forth herein;

WHEREAS, both the Purchaser and the West Virginia Water Development Authority (the "Authority"), being the current holders of

all of the Bonds outstanding, have consented to such appointment and the other matters set forth herein;

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Resolution") be adopted and that a Co-Depository Bank be appointed in the manner and for the purposes stated herein and that other matters relating thereto be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Legislation and the foregoing, this Resolution is adopted and the Issuer does hereby appoint Home National Bank, Sutton, West Virginia (the "Co-Depository Bank"), a member of FDIC, as a Co-Depository Bank for the purposes set forth herein.

Section 2. There is hereby created with the Co-Depository Bank a special account designated as the "Flatwoods-Canoe Run Public Service District Project Construction Account" (herein called the "Project Construction Account").

Section 3. The Initial Depository Bank is hereby authorized to disburse amounts in the Bond Construction Trust Fund to the Co-Depository Bank, by check or wire transfer, for deposit in the Project Construction Account, upon receipt of a certificate or certificates as provided in Section 6.02 of the Bond and Notes Resolution, executed as set forth therein and otherwise complying with the terms thereof. Upon any such disbursement, the Initial Depository Bank shall have no further duty or responsibility for the application of any such amount and shall not be required to monitor the application of any such disbursement.

Section 4. The disbursements from the Bond Construction Trust Fund by the Initial Depository Bank made after the date of adoption of this Resolution and as provided in Section 3 of this Resolution and the proceeds of sale of the Series 1990 C Bonds received after the date of the adoption of this Resolution shall be deposited in the Project Construction Account on receipt by the Issuer or the Co-Depository Bank, as the case may be. Moneys in the Project Construction Account shall be expended by the Issuer solely and immediately for the payment of Costs of the Project upon vouchers and other documentation approved by Purchaser; provided that, the Co-Depository Bank shall not be a trustee as to funds in the Project Construction Account but shall hold such funds in a fiduciary capacity

and provided, further, that the disbursements from the Bond Construction Trust Fund shall only be applied to the payment of the Costs of the Project for which such amounts were requisitioned.

Except as otherwise required by the Purchaser with respect to proceeds of the Series 1990 C Bonds, pending application as provided in this Section 4, moneys 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, and all such investments and income therefrom shall be carried to the credit of 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 Co-Depository Bank in the same manner that the Bond Construction Trust Fund is secured or required to be secured under the Bond and Notes Resolution.

Section 5. Except to the extent expressly provided otherwise herein, the Bond Legislation shall continue and remain in full force and effect as adopted.

Section 6. This Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of December, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

_____
Chairman of Public Service Board

_____
Member

_____
Member

CERTIFICATION

Certified a true copy of a resolution duly adopted by the Public Service Board of Flatwoods-Canoe Run Public Service District on this 19th day of December, 1990.

[SEAL]

_____
Secretary, Public Service Board

12/14/90
FCRB.HH3
29212/88002

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064

(304) 348-3612

December 18, 1990

Flatwoods-Canoe Run Public Service District
Sewer Revenue Bonds, Series 1990A, Series 1990B and Series 1990C

TO WHOM IT MAY CONCERN:

The undersigned duly authorized Director of the West Virginia Water Development Authority, the present holder of the entire outstanding aggregate principal amounts of the $1,147,938 Sewer Revenue Bonds, Series 1990A, and $51,842 Sewer Revenue bonds, Series 1990B, of the Flatwoods-Canoe Run Public Service District, hereby consents to the designation of a Co-Depository Bank and other matters set forth in the form of Resolution of the Public Service Board of the Flatwoods-Canoe Run Public Service District (the "Resolution") attached hereto as a part hereof as Exhibit A and hereby waives any requirements imposed by the Bond and Notes Resolution and Supplemental Resolution, both adopted November 14, 1990, and authorizing the above-captioned Bonds, regarding the designation of a Co-Depository Bank.

West Virginia Water Development Authority

By: Daniel B. Yonkosky
Its Director

bbm

45B

EXHIBIT A

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C

RESOLUTION

RESOLUTION DESIGNATING A CO-DEPOSITORY BANK IN CONNECTION WITH THE FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C; AND MAKING OTHER PROVISIONS RELATING THERETO

WHEREAS, the public service board (the "Governing Body") of FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT (the "Issuer"), has duly and officially adopted a bond and notes resolution effective November 14, 1990 (the "Bond and Notes Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, NOT MORE THAN $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 C, AND NOT MORE THAN $4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND AUTHORIZING OR RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH SERIES 1990 A AND SERIES 1990 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms not otherwise defined herein shall have the same meanings as in the Bond and Notes Resolution when used herein;

WHEREAS, the Governing Body of the Issuer has duly and officially adopted a supplemental resolution effective November 14, 1990 (the "Supplemental Resolution"), entitled:

> SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A, SERIES 1990 B AND SERIES 1990 C OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO THE SERIES 1990 A BONDS AND SERIES 1990 B BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1990 C BONDS TO FARMERS HOME ADMINISTRATION; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the Bond and Notes Resolution and the Supplemental Resolution (collectively, the "Bond Legislation") provide for the appointment of a Depository Bank for the purposes set forth in the Bond Legislation;

WHEREAS, pursuant to the Bond Legislation, the Issuer appointed One Valley Bank, National Association, as Depository Bank (the "Initial Depository Bank");

WHEREAS, to facilitate the expenditure of proceeds of the Original Bonds on Costs of the Project in accordance with the requirements of the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), the Issuer desires to appoint a Co-Depository Bank for the purposes set forth herein;

WHEREAS, both the Purchaser and the West Virginia Water Development Authority (the "Authority"), being the current holders of

all of the Bonds outstanding, have consented to such appointment and the other matters set forth herein;

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Resolution") be adopted and that a Co-Depository Bank be appointed in the manner and for the purposes stated herein and that other matters relating thereto be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Legislation and the foregoing, this Resolution is adopted and the Issuer does hereby appoint Home National Bank, Sutton, West Virginia (the "Co-Depository Bank"), a member of FDIC, as a Co-Depository Bank for the purposes set forth herein.

Section 2. There is hereby created with the Co-Depository Bank a special account designated as the "Flatwoods-Canoe Run Public Service District Project Construction Account" (herein called the "Project Construction Account").

Section 3. The Initial Depository Bank is hereby authorized to disburse amounts in the Bond Construction Trust Fund to the Co-Depository Bank, by check or wire transfer, for deposit in the Project Construction Account, upon receipt of a certificate or certificates as provided in Section 6.02 of the Bond and Notes Resolution, executed as set forth therein and otherwise complying with the terms thereof. Upon any such disbursement, the Initial Depository Bank shall have no further duty or responsibility for the application of any such amount and shall not be required to monitor the application of any such disbursement.

Section 4. The disbursements from the Bond Construction Trust Fund by the Initial Depository Bank made after the date of adoption of this Resolution and as provided in Section 3 of this Resolution and the proceeds of sale of the Series 1990 C Bonds received after the date of the adoption of this Resolution shall be deposited in the Project Construction Account on receipt by the Issuer or the Co-Depository Bank, as the case may be. Moneys in the Project Construction Account shall be expended by the Issuer solely and immediately for the payment of Costs of the Project upon vouchers and other documentation approved by Purchaser; provided that, the Co-Depository Bank shall not be a trustee as to funds in the Project Construction Account but shall hold such funds in a fiduciary capacity

and provided, further, that the disbursements from the Bond Construction Trust Fund shall only be applied to the payment of the Costs of the Project for which such amounts were requisitioned.

Except as otherwise required by the Purchaser with respect to proceeds of the Series 1990 C Bonds, pending application as provided in this Section 4, moneys 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, and all such investments and income therefrom shall be carried to the credit of 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 Co-Depository Bank in the same manner that the Bond Construction Trust Fund is secured or required to be secured under the Bond and Notes Resolution.

Section 5. Except to the extent expressly provided otherwise herein, the Bond Legislation shall continue and remain in full force and effect as adopted.

Section 6. This Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of December, 1990.

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

_____
Chairman of Public Service Board

_____
Member

_____
Member

CERTIFICATION

Certified a true copy of a resolution duly adopted by the Public Service Board of Flatwoods-Canoe Run Public Service District on this 19th day of December, 1990.

[SEAL]

_____
Secretary, Public Service Board

12/14/90
FCRB.HH3
29212/88002

FLATWOODS-CANOE RUN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A, Series 1990 B and Series 1990 C

ACKNOWLEDGMENT AND CONSENT OF DEPOSITORY BANK

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, with principal office in Charleston, West Virginia, as Depository Bank in connection with a Bond and Notes Resolution of Flatwoods-Canoe Run Public Service District, adopted November 14, 1990 (the "Bond and Notes Resolution"), authorizing issuance of the District's Sewer Revenue Bonds, Series 1990 A, Series 1990 B and Series 1990 C, all dated November 14, 1990, in the aggregate principal amount of $2,317,780 (collectively, the "Bonds"), hereby acknowledges receipt of the Resolution of the Flatwoods-Canoe Run Public Service District adopted December 19, 1990 (the "Resolution"), and the consents of the West Virginia Water Development Authority and the United States of America, Farmers Home Administration, relating to the Resolution, and agrees to perform all duties of Depository Bank in connection with the Bonds as set forth in the Bond and Notes Resolution and the Resolution.

Dated this 19th day of December, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte L. Morgan
Its Corporate Trust Administrative Officer

12/14/90
FCRB.LL2
29212/88002

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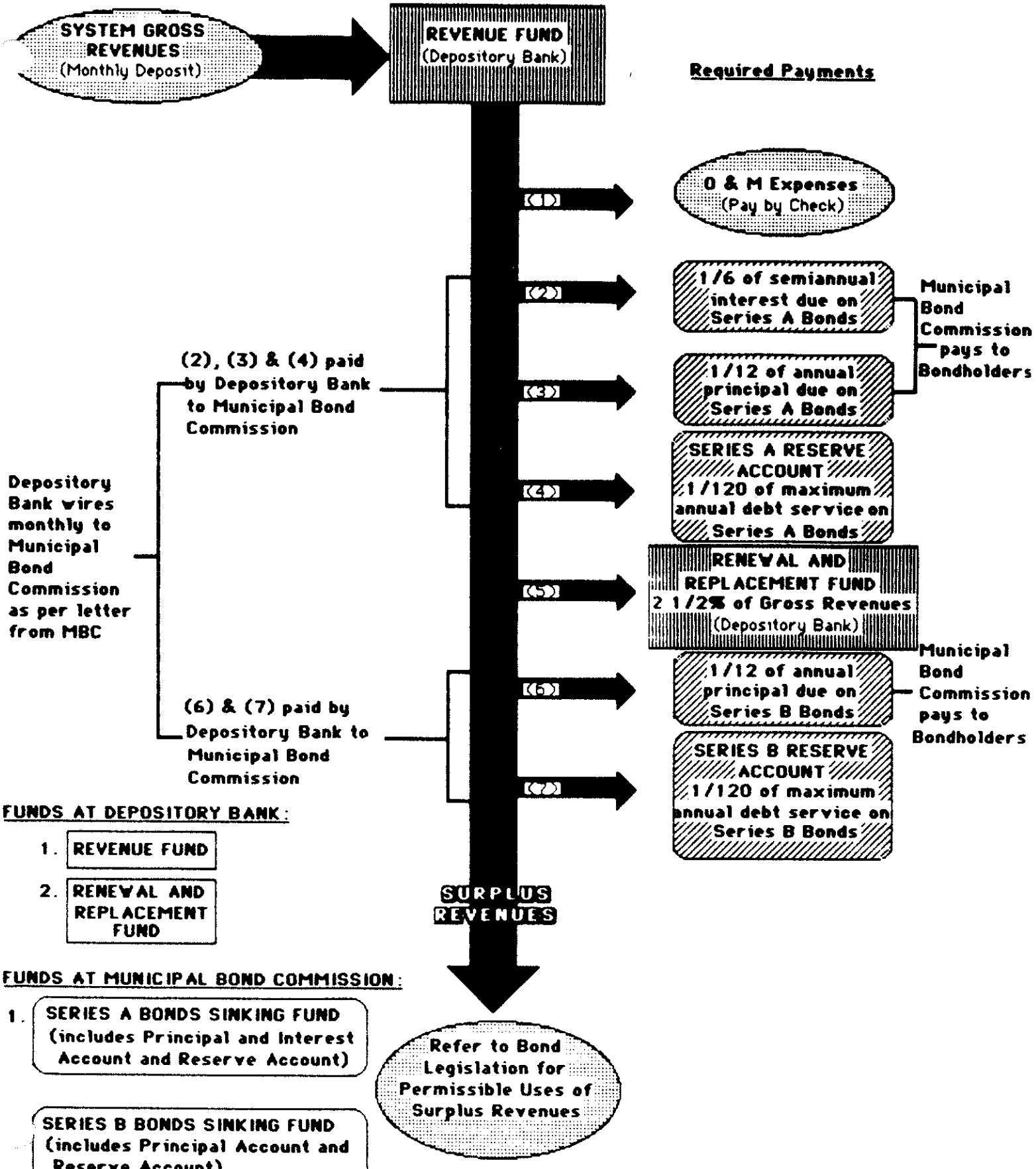
FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES