

Crab Orchard-MacArthur Public Service District
Sewerage System Refunding Revenue Bonds, Series 2008 A

Date Of Closing: March 27, 2008

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CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE BY CRAB-ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR MILLION DOLLARS (\$4,000,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008A FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT DESIGNATED AS CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1996A, WHICH ALONG WITH OTHER FUNDS AND MONIES OF, OR AVAILABLE TO, THE CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT MAY BE LAWFUL EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR, SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REFUNDING REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH BRANCH BANKING AND TRUST COMPANY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any 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. Crab Orchard-MacArthur Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State.

B. The Issuer presently owns and operates a public sewerage system. The acquisition and construction of the System were financed in part with the proceeds of prior bond and note issues of the Issuer, including \$3,685,177 in principal amount of the Issuer's Sewer Revenue Bonds, Series 1986A (the "1986A Bonds"), which were secured by a first lien on the net revenues of the System, and \$161,688 Sewer Revenue Bonds, Series 1986B (the "1986B Bonds"), which were secured by a lien of the net revenues of the System which lien is now a first lien.

C. The 1986A Bonds were defeased by the proceeds from the Issuer's \$4,925,000 Sewage System Refunding Revenue Bond, Series 1996A (the "1996A Bonds") issued on August 28, 1996 authorized by a Refunding Bond Resolution adopted by the Issuer on July 23, 1996, as supplemental and amended by a Supplemental Resolution adopted on August 7, 1996 (collectively the "Prior Resolution").

D. The Issuer derives revenues from the System, and, are pledged to secure and pay the debt service for the 1996 A Bonds and the following bonds:

	<u>Lien Position</u>
(i) Sewer Revenue Bonds, Series 1986B, dated May 29, 1986, issued in the original aggregate principal amount of \$161,688 (the "Series 1986B Bonds");	First Lien
(ii) Sewerage System Refunding Revenue Bonds, Series 1996A, dated July 16, 1996, issued in the original aggregate principal amount of \$4,925,000 (the "Series 1996A Bonds");	First Lien [TO BE DEFEASED ON CLOSING 2008 A BONDS]
(iii) Sewerage System Revenue Bonds, Series 1997A (West Virginia SRF Program), dated June 5, 1997, issued in the original aggregate principal amount of \$250,000 (the	First Lien

	"Series 1997A Bonds");	First Lien
(iv)	Sewerage System Revenue Bonds, Series 1997B (West Virginia Infrastructure Fund), dated June 5, 1997, issued in the original aggregate principal amount of \$1,774,300 (the "Series 1997B Bonds");	
(v)	Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 16, 1999, issued in the original aggregate principal amount of \$478,630 (the "Series 1999 Bonds");	First Lien
(vi)	Sewer Revenue Bonds, Series 2001A (West Virginia SRF Program), dated October 3, 2001, issued in the original aggregate principal amount of \$6,818,600 (the "Series 2001A Bonds");	First Lien
(vii)	Sewer Revenue Bonds, Series 2006A (West Virginia SRF Program), dated September 7, 2006, issued in the original aggregate principal amount of \$1,314,606 (the "Series 2006A Bonds"); and	First Lien
(viii)	Sewer Revenue Bonds, Series 2006B (West Virginia Infrastructure Fund), dated September 7, 2006, issued in the original principal amount of \$5,852,000 (the "Series 2006B Bonds").	First Lien

The Series 1986B Bonds, Series 1997A Bonds, Series 1997B Bonds, the Series 1999 Bonds, the Series 2001A Bonds, the Series 2006A Bonds and the Series 2006B Bonds are hereinafter collectively referred to as the "Prior Bonds."

E. The Series 1996A Bonds are currently outstanding in the aggregate principal amount of \$3,810,000. The Issuer may now refund the 1996A Bonds at a savings to the Issuer and obtain relief under certain covenants and, therefore, such refunding is in the best interests of the Issuer. The 1996 A Bonds will be refunded with the proceeds of the Series 2008 Bonds, together with funds of the Issuer made available by the refunding of the 1996A Bonds (the "Refunding").

F. After the issuance of the Series 2008A Bonds, the Prior Bonds and the Series 2008A Bonds will be secured by a shared first lien on the net revenues of the System.

G. The estimated revenues to be derived in each year after completion of the Refunding and the defeasing of the Series 1996A Bond 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, if any, on the Series 2008A Bonds and the Prior Bonds and all sinking funds, reserve accounts and other payments provided for herein and in the Prior Resolution.

H. It is further deemed necessary for the Issuer to issue the Series 2008A Bonds in the total aggregate principal amount of not more than \$4,000,000.00 to finance a portion of the costs of refunding the Series 1996A Bonds. Said costs shall be deemed to include amounts which may be deposited in the Series 2008A Bonds Reserve Account, if any; legal expenses; other expenses necessary or incident issuance of the Series 2008A Bonds, administrative expense, commitment fees, discount, fees for the services of registrars, paying agents, depositories, escrow agents, or trustees or other costs in connection with the sale of the Series 2008A Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008A Bonds, or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Refunding, as hereinafter defined.

I. The Series 2008A Bonds are not private activity bonds as defined in the Code.

J. Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Series 2008A Bonds will be used for local government activities of the Issuer.

K. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2008A Bonds.

L. The Series 2008A Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code.

M. It is in the best interest of the Issuer that its Series 2008A Bonds be issued and sold to the Branch Banking and Trust Company ("BB&T") pursuant to the terms and provisions of a commitment letter dated February 13, 2008, as ultimately reflected in a bond purchase agreement by and among the Issuer, and BB&T, the execution, delivery and form of which are ratified and approved herein and/or in a Supplemental Resolution.

N. The Issuer has met the requirements of the Prior Resolution for the issuance of the Series 2008A Bonds on a parity with the 1986B Bonds. Prior to the issuance of the Series 2008A Bonds, the Issuer will obtain (1) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met and (2) the written consent from the Holders of the Prior Bonds to issue the Series 2008A Bonds on a parity with the lien on the Net Revenues of the Holders of the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues or assets of the System. The Series 2008A Bonds shall be issued with a lien on the Net Revenues, as hereinafter defined, on parity with the lien thereon held by the Holders of the Prior Bonds.

O. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the issuance of the Series 2008A Bonds, or will have so complied prior to issuance thereof, including, among other things, the

obtaining 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 has expired or has been waived by all necessary parties prior to the issuance of the Series 2008A Bonds.

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

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

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

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

“BB&T” means Branch Banking and Trust Company the original purchaser of the Series 2008A Bonds.

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

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

“Bond Purchase Agreement” shall mean the Commitment Letter of BB&T dated February 13, 2008 providing for the purchase of the Series 2008A Bonds from the Issuer by BB&T, the form of which is attached hereto as Exhibit A together with the Debt Service Schedule subsequently prepared and attached to the Commitment Letter as herein and by the Supplemental Resolution approved and authorized.

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

“Bonds” means the Prior Bonds, the Series 2008A Bonds and, where appropriate, any bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the Series 2008A Bonds in substantially the form set forth in the bond form contained herein.

“Chairman” means the Chairman of the Governing Body of the Issuer.

“Closing Date” means the date on which there is an exchange of the Series 2008A Bonds for the proceeds representing the original purchase prior thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

“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.

“Costs” or “Costs of Issuance” means those costs.

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

“Escrow Agreement” means the separate agreement between the Issuer, and an escrow agent or trustee, substantially in the form of the agreement attached hereto as Exhibit B and by this reference made a part of hereof, relating to the refunding or defeasances of the 1996 Bonds.

“Escrow Fund” means the fund created by Paragraph 2 of the Escrow Agreement.

“Event of Default” means any occurrence or event specified in Section 9.01.

“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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations,

the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

“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 Section 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

“Independent Certified Public Accountants” shall mean any public accountant or certified public accountant or firm of public accountants or 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” shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

“Issuer” means Crab Orchard-MacArthur Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Net Proceeds” means the face amount of the Series 2008A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2008A Bonds Reserve Account, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2008A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

“Nonpurpose Investment” means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2008A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2008A Bonds.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System (excluding depreciation) and includes, without limiting

the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, fees and expenses of fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the West Virginia Municipal Bond Commission, or such entity or authority as may be designated by the Issuer by Supplemental Resolution.

"Prior Bonds" means the bonds of the Issuer listed in Section 1.02 D. of this Resolution.

"Prior Resolutions" means, collectively the resolutions of the Issuer authorizing the Prior Bonds.

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

"PSC" means the Public Service Commission of West Virginia.

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

- (a) Government Obligations;
- (b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal

Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(d) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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;

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

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of 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;

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

(h) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

“Renewal and Replacement Fund” means the Renewal and Replace fund established by the Prior Resolutions and continued hereby.

“Reserve Accounts” means collectively, the respective reserve accounts established for the Series 2008A Bonds and the Prior Bonds.

“Reserve Requirements” means collectively, the respective amounts required to be on deposit in the reserve account for the Series 2008A Bonds and the Prior Bonds..

“Revenue Fund” means the Revenue Fund established by the Prior Resolutions.

“Secretary” means the Secretary of the Governing Body of the Issuer.

“Series 1996A Bonds Redemption Date” means the date or dates established by a Supplemental Resolution for the redemption of the Prior Bonds.

“Series 1996A Resolution” means the Bond Resolution, and all supplements thereto, adopted by the Public Service Board of the Issuer on July 23, 1996, authorizing the issuance of the Series 1996A Bonds.

“Series 2008A Bonds” means the Sewerage System Refunding Revenue Bonds, Series 2008A of the Issuer, authorized by this Resolution.

“Series 2008A Bonds Reserve Account” means the Series 2008A Bonds Reserve Account established by Section 4.02 hereof.

“Series 2008A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008A Bonds in the then current or any succeeding year.

“Series 2008A Bonds Sinking Fund” means the Series 2008A Bonds Sinking Fund established by Section 4.02 hereof.

“Sinking Funds” means, collectively, the respective sinking funds established for the Series 2008A Bonds and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2008A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008A Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2008A Bonds,

the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

“System” means the complete existing sewerage system now owned by the Issuer, consisting of a sewerage system in its entirety or any integral part thereof, for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said sewerage system from any sources whatsoever, both within and without the Issuer.

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms refer to this Resolution; and the term “hereafter” means after the date of enactment of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

ARTICLE II

AUTHORIZATION FOR REFUNDING 1996A BONDS

Section 2.01. Authorization for Refunding 1996A Bonds. (a) the 1996 Series A Bonds outstanding as of the date of issuance of the Series 2008A Bonds hereby are ordered to be refunded pursuant to the terms of the Escrow Agreement, and the lien of said 1996A Bonds imposed by the 1996 Resolution on the revenues of the System is hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of said Series 2008A Bonds, together with other moneys available therefore, including those moneys transferred as provided below, of the following: (a) an amount equal to the fiscal and paying agent charges, and (b) an amount which will be simultaneously invested in United States Treasury Obligations bearing interest and having maturities sufficient to provide (i) for the payment of the principal of the Prior Bonds as the same mature on each principal payment date established with respect thereto prior to the 1996A Bonds Redemption Date, if any, established for such 1996A Bonds, (ii) for the payment of the redemption price of the 1996A Bonds outstanding on the 1996A Bond Redemption Date, if any, established for such 1996A Bonds, and (iii) for the payment of the interest on the 1996A Bonds as the same becomes due. Contemporaneously with the deposit proceeds of the Series 2008A Bonds into the Escrow Fund, and as prescribed by the Escrow Agreement, the amounts on deposit in the sinking fund created and maintained on behalf of the 1996A Bonds shall be deposited into the Escrow Fund and simultaneously invested as provided in the Escrow Agreement. Upon the refunding of the 1996A Bonds, the amounts on deposit in the renewal and replacement fund created and maintained under the 1996A Resolution with respect to the 1996A Bonds shall be transferred to the Renewal and Replacement Fund created under this Resolution or Prior Resolutions.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of refunding all of the outstanding Series 1996A Bonds, there shall be issued the Sewerage System Refunding Revenue Bonds, Series 2008A of the Issuer. The proceeds of the Series 2008A Bonds shall be used additionally for funding the Series 2008A Bonds Reserve Account, paying certain costs of issuance of the Series 2008A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008A Bonds of the Issuer, in an aggregate principal amount of not more than \$4,000,000.00. The Series 2008A Bonds shall be issued in one series, to be designated "Sewerage System Refunding Revenue Bonds, Series 2008A," and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2008A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2008A 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 2008A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008A Bonds shall be issued in the form of a single bond, fully registered to BB&T, with a record of advances and debt service schedule attached, representing the aggregate principal amount of the Series 2008A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2008A Bonds 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 BB&T shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution or by another resolution of the Issuer. Such Bonds shall be dated as of the date specified in a Supplemental Resolution or by another resolution of the Issuer and shall bear interest, if any, from such date.

Section 3.03. Execution of Bonds. The Series 2008A 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 Series 2008A Bonds shall cease to be such officer of the Issuer before the Series 2008A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2008A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2008A Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2008A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Series 2008A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2008A Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 2008A Bonds.

The registered Series 2008A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2008A Bonds or transferring the registered Series 2008A Bonds are exercised, Series 2008A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2008A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection

therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2008A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2008A Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Series 2008A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Series 2008A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008A Bonds or the interest thereon, if any.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position With Respect to Prior Bonds. The payment of the debt service of all the Series 2008A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008A Bonds and the Prior Bonds and to make the payments into the Sinking Funds and the Reserve Accounts therein are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2008A Bonds and the Prior Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than BB&T, a list of the names in which the Series 2008A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008A Bonds to the original purchasers;

- C. An executed and certified copy of the Bond Legislation;
- D. A certified copy of the Bond Purchase Agreement; and
- E. An approving opinion of bond counsel on the Series 2008A Bonds.

Section 3.10. Designation of Bonds as “Qualified Tax-Exempt Obligations”. The Issuer hereby designates the Series 2008A Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2008A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 in aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from the gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the 2008A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2008.

Section 3.11. Form of Series 2008A Bonds. The text of the Series 2008A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof;

[Form of Series 2008A Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
SERIES 2008A**

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to _____ (the "Bank") or registered assigns the sum of _____ DOLLARS (\$_____), in monthly installments on the _____ day of each month on _____, 2008, as set forth on the "Debt Service Schedule" 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 (the "Paying Agent"), or directly to the owner, if so approved by the Paying Agent

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement among the Issuer and the Bank, dated March _____, 2008.

This Bond is issued (i) to refund all of the outstanding Series 1996A Bonds; (ii) to fund the Series 2008A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the Issuer on March _____, 2008 and a Supplemental Resolution duly adopted by the Issuer on March _____, 2008 (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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

	<u>Lien Position</u>
(i) Sewer Revenue Bonds, Series 1986B, dated May 29, 1986, issued in the original aggregate principal amount of \$161,688 (the "Series 1986B Bonds");	First Lien
(ii) Sewerage System Refunding Revenue Bonds, Series 1996A, dated July 16, 1996, issued in the original aggregate principal amount of \$4,925,000 (the "Series 1996A Bonds");	First Lien
(iii) Sewerage System Revenue Bonds, Series 1997A (West Virginia SRF Program), dated June 5, 1997, issued in the original aggregate principal amount of \$250,000 (the "Series 1997A Bonds");	First Lien
(iv) Sewerage System Revenue Bonds, Series 1997B (West Virginia Infrastructure Fund), dated June 5, 1997, issued in the original aggregate principal amount of \$1,774,300 (the "Series 1997B Bonds");	First Lien
(v) Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 16, 1999, issued in the original aggregate principal amount of \$478,630 (the "Series 1999 Bonds");	First Lien
(vi) Sewer Revenue Bonds, Series 2001A (West Virginia SRF Program), dated October 3, 2001, issued in the original aggregate principal amount of \$6,818,600 (the "Series 2001A Bonds");	First Lien
(vii) Sewer Revenue Bonds, Series 2006A (West Virginia SRF Program), dated September 7, 2006, issued in the original aggregate principal amount of \$1,314,606 (the "Series 2006A Bonds"); and	First Lien
(viii) Sewer Revenue Bonds, Series 2006B (West Virginia Infrastructure Fund), dated September 7, 2006, issued in the original principal amount of \$5,852,000 (the "Series 2006B Bonds").	First Lien

The Series 1986B Bonds, Series 1997A Bonds, Series 1997B Bonds, the Series 1999 Bonds, the Series 2001A Bonds, the Series 2006A Bonds and the Series 2006B Bonds are hereinafter collectively referred to as the "Prior Bonds."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds and the Series 2008A

Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Series 2008A Bonds (the "Series 2008A 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2008A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 2008A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2008.

CRAB ORCHARD-MACARTHUR PUBLIC
SERVICE DISTRICT

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008A 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: _____, 2008.

as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A
DEBT SERVICE SCHEDULE

(Form of)
ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolutions).
- (2) Renewal and Replacement Fund established by the Prior Resolutions.

Section 4.02. Establishment of Funds and Accounts with Commission and Paying Agent. A. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2008A Bonds Reserve Account.

B. The following special funds are hereby created with and shall be held by the Paying Agent separate and apart from all other funds or accounts of the Paying Agent and the Issuer and from each other:

- (1) Series 2008A Bonds Sinking Fund; and
- (2) Costs of Issuance Fund.

Section 4.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the Series 1999 Bonds

Sinking Funds, the amount of the interest required by the Prior Resolutions for payment of interest on the Series 2008A and Series 1999 Bonds on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the respective Sinking Funds, the amount of principal required to meet debt service on the Prior Bonds and the Series 2008A Bonds.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, if not fully funded upon the issuance of the Series 2008A Bonds, for deposit in the 2008A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008A Bonds Reserve Requirement (and for the reserve account of any of the Prior Bonds until such time as all Prior Bond reserve accounts have been fully funded); provided that, no further payments shall be made into the Series 2008A 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 2008A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), 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 shall be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Moneys in the Series 2008A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2008A Bonds as the same shall become due. Moneys in the Series 2008A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2008A Bonds as the same shall become due, when other moneys in the Series 2008A Bonds Sinking Fund are insufficient therefore, and for no other purpose.

Any withdrawals from the Series 2008A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2008A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008A Bonds and the Prior Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefore.

The Issuer shall not be required to make any further payments into the Series 2008A Bonds Sinking Fund or the Series 2008A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008A Bonds then Outstanding and all interest to accrue until the maturity thereof.

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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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 their respective charges and fees then due.

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

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 4.03 and Prior Resolutions, 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 Depository Bank, the Commission and the Paying Agent shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Bond Proceeds. From the moneys received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008A Bonds, there shall first be deposited with the Commission or the Escrow Trustee, the amount required to be deposited in the Escrow Agreement which, together with other moneys simultaneously deposited therein, shall be sufficient to accomplish the refunding and prepayment of the Series 1996A Bonds.

B. Next, there shall be deposited with the Commission in the Series 2008A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008A Bonds Reserve Account.

C. Next, there shall be deposited with the Paying Agent in the Costs of Issuance Fund, the balance of the proceeds of the Series 2008A Bonds and any moneys released by the Commission. The Issuer shall first pay all costs of issuance of the Series 2008A Bonds and miscellaneous costs of refunding for the Series 1996A Bonds. All costs of issuance shall be paid upon delivery of the Series 2008A Bonds. The remaining funds, if any, shall be applied solely to capital improvements of the System and shall be fully expended within one year from the date of delivery of the Series 2008A Bonds.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008A Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2008A Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2008A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory 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 of the Series 2008A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay said Bonds or the interest thereon, if any.

Section 6.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2008A 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 parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Series 2008A Bonds and the Prior 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 and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 2008A Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The schedule of rates and charges for the services and facilities of the System, a copy of which is attached hereto as Exhibit D and incorporated herein and which rates have been approved and are described in the Commission Order of the PSC entered October 29, 2007 in Case No. 07-1746-PSD-T are hereby adopted, ratified, approved and affirmed.

So long as any of the Series 2008A Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the

Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 6.05. Sale of the System. So long as any of the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolution. Additionally, 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 Prior Bonds and the Series 2008A Bonds, or to effectively defease this Bond Legislation in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008A Bonds and Prior Bonds, immediately be remitted to the Commission for deposit in Series 2008A Bonds Sinking Fund and the Prior Bonds Sinking Fund, respectively, *pro rata* with respect to the principal amounts of the Series 2008A Bonds and the Prior Bonds then outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 2008A Bonds and Prior Bonds. Any balance remaining after the payment of all the Series 2008A Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, and subject to the Prior Resolution so long as any of the Prior Bonds remain Outstanding, 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 \$100,000, 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 \$100,000, shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund 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 \$100,000 and insufficient to pay all Prior Bonds and the Series 2008A 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 Prior Bonds and Series 2008A 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 Prior Bonds and Series 2008A Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07, so long as any of the Series 2008A Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2008A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the sinking funds, 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 Series 2008A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 6.07. Parity Bonds. So long as any of the Prior Bonds are outstanding, the limitations on the issuance of obligations on a parity with the Prior Bonds set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008A 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 2008A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus

the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the 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.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2008A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008A 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 and the Prior Resolution with respect to the Series 2008A Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 6.08. Books, Records and Audit. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the PSC. 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 original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds 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 in compliance with the applicable OMB Circular and the Single Audit Act or successor thereto, in effect at the time, to the extent required and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds, and shall submit said report to the original purchaser of the Bonds, within ninety (90) days of the end of the Fiscal Year. Such audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Bond Purchase Agreement and this Bond Legislation, and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service and reserve requirements.

Section 6.09. Rates. Prior to the issuance of the Series 2008A Bonds, 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 or continued 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 Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2008A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008A Bonds, including the Prior Bonds.

Section 6.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer, by the unanimous consent and approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject 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, within 30 days of adoption thereof, mail copies of such annual budget to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 6.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 6.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.14. Insurance. A. The Issuer hereby covenants and agrees that so long as any of the Series 2008A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house,

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

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008A Bonds and shall be for the equal benefit of all Holders of the Series 2008A Bonds, on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Compliance With Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Bond Purchase Agreement.

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

Section 6.18. Securities Laws Compliance. The Issuer will provide the original purchaser, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Issuer may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 6.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2008A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2008A Bonds during the term thereof is, under the terms of the Series 2008A 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 to any 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) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series

2008A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2008A Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2008A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2008A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2008A Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2008A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure that tax-exempt status of the Series 2008A 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 so that the interest on the Series 2008A Bonds will be and remain excludable 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.

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 7.01.

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

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 if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2008A Bonds from gross income for federal income tax purposes.

Section 7.02. Certificate as to Arbitrage. The Issuer shall deliver a certificate as to arbitrage or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008A Bonds as a condition of issuance of the Series 2008A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008A Bonds as may be necessary in order to maintain the status of the Series 2008A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, as the case may be, from which the proceeds of the Series 2008A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as

shall be deemed necessary by the Issuer, to ensure compliance with the covenants and agreements set forth in this Section 7.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2008A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2008A Bonds; or

(2) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2008A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008A Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any registered Owner of the Series 2008A Bonds 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 Holders of the Bonds including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds or the rights of such Holders of the Bonds, provided however, that all rights and remedies of the Holders of the Series 2008A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 8.03. Appointment of Receiver. Any Holder of the Series 2008A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Holder of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System 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 avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE IX

PAYMENT OF BONDS

Section 9.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2008A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2008A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2008A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following the issuance of the Series 2008A Bonds, 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 Holders of the Bonds shall be made without the consent in writing of the Holders of the Series 2008A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Holder thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 10.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Holders of the Series 2008A Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2008A Bonds.

Section 10.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

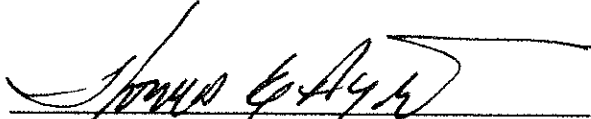
Section 10.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution (so long as the Prior Bonds are Outstanding) the more restrictive provision shall control. However, nothing in this Bond Legislation is intended to or is to be construed as relieving the Issuer of any obligation under any of the Prior Resolutions prior to the defeasance of any such series of bonds.

Section 10.06. 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

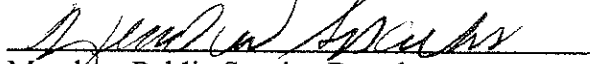
any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 25th day of March, 2008.



Chairman, Public Service Board



Member, Public Service Board

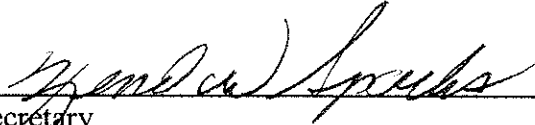


Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT on the 23rd day of March, 2008.

Dated: MARCH 27, 2008.



Secretary

[SEAL]

EXHIBIT A
BOND PURCHASE AGREEMENT

[See transcript document no. 9]

CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWER REFUNDING REVENUE BONDS, SERIES 2008 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY, INC.; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE PREPAYMENT AGREEMENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Crab Orchard-MacArthur Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on March 25, 2008 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE BY CRAB-ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR MILLION DOLLARS (\$4,000,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT DESIGNATED AS CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1996 A, WHICH ALONG WITH OTHER FUNDS AND MONIES OF, OR AVAILABLE TO, THE CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR, SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REFUNDING REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH BRANCH

BANKING AND TRUST COMPANY RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the refunding of the Issuer's Sewerage System Revenue Refunding Bonds, Series 1996 A, dated July 16, 1996 (the "Series 1996 A Bonds"), and the issuance of the Sewerage System Refunding Revenue Bonds, Series 2008 A, of the Issuer, in an aggregate principal amount not to exceed \$4,000,000 (the "Series 2008 A Bonds" or the "Bonds"), for the purposes of paying a portion of the costs of such refunding, funding a reserve account for the Series 1996 A Bonds and paying the costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by Branch Banking and Trust Company, Inc., Charleston, West Virginia, pursuant to a commitment letter dated February 13, 2008; and

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted, that the Escrow Agreement be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Refunding Revenue Bonds, Series 2008 A, of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of \$3,712,815. The Bonds shall be dated the date of delivery, shall finally mature October 1, 2025, and shall bear interest at the rate of 3.91% per annum. Interest shall be calculated using a 30 days/360-day year. The principal of and interest on the Bonds shall be payable on the 1st day of each month, commencing May 1, 2008, in the amounts set forth in the "Debt Service Schedule" incorporated in and made a part of the Bonds. A copy of the Commitment Letter is annexed hereto as Exhibit A and of the Debt Service Schedule as Exhibit B' both being incorporated by reference. The Bonds shall be

subject to a prepayment penalty of 1%, if the District prepays for the purpose of refunding the Bonds.

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

Section 3. The Issuer hereby approves and accepts the Escrow Agreement by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission"), and United Bank, Inc., the paying agent for the Series 1996 A Bonds, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairperson thereof shall be and the same are hereby authorized, approved and directed.

Section 4. The Issuer hereby appoints and designates Branch Banking and Trust Company, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds under the Resolution and approves and accepts the Registrar and Paying Agent Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar and Paying Agent, and the execution and delivery of the Registrar and Paying Agent Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates Branch Banking and Trust Company, Inc., Charleston, West Virginia, to serve as Depository Bank under the Resolution.

Section 6. The Issuer hereby approves and accepts the offer of Branch Banking and Trust Company, Inc., Charleston, West Virginia (the "Original Purchaser"), to purchase the Bonds at a purchase price of \$3,712,815 (100% of par value), there being no interest accrued thereon.

Section 7. The proceeds of the Bonds in the amount of \$3,638,300 shall be deposited with United Bank, Inc., as Escrow Trustee, together with \$283,414.90 of funds of the Issuer in the Series 1996 A Sewer Refunding Revenue Fund and \$27,753.77 from the Issuer's 1996 A Sewer Refunding Reserve Fund (\$311,168.67) on deposit at the Commission which \$311,168.67 shall be wired to the Escrow Trustee for deposit in the Series 1996 A Sewer Revenue Escrow Account, to accomplish the prepayment and refunding of the Series 1996 A Bonds.

Section 8. The funds of the Issuer on deposit at the Commission in the amount of \$293,419.61 shall remain on deposit with the Commission and transferred to the Series 2008 A Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds in the amount of \$74,515.00 shall be deposited with the Paying Agent in the Costs of Issuance Fund for payment of the costs of issuance of the Bonds. All such costs of issuance shall be paid upon delivery of the Bonds.

Section 10. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 11. Surplus funds* remaining at the Commission is the amount of \$20,635.21 shall be paid over to the District.

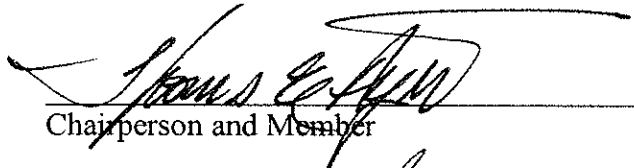
Section 12. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Original Purchaser on or about March 27, 2008.

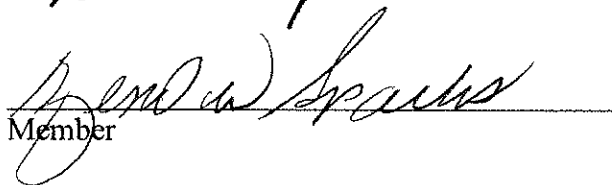
Section 13. The prepayment and refunding of the Series 1996 A Bonds and the financing thereof in part with proceeds of the Bonds will result in present value debt service savings and provide other benefits of value including covenant relief for the Issuer, are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer 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 1996, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations to be promulgated thereunder.

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

Adopted this 25th day of March, 2008.


Chairperson and Member


Member


Member

*Investment Income from the Series 1996 A Bonds.

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Crab Orchard-MacArthur Public Service District on the 25th day of March, 2008.

Dated this 27th day of March, 2008.


Secretary

[SEAL]

501 Tennessee Avenue
Charleston, West Virginia 25302
(304) 353-1635
Fax (304) 340-4702

February 13, 2008

David Kirby
Financial Advisor
Scott and Stringfellow
300 Summers Street, 5th Floor
Charleston, West Virginia 25301

Dear Mr. Kirby:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by Crab Orchard – MacArthur Public Service District ("District").

- (1) **Project:** Revenue Refunding Bond, Series 2008
- (2) **Amount To Be Financed:** Not to Exceed \$ 3,900,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Maturity</u>	<u>Rate</u>
October 1, 2025	3.91%

Payments shall be monthly in arrears, as requested.

The interest rate stated above is valid for a closing not later than 45 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T. We shall review your most recent financial statements before final approval and funding this transaction. Additionally, we shall require a debt service reserve equal to one year of debt service. The District shall verify the impact on revenues of a February, 2008 rate increase for BB&T prior to funding.

Remuneration for our legal review expenses and underwriting for this financing transaction shall be \$3250.00. All applicable expenses, costs of counsel for the District and any other costs shall be the District's responsibility and separately payable by the District. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium if the District is refinancing. If the District maintains excess operational cash for prepayment, from that source the financing documents shall allow prepayment of the principal balance in whole on a payment date without a prepayment premium.

The stated interest rate assumes that the District expects to borrow less than \$10,000,000 in calendar year 2008 and that the financing shall comply with the IRS Code Sections 141, 148, 149(e) and Section 265(b)(3) that pertain to the Revenue Refunding Bond according to West Virginia State statutes. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) Financing Documents:

It shall be the responsibility of the District to retain and compensate counsel to appropriately structure the Revenue Refunding Bond according to Federal and West Virginia State statutes. BB&T shall also require the District to provide an unqualified bond counsel opinion. BB&T reserves the right to review the Revenue Refunding Bond and all documentation shall be acceptable to BB&T and its counsel.

(5) Security:

The Bond will be Revenue Refunding Bond, secured by the moral obligation of the District along with a pledge of the system's net revenues.

* * * * *

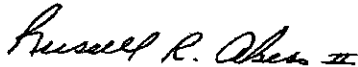
BB&T appreciates the opportunity to make this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the District of its election to do so (whether or not this offer has previously been accepted by the District) if at any time prior to the closing there is a material adverse change in the District's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the District or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate our interest in this transaction should we be the successful proposer.

Please call me at (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Russell R. Akers II
Vice President

BOND DEBT SERVICE

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
03/27/2008						3,712,815.00	3,712,815.00
05/01/2008	10,741.03	3.910%	13,710.60	24,451.63		3,702,073.97	3,702,073.97
06/01/2008	12,389.04	3.910%	12,062.59	24,451.63		3,689,684.93	3,689,684.93
07/01/2008	12,429.41	3.910%	12,022.22	24,451.63		3,677,255.52	3,677,255.52
08/01/2008	12,469.91	3.910%	11,981.72	24,451.63		3,664,785.61	3,664,785.61
09/01/2008	12,510.54	3.910%	11,941.09	24,451.63		3,652,275.07	3,652,275.07
10/01/2008	12,551.30	3.910%	11,900.33	24,451.63	146,709.78	3,639,723.77	3,639,723.77
11/01/2008	12,592.20	3.910%	11,859.43	24,451.63		3,627,131.57	3,627,131.57
12/01/2008	12,633.23	3.910%	11,818.40	24,451.63		3,614,498.34	3,614,498.34
01/01/2009	12,674.39	3.910%	11,777.24	24,451.63		3,601,823.95	3,601,823.95
02/01/2009	12,715.69	3.910%	11,735.94	24,451.63		3,589,108.26	3,589,108.26
03/01/2009	12,757.12	3.910%	11,694.51	24,451.63		3,576,351.14	3,576,351.14
04/01/2009	12,798.69	3.910%	11,652.94	24,451.63		3,563,552.45	3,563,552.45
05/01/2009	12,840.39	3.910%	11,611.24	24,451.63		3,550,712.06	3,550,712.06
06/01/2009	12,882.23	3.910%	11,569.40	24,451.63		3,537,829.83	3,537,829.83
07/01/2009	12,924.20	3.910%	11,527.43	24,451.63		3,524,905.63	3,524,905.63
08/01/2009	12,966.32	3.910%	11,485.32	24,451.64		3,511,939.31	3,511,939.31
09/01/2009	13,008.56	3.910%	11,443.07	24,451.63		3,498,930.75	3,498,930.75
10/01/2009	13,050.95	3.910%	11,400.68	24,451.63	293,419.57	3,485,879.80	3,485,879.80
11/01/2009	13,093.47	3.910%	11,358.16	24,451.63		3,472,786.33	3,472,786.33
12/01/2009	13,136.14	3.910%	11,315.50	24,451.64		3,459,650.19	3,459,650.19
01/01/2010	13,178.94	3.910%	11,272.69	24,451.63		3,446,471.25	3,446,471.25
02/01/2010	13,221.88	3.910%	11,229.75	24,451.63		3,433,249.37	3,433,249.37
03/01/2010	13,264.96	3.910%	11,186.67	24,451.63		3,419,984.41	3,419,984.41
04/01/2010	13,308.18	3.910%	11,143.45	24,451.63		3,406,676.23	3,406,676.23
05/01/2010	13,351.55	3.910%	11,100.09	24,451.64		3,393,324.68	3,393,324.68
06/01/2010	13,395.05	3.910%	11,056.58	24,451.63		3,379,929.63	3,379,929.63
07/01/2010	13,438.70	3.910%	11,012.94	24,451.64		3,366,490.93	3,366,490.93
08/01/2010	13,482.48	3.910%	10,969.15	24,451.63		3,353,008.45	3,353,008.45
09/01/2010	13,526.41	3.910%	10,925.22	24,451.63		3,339,482.04	3,339,482.04
10/01/2010	13,570.49	3.910%	10,881.15	24,451.64	293,419.60	3,325,911.55	3,325,911.55
11/01/2010	13,614.70	3.910%	10,836.93	24,451.63		3,312,296.85	3,312,296.85
12/01/2010	13,659.07	3.910%	10,792.57	24,451.64		3,298,637.78	3,298,637.78
01/01/2011	13,703.57	3.910%	10,748.06	24,451.63		3,284,934.21	3,284,934.21
02/01/2011	13,748.22	3.910%	10,703.41	24,451.63		3,271,185.99	3,271,185.99
03/01/2011	13,793.02	3.910%	10,658.61	24,451.63		3,257,392.97	3,257,392.97
04/01/2011	13,837.96	3.910%	10,613.67	24,451.63		3,243,555.01	3,243,555.01
05/01/2011	13,883.05	3.910%	10,568.58	24,451.63		3,229,671.96	3,229,671.96
06/01/2011	13,928.29	3.910%	10,523.35	24,451.64		3,215,743.67	3,215,743.67
07/01/2011	13,973.67	3.910%	10,477.96	24,451.63		3,201,770.00	3,201,770.00
08/01/2011	14,019.20	3.910%	10,432.43	24,451.63		3,187,750.80	3,187,750.80
09/01/2011	14,064.88	3.910%	10,386.75	24,451.63		3,173,685.92	3,173,685.92
10/01/2011	14,110.71	3.910%	10,340.93	24,451.64	293,419.59	3,159,575.21	3,159,575.21
11/01/2011	14,156.68	3.910%	10,294.95	24,451.63		3,145,418.53	3,145,418.53
12/01/2011	14,202.81	3.910%	10,248.82	24,451.63		3,131,215.72	3,131,215.72
01/01/2012	14,249.09	3.910%	10,202.54	24,451.63		3,116,966.63	3,116,966.63
02/01/2012	14,295.52	3.910%	10,156.12	24,451.64		3,102,671.11	3,102,671.11
03/01/2012	14,342.10	3.910%	10,109.54	24,451.64		3,088,329.01	3,088,329.01
04/01/2012	14,388.83	3.910%	10,062.81	24,451.64		3,073,940.18	3,073,940.18
05/01/2012	14,435.71	3.910%	10,015.92	24,451.63		3,059,504.47	3,059,504.47
06/01/2012	14,482.75	3.910%	9,968.89	24,451.64		3,045,021.72	3,045,021.72
07/01/2012	14,529.94	3.910%	9,921.70	24,451.64		3,030,491.78	3,030,491.78
08/01/2012	14,577.28	3.910%	9,874.35	24,451.63		3,015,914.50	3,015,914.50
09/01/2012	14,624.78	3.910%	9,826.85	24,451.63		3,001,289.72	3,001,289.72
10/01/2012	14,672.43	3.910%	9,779.20	24,451.63	293,419.61	2,986,617.29	2,986,617.29

BOND DEBT SERVICE

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/01/2012	14,720.24	3.910%	9,731.39	24,451.63		2,971,897.05	2,971,897.05
12/01/2012	14,768.20	3.910%	9,683.43	24,451.63		2,957,128.85	2,957,128.85
01/01/2013	14,816.32	3.910%	9,635.31	24,451.63		2,942,312.53	2,942,312.53
02/01/2013	14,864.60	3.910%	9,587.03	24,451.63		2,927,447.93	2,927,447.93
03/01/2013	14,913.03	3.910%	9,538.60	24,451.63		2,912,534.90	2,912,534.90
04/01/2013	14,961.62	3.910%	9,490.01	24,451.63		2,897,573.28	2,897,573.28
05/01/2013	15,010.37	3.910%	9,441.26	24,451.63		2,882,562.91	2,882,562.91
06/01/2013	15,059.28	3.910%	9,392.35	24,451.63		2,867,503.63	2,867,503.63
07/01/2013	15,108.35	3.910%	9,343.28	24,451.63		2,852,395.28	2,852,395.28
08/01/2013	15,157.58	3.910%	9,294.05	24,451.63		2,837,237.70	2,837,237.70
09/01/2013	15,206.97	3.910%	9,244.67	24,451.64		2,822,030.73	2,822,030.73
10/01/2013	15,256.52	3.910%	9,195.12	24,451.64	293,419.58	2,806,774.21	2,806,774.21
11/01/2013	15,306.23	3.910%	9,145.41	24,451.64		2,791,467.98	2,791,467.98
12/01/2013	15,356.10	3.910%	9,095.53	24,451.63		2,776,111.88	2,776,111.88
01/01/2014	15,406.14	3.910%	9,045.50	24,451.64		2,760,705.74	2,760,705.74
02/01/2014	15,456.33	3.910%	8,995.30	24,451.63		2,745,249.41	2,745,249.41
03/01/2014	15,506.70	3.910%	8,944.94	24,451.64		2,729,742.71	2,729,742.71
04/01/2014	15,557.22	3.910%	8,894.41	24,451.63		2,714,185.49	2,714,185.49
05/01/2014	15,607.91	3.910%	8,843.72	24,451.63		2,698,577.58	2,698,577.58
06/01/2014	15,658.77	3.910%	8,792.87	24,451.64		2,682,918.81	2,682,918.81
07/01/2014	15,709.79	3.910%	8,741.84	24,451.63		2,667,209.02	2,667,209.02
08/01/2014	15,760.98	3.910%	8,690.66	24,451.64		2,651,448.04	2,651,448.04
09/01/2014	15,812.33	3.910%	8,639.30	24,451.63		2,635,635.71	2,635,635.71
10/01/2014	15,863.85	3.910%	8,587.78	24,451.63	293,419.61	2,619,771.86	2,619,771.86
11/01/2014	15,915.54	3.910%	8,536.09	24,451.63		2,603,856.32	2,603,856.32
12/01/2014	15,967.40	3.910%	8,484.23	24,451.63		2,587,888.92	2,587,888.92
01/01/2015	16,019.43	3.910%	8,432.20	24,451.63		2,571,869.49	2,571,869.49
02/01/2015	16,071.63	3.910%	8,380.01	24,451.64		2,555,797.86	2,555,797.86
03/01/2015	16,123.99	3.910%	8,327.64	24,451.63		2,539,673.87	2,539,673.87
04/01/2015	16,176.53	3.910%	8,275.10	24,451.63		2,523,497.34	2,523,497.34
05/01/2015	16,229.24	3.910%	8,222.40	24,451.64		2,507,268.10	2,507,268.10
06/01/2015	16,282.12	3.910%	8,169.52	24,451.64		2,490,985.98	2,490,985.98
07/01/2015	16,335.17	3.910%	8,116.46	24,451.63		2,474,650.81	2,474,650.81
08/01/2015	16,388.40	3.910%	8,063.24	24,451.64		2,458,262.41	2,458,262.41
09/01/2015	16,441.79	3.910%	8,009.84	24,451.63		2,441,820.62	2,441,820.62
10/01/2015	16,495.37	3.910%	7,956.27	24,451.64	293,419.61	2,425,325.25	2,425,325.25
11/01/2015	16,549.11	3.910%	7,902.52	24,451.63		2,408,776.14	2,408,776.14
12/01/2015	16,603.04	3.910%	7,848.60	24,451.64		2,392,173.10	2,392,173.10
01/01/2016	16,657.14	3.910%	7,794.50	24,451.64		2,375,515.96	2,375,515.96
02/01/2016	16,711.41	3.910%	7,740.22	24,451.63		2,358,804.55	2,358,804.55
03/01/2016	16,765.86	3.910%	7,685.77	24,451.63		2,342,038.69	2,342,038.69
04/01/2016	16,820.49	3.910%	7,631.14	24,451.63		2,325,218.20	2,325,218.20
05/01/2016	16,875.30	3.910%	7,576.34	24,451.64		2,308,342.90	2,308,342.90
06/01/2016	16,930.28	3.910%	7,521.35	24,451.63		2,291,412.62	2,291,412.62
07/01/2016	16,985.45	3.910%	7,466.19	24,451.64		2,274,427.17	2,274,427.17
08/01/2016	17,040.79	3.910%	7,410.84	24,451.63		2,257,386.38	2,257,386.38
09/01/2016	17,096.32	3.910%	7,355.32	24,451.64		2,240,290.06	2,240,290.06
10/01/2016	17,152.02	3.910%	7,299.61	24,451.63	293,419.61	2,223,138.04	2,223,138.04
11/01/2016	17,207.91	3.910%	7,243.72	24,451.63		2,205,930.13	2,205,930.13
12/01/2016	17,263.98	3.910%	7,187.66	24,451.64		2,188,666.15	2,188,666.15
01/01/2017	17,320.23	3.910%	7,131.40	24,451.63		2,171,345.92	2,171,345.92
02/01/2017	17,376.66	3.910%	7,074.97	24,451.63		2,153,969.26	2,153,969.26
03/01/2017	17,433.28	3.910%	7,018.35	24,451.63		2,136,535.98	2,136,535.98
04/01/2017	17,490.09	3.910%	6,961.55	24,451.64		2,119,045.89	2,119,045.89
05/01/2017	17,547.08	3.910%	6,904.56	24,451.64		2,101,498.81	2,101,498.81

BOND DEBT SERVICE

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
06/01/2017	17,604.25	3.910%	6,847.38	24,451.63		2,083,894.56	2,083,894.56
07/01/2017	17,661.61	3.910%	6,790.02	24,451.63		2,066,232.95	2,066,232.95
08/01/2017	17,719.16	3.910%	6,732.48	24,451.64		2,048,513.79	2,048,513.79
09/01/2017	17,776.89	3.910%	6,674.74	24,451.63		2,030,736.90	2,030,736.90
10/01/2017	17,834.82	3.910%	6,616.82	24,451.64	293,419.61	2,012,902.08	2,012,902.08
11/01/2017	17,892.93	3.910%	6,558.71	24,451.64		1,995,009.15	1,995,009.15
12/01/2017	17,951.23	3.910%	6,500.40	24,451.63		1,977,057.92	1,977,057.92
01/01/2018	18,009.72	3.910%	6,441.91	24,451.63		1,959,048.20	1,959,048.20
02/01/2018	18,068.40	3.910%	6,383.23	24,451.63		1,940,979.80	1,940,979.80
03/01/2018	18,127.27	3.910%	6,324.36	24,451.63		1,922,852.53	1,922,852.53
04/01/2018	18,186.34	3.910%	6,265.29	24,451.63		1,904,666.19	1,904,666.19
05/01/2018	18,245.60	3.910%	6,206.04	24,451.64		1,886,420.59	1,886,420.59
06/01/2018	18,305.05	3.910%	6,146.59	24,451.64		1,868,115.54	1,868,115.54
07/01/2018	18,364.69	3.910%	6,086.94	24,451.63		1,849,750.85	1,849,750.85
08/01/2018	18,424.53	3.910%	6,027.10	24,451.63		1,831,326.32	1,831,326.32
09/01/2018	18,484.56	3.910%	5,967.07	24,451.63		1,812,841.76	1,812,841.76
10/01/2018	18,544.79	3.910%	5,906.84	24,451.63	293,419.59	1,794,296.97	1,794,296.97
11/01/2018	18,605.22	3.910%	5,846.42	24,451.64		1,775,691.75	1,775,691.75
12/01/2018	18,665.84	3.910%	5,785.80	24,451.64		1,757,025.91	1,757,025.91
01/01/2019	18,726.66	3.910%	5,724.98	24,451.64		1,738,299.25	1,738,299.25
02/01/2019	18,787.67	3.910%	5,663.96	24,451.63		1,719,511.58	1,719,511.58
03/01/2019	18,848.89	3.910%	5,602.74	24,451.63		1,700,662.69	1,700,662.69
04/01/2019	18,910.31	3.910%	5,541.33	24,451.64		1,681,752.38	1,681,752.38
05/01/2019	18,971.92	3.910%	5,479.71	24,451.63		1,662,780.46	1,662,780.46
06/01/2019	19,033.74	3.910%	5,417.89	24,451.63		1,643,746.72	1,643,746.72
07/01/2019	19,095.76	3.910%	5,355.87	24,451.63		1,624,650.96	1,624,650.96
08/01/2019	19,157.98	3.910%	5,293.65	24,451.63		1,605,492.98	1,605,492.98
09/01/2019	19,220.40	3.910%	5,231.23	24,451.63		1,586,272.58	1,586,272.58
10/01/2019	19,283.03	3.910%	5,168.60	24,451.63	293,419.60	1,566,989.55	1,566,989.55
11/01/2019	19,345.86	3.910%	5,105.77	24,451.63		1,547,643.69	1,547,643.69
12/01/2019	19,408.89	3.910%	5,042.74	24,451.63		1,528,234.80	1,528,234.80
01/01/2020	19,472.13	3.910%	4,979.50	24,451.63		1,508,762.67	1,508,762.67
02/01/2020	19,535.58	3.910%	4,916.05	24,451.63		1,489,227.09	1,489,227.09
03/01/2020	19,599.23	3.910%	4,852.40	24,451.63		1,469,627.86	1,469,627.86
04/01/2020	19,663.10	3.910%	4,788.54	24,451.64		1,449,964.76	1,449,964.76
05/01/2020	19,727.16	3.910%	4,724.47	24,451.63		1,430,237.60	1,430,237.60
06/01/2020	19,791.44	3.910%	4,660.19	24,451.63		1,410,446.16	1,410,446.16
07/01/2020	19,855.93	3.910%	4,595.70	24,451.63		1,390,590.23	1,390,590.23
08/01/2020	19,920.63	3.910%	4,531.01	24,451.64		1,370,669.60	1,370,669.60
09/01/2020	19,985.53	3.910%	4,466.10	24,451.63		1,350,684.07	1,350,684.07
10/01/2020	20,050.65	3.910%	4,400.98	24,451.63	293,419.58	1,330,633.42	1,330,633.42
11/01/2020	20,115.99	3.910%	4,335.65	24,451.64		1,310,517.43	1,310,517.43
12/01/2020	20,181.53	3.910%	4,270.10	24,451.63		1,290,335.90	1,290,335.90
01/01/2021	20,247.29	3.910%	4,204.34	24,451.63		1,270,088.61	1,270,088.61
02/01/2021	20,313.26	3.910%	4,138.37	24,451.63		1,249,775.35	1,249,775.35
03/01/2021	20,379.45	3.910%	4,072.18	24,451.63		1,229,395.90	1,229,395.90
04/01/2021	20,445.85	3.910%	4,005.78	24,451.63		1,208,950.05	1,208,950.05
05/01/2021	20,512.47	3.910%	3,939.16	24,451.63		1,188,437.58	1,188,437.58
06/01/2021	20,579.31	3.910%	3,872.33	24,451.64		1,167,858.27	1,167,858.27
07/01/2021	20,646.36	3.910%	3,805.27	24,451.63		1,147,211.91	1,147,211.91
08/01/2021	20,713.63	3.910%	3,738.00	24,451.63		1,126,498.28	1,126,498.28
09/01/2021	20,781.13	3.910%	3,670.51	24,451.64		1,105,717.15	1,105,717.15
10/01/2021	20,848.84	3.910%	3,602.80	24,451.64	293,419.60	1,084,868.31	1,084,868.31
11/01/2021	20,916.77	3.910%	3,534.86	24,451.63		1,063,951.54	1,063,951.54
12/01/2021	20,984.92	3.910%	3,466.71	24,451.63		1,042,966.62	1,042,966.62

BOND DEBT SERVICE

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
01/01/2022	21,053.30	3.910%	3,398.33	24,451.63		1,021,913.32	1,021,913.32
02/01/2022	21,121.90	3.910%	3,329.73	24,451.63		1,000,791.42	1,000,791.42
03/01/2022	21,190.72	3.910%	3,260.91	24,451.63		979,600.70	979,600.70
04/01/2022	21,259.77	3.910%	3,191.87	24,451.64		958,340.93	958,340.93
05/01/2022	21,329.04	3.910%	3,122.59	24,451.63		937,011.89	937,011.89
06/01/2022	21,398.54	3.910%	3,053.10	24,451.64		915,613.35	915,613.35
07/01/2022	21,468.26	3.910%	2,983.37	24,451.63		894,145.09	894,145.09
08/01/2022	21,538.21	3.910%	2,913.42	24,451.63		872,606.88	872,606.88
09/01/2022	21,608.39	3.910%	2,843.24	24,451.63		850,998.49	850,998.49
10/01/2022	21,678.80	3.910%	2,772.84	24,451.64	293,419.59	829,319.69	829,319.69
11/01/2022	21,749.43	3.910%	2,702.20	24,451.63		807,570.26	807,570.26
12/01/2022	21,820.30	3.910%	2,631.33	24,451.63		785,749.96	785,749.96
01/01/2023	21,891.40	3.910%	2,560.24	24,451.64		763,858.56	763,858.56
02/01/2023	21,962.73	3.910%	2,488.91	24,451.64		741,895.83	741,895.83
03/01/2023	22,034.29	3.910%	2,417.34	24,451.63		719,861.54	719,861.54
04/01/2023	22,106.08	3.910%	2,345.55	24,451.63		697,755.46	697,755.46
05/01/2023	22,178.11	3.910%	2,273.52	24,451.63		675,577.35	675,577.35
06/01/2023	22,250.38	3.910%	2,201.26	24,451.64		653,326.97	653,326.97
07/01/2023	22,322.88	3.910%	2,128.76	24,451.64		631,004.09	631,004.09
08/01/2023	22,395.61	3.910%	2,056.02	24,451.63		608,608.48	608,608.48
09/01/2023	22,468.58	3.910%	1,983.05	24,451.63		586,139.90	586,139.90
10/01/2023	22,541.79	3.910%	1,909.84	24,451.63	293,419.60	563,598.11	563,598.11
11/01/2023	22,615.24	3.910%	1,836.39	24,451.63		540,982.87	540,982.87
12/01/2023	22,688.93	3.910%	1,762.70	24,451.63		518,293.94	518,293.94
01/01/2024	22,762.86	3.910%	1,688.77	24,451.63		495,531.08	495,531.08
02/01/2024	22,837.03	3.910%	1,614.61	24,451.64		472,694.05	472,694.05
03/01/2024	22,911.44	3.910%	1,540.19	24,451.63		449,782.61	449,782.61
04/01/2024	22,986.09	3.910%	1,465.54	24,451.63		426,796.52	426,796.52
05/01/2024	23,060.99	3.910%	1,390.65	24,451.64		403,735.53	403,735.53
06/01/2024	23,136.13	3.910%	1,315.50	24,451.63		380,599.40	380,599.40
07/01/2024	23,211.51	3.910%	1,240.12	24,451.63		357,387.89	357,387.89
08/01/2024	23,287.14	3.910%	1,164.49	24,451.63		334,100.75	334,100.75
09/01/2024	23,363.02	3.910%	1,088.61	24,451.63		310,737.73	310,737.73
10/01/2024	23,439.15	3.910%	1,012.49	24,451.64	293,419.59	287,298.58	287,298.58
11/01/2024	23,515.52	3.910%	936.11	24,451.63		263,783.06	263,783.06
12/01/2024	23,592.14	3.910%	859.49	24,451.63		240,190.92	240,190.92
01/01/2025	23,669.01	3.910%	782.62	24,451.63		216,521.91	216,521.91
02/01/2025	23,746.13	3.910%	705.50	24,451.63		192,775.78	192,775.78
03/01/2025	23,823.51	3.910%	628.13	24,451.64		168,952.27	168,952.27
04/01/2025	23,901.13	3.910%	550.50	24,451.63		145,051.14	145,051.14
05/01/2025	23,979.01	3.910%	472.62	24,451.63		121,072.13	121,072.13
06/01/2025	24,057.14	3.910%	394.49	24,451.63		97,014.99	97,014.99
07/01/2025	24,135.53	3.910%	316.11	24,451.64		72,879.46	72,879.46
08/01/2025	24,214.17	3.910%	237.47	24,451.64		48,665.29	48,665.29
09/01/2025	24,293.07	3.910%	158.57	24,451.64		24,372.22	24,372.22
10/01/2025	24,372.22	3.910%	79.41	24,451.63	293,419.60		
	3,712,815.00		1,422,027.92	5,134,842.92	5,134,842.92		

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
SERIES 2008A**

No. AR-1

\$3,712,815

KNOW ALL MEN BY THESE PRESENTS: That CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to BRANCH BANKING AND TRUST COMPANY (the "Bank") or registered assigns the sum of THREE MILLION SEVEN HUNDRED TWELVE THOUSAND EIGHT HUNDRED FIFTEEN DOLLARS (\$3,712,815), in monthly installments on the 1st day of each month commencing on May 1, 2008, as set forth on the "Debt Service Schedule" 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 Branch Banking and Trust Company, Charleston, West Virginia (the "Paying Agent"), or directly to the owner, if so approved by the Paying Agent

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement among the Issuer and the Bank, dated March 25, 2008.

This Bond is issued (i) to refund all of the outstanding Series 1996A Bonds; (ii) to fund the Series 2008A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Resolution duly adopted by the Issuer on March 25, 2008 and a Supplemental Resolution duly adopted by the Issuer on March 25, 2008 (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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

	<u>Lien Position</u>
(i) Sewer Revenue Bonds, Series 1986B, dated May 29, 1986, issued in the original aggregate principal amount of \$161,688 (the "Series 1986B Bonds");	First Lien
(ii) Sewerage System Revenue Bonds, Series 1997A (West Virginia SRF Program), dated June 5, 1997, issued in the original aggregate principal amount of \$250,000 (the "Series 1997A Bonds");	First Lien
(iii) Sewerage System Revenue Bonds, Series 1997B (West Virginia Infrastructure Fund), dated June 5, 1997, issued in the original aggregate principal amount of \$1,774,300 (the "Series 1997B Bonds");	First Lien
(iv) Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 16, 1999, issued in the original aggregate principal amount of \$478,630 (the "Series 1999 Bonds");	First Lien
(v) Sewer Revenue Bonds, Series 2001A (West Virginia SRF Program), dated October 3, 2001, issued in the original aggregate principal amount of \$6,818,600 (the "Series 2001A Bonds");	First Lien
(vi) Sewer Revenue Bonds, Series 2006A (West Virginia SRF Program), dated September 7, 2006, issued in the original aggregate principal amount of \$1,314,606 (the "Series 2006A Bonds"); and	First Lien
(vii) Sewer Revenue Bonds, Series 2006B (West Virginia Infrastructure Fund), dated September 7, 2006, issued in the original principal amount of \$5,852,000 (the "Series 2006B Bonds").	First Lien

The Series 1986B Bonds, Series 1997A Bonds, Series 1997B Bonds, the Series 1999 Bonds, the Series 2001A Bonds, the Series 2006A Bonds and the Series 2006B Bonds are hereinafter collectively referred to as the "Prior Bonds."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds and the Series 2008A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Series 2008A Bonds (the "Series 2008A 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 an indebtedness of the Issuer

within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2008A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds. The Issuer may prepay the principal balance in whole on any payment date subject to a prepayment premium of 1%, if the Issuer is refinancing. 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 Branch Banking and Trust Company, Charleston, West Virginia as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

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

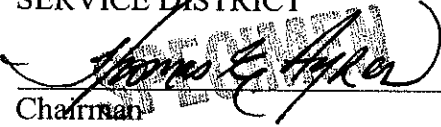
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this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

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

IN WITNESS WHEREOF, CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated March 27, 2008.

CRAB ORCHARD-MACARTHUR PUBLIC
SERVICE DISTRICT

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008A 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: March ___, 2008.

as Registrar

By: _____

Its: Authorized Officer

SPECIMEN

BOND DEBT SERVICE

SPECIMEN

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
03/27/2008						3,712,815.00
05/01/2008	10,741.03	3.910%	13,710.60	24,451.63		3,702,073.97
06/01/2008	12,389.04	3.910%	12,062.59	24,451.63		3,689,684.93
07/01/2008	12,429.41	3.910%	12,022.22	24,451.63		3,677,255.52
08/01/2008	12,469.91	3.910%	11,981.72	24,451.63		3,664,785.61
09/01/2008	12,510.54	3.910%	11,941.09	24,451.63		3,652,275.07
10/01/2008	12,551.30	3.910%	11,900.33	24,451.63	146,709.78	3,639,723.77
11/01/2008	12,592.20	3.910%	11,859.43	24,451.63		3,627,131.57
12/01/2008	12,633.23	3.910%	11,818.40	24,451.63		3,614,498.34
01/01/2009	12,674.39	3.910%	11,777.24	24,451.63		3,601,823.95
02/01/2009	12,715.69	3.910%	11,735.94	24,451.63		3,589,108.26
03/01/2009	12,757.12	3.910%	11,694.51	24,451.63		3,576,351.14
04/01/2009	12,798.69	3.910%	11,652.94	24,451.63		3,563,552.45
05/01/2009	12,840.39	3.910%	11,611.24	24,451.63		3,550,712.06
06/01/2009	12,882.23	3.910%	11,569.40	24,451.63		3,537,829.83
07/01/2009	12,924.20	3.910%	11,527.43	24,451.63		3,524,905.63
08/01/2009	12,966.32	3.910%	11,485.32	24,451.64		3,511,939.31
09/01/2009	13,008.56	3.910%	11,443.07	24,451.63		3,498,930.75
10/01/2009	13,050.95	3.910%	11,400.68	24,451.63	293,419.57	3,485,879.80
11/01/2009	13,093.47	3.910%	11,358.16	24,451.63		3,472,786.33
12/01/2009	13,136.14	3.910%	11,315.50	24,451.64		3,459,650.19
01/01/2010	13,178.94	3.910%	11,272.69	24,451.63		3,446,471.25
02/01/2010	13,221.88	3.910%	11,229.75	24,451.63		3,433,249.37
03/01/2010	13,264.96	3.910%	11,186.67	24,451.63		3,419,984.41
04/01/2010	13,308.18	3.910%	11,143.45	24,451.63		3,406,676.23
05/01/2010	13,351.55	3.910%	11,100.09	24,451.64		3,393,324.68
06/01/2010	13,395.05	3.910%	11,056.58	24,451.63		3,379,929.63
07/01/2010	13,438.70	3.910%	11,012.94	24,451.64		3,366,490.93
08/01/2010	13,482.48	3.910%	10,969.15	24,451.63		3,353,008.45
09/01/2010	13,526.41	3.910%	10,925.22	24,451.63		3,339,482.04
10/01/2010	13,570.49	3.910%	10,881.15	24,451.64	293,419.60	3,325,911.55
11/01/2010	13,614.70	3.910%	10,836.93	24,451.63		3,312,296.85
12/01/2010	13,659.07	3.910%	10,792.57	24,451.64		3,298,637.78
01/01/2011	13,703.57	3.910%	10,748.06	24,451.63		3,284,934.21
02/01/2011	13,748.22	3.910%	10,703.41	24,451.63		3,271,185.99
03/01/2011	13,793.02	3.910%	10,658.61	24,451.63		3,257,392.97
04/01/2011	13,837.96	3.910%	10,613.67	24,451.63		3,243,555.01
05/01/2011	13,883.05	3.910%	10,568.58	24,451.63		3,229,671.96
06/01/2011	13,928.29	3.910%	10,523.35	24,451.64		3,215,743.67
07/01/2011	13,973.67	3.910%	10,477.96	24,451.63		3,201,770.00
08/01/2011	14,019.20	3.910%	10,432.43	24,451.63		3,187,750.80
09/01/2011	14,064.88	3.910%	10,386.75	24,451.63		3,173,685.92
10/01/2011	14,110.71	3.910%	10,340.93	24,451.64	293,419.59	3,159,575.21
11/01/2011	14,156.68	3.910%	10,294.95	24,451.63		3,145,418.53
12/01/2011	14,202.81	3.910%	10,248.82	24,451.63		3,131,215.72
01/01/2012	14,249.09	3.910%	10,202.54	24,451.63		3,116,966.63
02/01/2012	14,295.52	3.910%	10,156.12	24,451.64		3,102,671.11
03/01/2012	14,342.10	3.910%	10,109.54	24,451.64		3,088,329.01
04/01/2012	14,388.83	3.910%	10,062.81	24,451.64		3,073,940.18
05/01/2012	14,435.71	3.910%	10,015.92	24,451.63		3,059,504.47
06/01/2012	14,482.75	3.910%	9,968.89	24,451.64		3,045,021.72
07/01/2012	14,529.94	3.910%	9,921.70	24,451.64		3,030,491.78
08/01/2012	14,577.28	3.910%	9,874.35	24,451.63		3,015,914.50
09/01/2012	14,624.78	3.910%	9,826.85	24,451.63		3,001,289.72
10/01/2012	14,672.43	3.910%	9,779.20	24,451.63	293,419.61	2,986,617.29

SPECIMEN**BOND DEBT SERVICE**Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
11/01/2012	14,720.24	3.910%	9,731.39	24,451.63		2,971,897.05
12/01/2012	14,768.20	3.910%	9,683.43	24,451.63		2,957,128.85
01/01/2013	14,816.32	3.910%	9,635.31	24,451.63		2,942,312.53
02/01/2013	14,864.60	3.910%	9,587.03	24,451.63		2,927,447.93
03/01/2013	14,913.03	3.910%	9,538.60	24,451.63		2,912,534.90
04/01/2013	14,961.62	3.910%	9,490.01	24,451.63		2,897,573.28
05/01/2013	15,010.37	3.910%	9,441.26	24,451.63		2,882,562.91
06/01/2013	15,059.28	3.910%	9,392.35	24,451.63		2,867,503.63
07/01/2013	15,108.35	3.910%	9,343.28	24,451.63		2,852,395.28
08/01/2013	15,157.58	3.910%	9,294.05	24,451.63		2,837,237.70
09/01/2013	15,206.97	3.910%	9,244.67	24,451.64		2,822,030.73
10/01/2013	15,256.52	3.910%	9,195.12	24,451.64	293,419.58	2,806,774.21
11/01/2013	15,306.23	3.910%	9,145.41	24,451.64		2,791,467.98
12/01/2013	15,356.10	3.910%	9,095.53	24,451.63		2,776,111.88
01/01/2014	15,406.14	3.910%	9,045.50	24,451.64		2,760,705.74
02/01/2014	15,456.33	3.910%	8,995.30	24,451.63		2,745,249.41
03/01/2014	15,506.70	3.910%	8,944.94	24,451.64		2,729,742.71
04/01/2014	15,557.22	3.910%	8,894.41	24,451.63		2,714,185.49
05/01/2014	15,607.91	3.910%	8,843.72	24,451.63		2,698,577.58
06/01/2014	15,658.77	3.910%	8,792.87	24,451.64		2,682,918.81
07/01/2014	15,709.79	3.910%	8,741.84	24,451.63		2,667,209.02
08/01/2014	15,760.98	3.910%	8,690.66	24,451.64		2,651,448.04
09/01/2014	15,812.33	3.910%	8,639.30	24,451.63		2,635,635.71
10/01/2014	15,863.85	3.910%	8,587.78	24,451.63	293,419.61	2,619,771.86
11/01/2014	15,915.54	3.910%	8,536.09	24,451.63		2,603,856.32
12/01/2014	15,967.40	3.910%	8,484.23	24,451.63		2,587,888.92
01/01/2015	16,019.43	3.910%	8,432.20	24,451.63		2,571,869.49
02/01/2015	16,071.63	3.910%	8,380.01	24,451.64		2,555,797.86
03/01/2015	16,123.99	3.910%	8,327.64	24,451.63		2,539,673.87
04/01/2015	16,176.53	3.910%	8,275.10	24,451.63		2,523,497.34
05/01/2015	16,229.24	3.910%	8,222.40	24,451.64		2,507,268.10
06/01/2015	16,282.12	3.910%	8,169.52	24,451.64		2,490,985.98
07/01/2015	16,335.17	3.910%	8,116.46	24,451.63		2,474,650.81
08/01/2015	16,388.40	3.910%	8,063.24	24,451.64		2,458,262.41
09/01/2015	16,441.79	3.910%	8,009.84	24,451.63		2,441,820.62
10/01/2015	16,495.37	3.910%	7,956.27	24,451.64	293,419.61	2,425,325.25
11/01/2015	16,549.11	3.910%	7,902.52	24,451.63		2,408,776.14
12/01/2015	16,603.04	3.910%	7,848.60	24,451.64		2,392,173.10
01/01/2016	16,657.14	3.910%	7,794.50	24,451.64		2,375,515.96
02/01/2016	16,711.41	3.910%	7,740.22	24,451.63		2,358,804.55
03/01/2016	16,765.86	3.910%	7,685.77	24,451.63		2,342,038.69
04/01/2016	16,820.49	3.910%	7,631.14	24,451.63		2,325,218.20
05/01/2016	16,875.30	3.910%	7,576.34	24,451.64		2,308,342.90
06/01/2016	16,930.28	3.910%	7,521.35	24,451.63		2,291,412.62
07/01/2016	16,985.45	3.910%	7,466.19	24,451.64		2,274,427.17
08/01/2016	17,040.79	3.910%	7,410.84	24,451.63		2,257,386.38
09/01/2016	17,096.32	3.910%	7,355.32	24,451.64		2,240,290.06
10/01/2016	17,152.02	3.910%	7,299.61	24,451.63	293,419.61	2,223,138.04
11/01/2016	17,207.91	3.910%	7,243.72	24,451.63		2,205,930.13
12/01/2016	17,263.98	3.910%	7,187.66	24,451.64		2,188,666.15
01/01/2017	17,320.23	3.910%	7,131.40	24,451.63		2,171,345.92
02/01/2017	17,376.66	3.910%	7,074.97	24,451.63		2,153,969.26
03/01/2017	17,433.28	3.910%	7,018.35	24,451.63		2,136,535.98
04/01/2017	17,490.09	3.910%	6,961.55	24,451.64		2,119,045.89
05/01/2017	17,547.08	3.910%	6,904.56	24,451.64		2,101,498.81

BOND DEBT SERVICE

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

SPECIMEN

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
06/01/2017	17,604.25	3.910%	6,847.38	24,451.63		2,083,894.56
07/01/2017	17,661.61	3.910%	6,790.02	24,451.63		2,066,232.95
08/01/2017	17,719.16	3.910%	6,732.48	24,451.64		2,048,513.79
09/01/2017	17,776.89	3.910%	6,674.74	24,451.63		2,030,736.90
10/01/2017	17,834.82	3.910%	6,616.82	24,451.64	293,419.61	2,012,902.08
11/01/2017	17,892.93	3.910%	6,558.71	24,451.64		1,995,009.15
12/01/2017	17,951.23	3.910%	6,500.40	24,451.63		1,977,057.92
01/01/2018	18,009.72	3.910%	6,441.91	24,451.63		1,959,048.20
02/01/2018	18,068.40	3.910%	6,383.23	24,451.63		1,940,979.80
03/01/2018	18,127.27	3.910%	6,324.36	24,451.63		1,922,852.53
04/01/2018	18,186.34	3.910%	6,265.29	24,451.63		1,904,666.19
05/01/2018	18,245.60	3.910%	6,206.04	24,451.64		1,886,420.59
06/01/2018	18,305.05	3.910%	6,146.59	24,451.64		1,868,115.54
07/01/2018	18,364.69	3.910%	6,086.94	24,451.63		1,849,750.85
08/01/2018	18,424.53	3.910%	6,027.10	24,451.63		1,831,326.32
09/01/2018	18,484.56	3.910%	5,967.07	24,451.63		1,812,841.76
10/01/2018	18,544.79	3.910%	5,906.84	24,451.63	293,419.59	1,794,296.97
11/01/2018	18,605.22	3.910%	5,846.42	24,451.64		1,775,691.75
12/01/2018	18,665.84	3.910%	5,785.80	24,451.64		1,757,025.91
01/01/2019	18,726.66	3.910%	5,724.98	24,451.64		1,738,299.25
02/01/2019	18,787.67	3.910%	5,663.96	24,451.63		1,719,511.58
03/01/2019	18,848.89	3.910%	5,602.74	24,451.63		1,700,662.69
04/01/2019	18,910.31	3.910%	5,541.33	24,451.64		1,681,752.38
05/01/2019	18,971.92	3.910%	5,479.71	24,451.63		1,662,780.46
06/01/2019	19,033.74	3.910%	5,417.89	24,451.63		1,643,746.72
07/01/2019	19,095.76	3.910%	5,355.87	24,451.63		1,624,650.96
08/01/2019	19,157.98	3.910%	5,293.65	24,451.63		1,605,492.98
09/01/2019	19,220.40	3.910%	5,231.23	24,451.63		1,586,272.58
10/01/2019	19,283.03	3.910%	5,168.60	24,451.63	293,419.60	1,566,989.55
11/01/2019	19,345.86	3.910%	5,105.77	24,451.63		1,547,643.69
12/01/2019	19,408.89	3.910%	5,042.74	24,451.63		1,528,234.80
01/01/2020	19,472.13	3.910%	4,979.50	24,451.63		1,508,762.67
02/01/2020	19,535.58	3.910%	4,916.05	24,451.63		1,489,227.09
03/01/2020	19,599.23	3.910%	4,852.40	24,451.63		1,469,627.86
04/01/2020	19,663.10	3.910%	4,788.54	24,451.64		1,449,964.76
05/01/2020	19,727.16	3.910%	4,724.47	24,451.63		1,430,237.60
06/01/2020	19,791.44	3.910%	4,660.19	24,451.63		1,410,446.16
07/01/2020	19,855.93	3.910%	4,595.70	24,451.63		1,390,590.23
08/01/2020	19,920.63	3.910%	4,531.01	24,451.64		1,370,669.60
09/01/2020	19,985.53	3.910%	4,466.10	24,451.63		1,350,684.07
10/01/2020	20,050.65	3.910%	4,400.98	24,451.63	293,419.58	1,330,633.42
11/01/2020	20,115.99	3.910%	4,335.65	24,451.64		1,310,517.43
12/01/2020	20,181.53	3.910%	4,270.10	24,451.63		1,290,335.90
01/01/2021	20,247.29	3.910%	4,204.34	24,451.63		1,270,088.61
02/01/2021	20,313.26	3.910%	4,138.37	24,451.63		1,249,775.35
03/01/2021	20,379.45	3.910%	4,072.18	24,451.63		1,229,395.90
04/01/2021	20,445.85	3.910%	4,005.78	24,451.63		1,208,950.05
05/01/2021	20,512.47	3.910%	3,939.16	24,451.63		1,188,437.58
06/01/2021	20,579.31	3.910%	3,872.33	24,451.64		1,167,858.27
07/01/2021	20,646.36	3.910%	3,805.27	24,451.63		1,147,211.91
08/01/2021	20,713.63	3.910%	3,738.00	24,451.63		1,126,498.28
09/01/2021	20,781.13	3.910%	3,670.51	24,451.64		1,105,717.15
10/01/2021	20,848.84	3.910%	3,602.80	24,451.64	293,419.60	1,084,868.31
11/01/2021	20,916.77	3.910%	3,534.86	24,451.63		1,063,951.54
12/01/2021	20,984.92	3.910%	3,466.71	24,451.63		1,042,966.62

BOND DEBT SERVICE

SPECIMEN

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
01/01/2022	21,053.30	3.910%	3,398.33	24,451.63		1,021,913.32
02/01/2022	21,121.90	3.910%	3,329.73	24,451.63		1,000,791.42
03/01/2022	21,190.72	3.910%	3,260.91	24,451.63		979,600.70
04/01/2022	21,259.77	3.910%	3,191.87	24,451.64		958,340.93
05/01/2022	21,329.04	3.910%	3,122.59	24,451.63		937,011.89
06/01/2022	21,398.54	3.910%	3,053.10	24,451.64		915,613.35
07/01/2022	21,468.26	3.910%	2,983.37	24,451.63		894,145.09
08/01/2022	21,538.21	3.910%	2,913.42	24,451.63		872,606.88
09/01/2022	21,608.39	3.910%	2,843.24	24,451.63		850,998.49
10/01/2022	21,678.80	3.910%	2,772.84	24,451.64	293,419.59	829,319.69
11/01/2022	21,749.43	3.910%	2,702.20	24,451.63		807,570.26
12/01/2022	21,820.30	3.910%	2,631.33	24,451.63		785,749.96
01/01/2023	21,891.40	3.910%	2,560.24	24,451.64		763,858.56
02/01/2023	21,962.73	3.910%	2,488.91	24,451.64		741,895.83
03/01/2023	22,034.29	3.910%	2,417.34	24,451.63		719,861.54
04/01/2023	22,106.08	3.910%	2,345.55	24,451.63		697,755.46
05/01/2023	22,178.11	3.910%	2,273.52	24,451.63		675,577.35
06/01/2023	22,250.38	3.910%	2,201.26	24,451.64		653,326.97
07/01/2023	22,322.88	3.910%	2,128.76	24,451.64		631,004.09
08/01/2023	22,395.61	3.910%	2,056.02	24,451.63		608,608.48
09/01/2023	22,468.58	3.910%	1,983.05	24,451.63		586,139.90
10/01/2023	22,541.79	3.910%	1,909.84	24,451.63	293,419.60	563,598.11
11/01/2023	22,615.24	3.910%	1,836.39	24,451.63		540,982.87
12/01/2023	22,688.93	3.910%	1,762.70	24,451.63		518,293.94
01/01/2024	22,762.86	3.910%	1,688.77	24,451.63		495,531.08
02/01/2024	22,837.03	3.910%	1,614.61	24,451.64		472,694.05
03/01/2024	22,911.44	3.910%	1,540.19	24,451.63		449,782.61
04/01/2024	22,986.09	3.910%	1,465.54	24,451.63		426,796.52
05/01/2024	23,060.99	3.910%	1,390.65	24,451.64		403,735.53
06/01/2024	23,136.13	3.910%	1,315.50	24,451.63		380,599.40
07/01/2024	23,211.51	3.910%	1,240.12	24,451.63		357,387.89
08/01/2024	23,287.14	3.910%	1,164.49	24,451.63		334,100.75
09/01/2024	23,363.02	3.910%	1,088.61	24,451.63		310,737.73
10/01/2024	23,439.15	3.910%	1,012.49	24,451.64	293,419.59	287,298.58
11/01/2024	23,515.52	3.910%	936.11	24,451.63		263,783.06
12/01/2024	23,592.14	3.910%	859.49	24,451.63		240,190.92
01/01/2025	23,669.01	3.910%	782.62	24,451.63		216,521.91
02/01/2025	23,746.13	3.910%	705.50	24,451.63		192,775.78
03/01/2025	23,823.51	3.910%	628.13	24,451.64		168,952.27
04/01/2025	23,901.13	3.910%	550.50	24,451.63		145,051.14
05/01/2025	23,979.01	3.910%	472.62	24,451.63		121,072.13
06/01/2025	24,057.14	3.910%	394.49	24,451.63		97,014.99
07/01/2025	24,135.53	3.910%	316.11	24,451.64		72,879.46
08/01/2025	24,214.17	3.910%	237.47	24,451.64		48,665.29
09/01/2025	24,293.07	3.910%	158.57	24,451.64		24,372.22
10/01/2025	24,372.22	3.910%	79.41	24,451.63	293,419.60	
	3,712,815.00		1,422,027.92	5,134,842.92	5,134,842.92	



WEST VIRGINIA

Water Development Authority

Celebrating 34 Years of Service 1974 - 2008

March 27, 2008

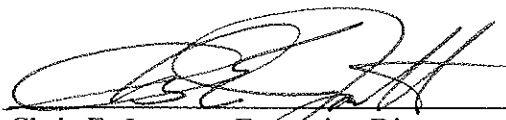
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT

Sewerage System Refunding Revenue Bonds, Series 2008A

To Whom It May Concern:

In reliance upon the certificate of Akers & Associates, A.C., the independent certified public accountants, and the opinion of Bowles Rice McDavid Graff & Love, LLP, bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), as registered owner of the entire issue of certain bonds of the Issuer as set forth in Annex A attached hereto and incorporated by reference, for itself and on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Department of Environmental Protection ("DEP"), all such bonds collectively referred to as the "Prior Bonds" does herewith for the Authority, the Council and DEP, consent to the issuance of the Sewerage System Refunding Revenue Bonds, Series 2008A, in the original aggregate principal amounts of \$3,712,815, by Crab Orchard-MacArthur Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Prior Bonds as set forth in Annex A.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Chris E. Jarrett – Executive Director

ANNEX A

Bonds	<u>Lien Position</u>
(i) Sewer Revenue Bonds, Series 1986B, dated May 29, 1986, issued in the original aggregate principal amount of \$161,688 (the "Series 1986B Bonds");	First Lien
(ii) Sewerage System Refunding Revenue Bonds, Series 1996A, dated July 16, 1996, issued in the original aggregate principal amount of \$4,925,000 (the "Series 1996A Bonds");	First Lien-TO BE DEFEASED ON CLOSING 2008A BONDS
(iii) Sewerage System Revenue Bonds, Series 1997A (West Virginia SRF Program), dated June 5, 1997, issued in the original aggregate principal amount of \$250,000 (the "Series 1997A Bonds");	First Lien
(iv) Sewerage System Revenue Bonds, Series 1997B (West Virginia Infrastructure Fund), dated June 5, 1997, issued in the original aggregate principal amount of \$1,774,300 (the "Series 1997B Bonds");	First Lien
(v) Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 16, 1999, issued in the original aggregate principal amount of \$478,630 (the "Series 1999 Bonds");	First Lien
(vi) Sewer Revenue Bonds, Series 2001A (West Virginia SRF Program), dated October 3, 2001, issued in the original aggregate principal amount of \$6,818,600 (the "Series 2001A Bonds");	First Lien
(vii) Sewer Revenue Bonds, Series 2006A (West Virginia SRF Program), dated September 7, 2006, issued in the original aggregate principal amount of \$1,314,606 (the "Series 2006A Bonds"); and	First Lien
(viii) Sewer Revenue Bonds, Series 2006B (West Virginia Infrastructure Fund), dated September 7, 2006, issued in the original principal amount of \$5,852,000 (the "Series 2006B Bonds").	First Lien

AKERS & ASSOCIATES, A.C.

CERTIFIED PUBLIC ACCOUNTANTS

**111 Main Street
Beckley, WV 25801**

Phone: (304) 253-8366

Fax: (304) 253-8376

ACCOUNTANT'S CERTIFICATE

March 12, 2008

**Crab Orchard – MacArthur Public Service District
Sewerage System Refunding Revenue Bonds, Series 2008A**

Crab Orchard – MacArthur Public Service District
Crab Orchard, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Bowles, Rice, McDavid, Graff & Love LLP
Charleston, West Virginia

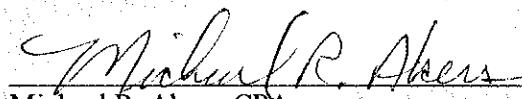
Branch Banking & Trust Co.
Charleston, WV

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia entered October 29, 2007, in Case No. 07-1746-PSD-T and projected operating expenses and anticipated customer usage as furnished to me by Dunn Engineers, Inc., it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Crab Orchard – MacArthur Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal and interest, if any, on the (i) Sewerage System Refunding Revenue Bonds, Series 2008A, (the "Series 2008A Bonds") and (ii) all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008A Bond, including the Issuer's (i) Sewer Revenue Bonds, Series 2006A (West Virginia SRF Program), issued in the original aggregate principal amount of \$1,314,606, (ii) Sewer Revenue Bonds, Series 2006B (West Virginia Infrastructure Fund), issued in the original aggregate principal amount of \$5,852,000, (iii) Sewer Revenue Bonds, Series 1986B, issued in the original aggregate principal amount of \$161,688, (iv) Sewerage System Revenue Bonds, Series 1997A (West Virginia SRF Program), issued in the original aggregate principal amount of \$250,000, (v) Sewerage System Revenue Bonds, Series 1997B (West Virginia Infrastructure Fund), issued in the original principal amount of \$1,774,300, (vi) Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), issued in the original principal amount of \$478,630, and (vii) Sewer Revenue Bonds, Series 2001A (West Virginia SRF Program), issued in the original aggregate principal amount of \$6,818,600 (collectively, the "Prior Bonds").

It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 2008A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the 2008A Bonds, are, so long as the Prior Bonds are outstanding, not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2008A Bonds. The Issuer has met the coverage and parity test requirements of the respective Bond Resolutions authorizing the issuance of the Prior Bonds. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this letter for events and circumstances occurring after the date of this letter.

Very truly yours,

A handwritten signature in cursive script, reading "Michael R. Akers", is written over a horizontal line.

Michael R. Akers, CPA

\$3,712,815

CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT SEWERAGE
SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A

RECEIPT FOR BOND

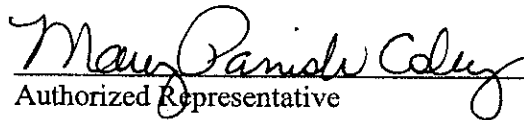
The undersigned authorized representative of Branch Banking and Trust Company, Charleston, West Virginia (the "Original Purchaser"), for and on behalf of the Original Purchaser, hereby certifies as follows:

1. On the 27th day of March, 2008, in Charleston, West Virginia, the Original Purchaser received the Sewerage System Refunding Revenue Bonds, Series 2008 A, of Crab Orchard-MacArthur Public Service District (the "Issuer"), in the principal amount of \$3,712,815, numbered AR-1, issued in the form of one bond, fully registered to the Original Purchaser, and dated March 27, 2008 (the "Bonds").

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

WITNESS my signature on this 27th day of March, 2008.

BRANCH BANKING AND TRUST COMPANY


Authorized Representative

\$3,712,815
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A

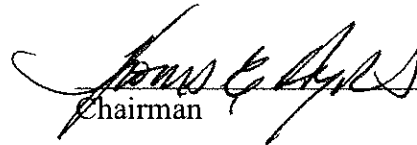
RECEIPT FOR BOND PROCEEDS

The undersigned Chairman of Crab Orchard-MacArthur Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the 27th Day of March, 2008, the Issuer received and hereby acknowledges receipt from Branch Banking and Trust Company, Inc., Charleston, West Virginia (the "Original Purchaser"), as the original purchaser of the \$3,712,815 Sewage System Revenue Refunding Bonds, Series 2008 A, dated March 27, 2008 (the "Bonds"), of the sum of \$3,712,815, being the principal amount of the Bonds. Certain proceeds of the bonds will be deposited in the Escrow Account and will be used together with other funds of the Issuer to defease the Issuer's Sewage System Revenue Refunding Bonds, Series 1996 A on April 1, 2008. The remaining proceeds of the Bonds will be advanced to the Issuer as the Issuer requisitions pursuant to the Supplemental Resolution.

WITNESS my signature on this 27th day of March, 2008.

CRAB ORCHARD-MACARTHUR
PUBLIC SERVICE DISTRICT


Chairman

\$3,712,815
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company, Inc. , as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

1. Bond numbered AR-1, constituting the entire original issue of Crab Orchard-MacArthur Public Service District Sewage System Refunding Revenue Bonds, Series 2008 A, dated March 27, 2008, in the aggregate principal amount of \$3,712,815 (the "Bonds"), executed by the Chairman and Secretary of Crab Orchard-MacArthur Public Service District (the "Issuer"), by their manual signatures and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Resolution enacted on March 25, 2008, and a Supplemental Resolution adopted by the Issuer on March 25, 2008, (collectively, the "Resolution").

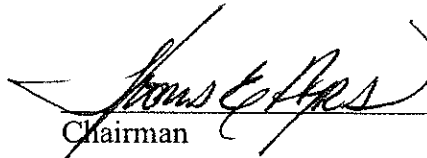
2. A copy of the Resolution authorizing the bonds, duly certified by the Secretary of the Issuer.

3. An approving legal opinion of nationally recognized bond counsel.

You are hereby requested and authorized to deliver the Bonds to Branch Banking and Trust Company, Inc., as the Original Purchaser of the Bonds, upon payment to the Issuer of the Bond Proceeds equal to \$3,712,815 to be deposited in the Escrow Account. Prior to such delivery of the Bonds, you should authenticate and register the Bonds in accordance with the form of Certificate of Authentication and Registration thereon.

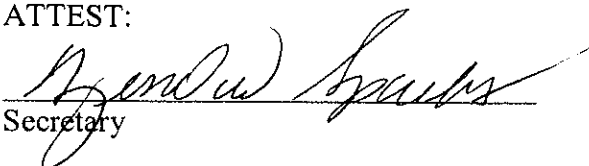
WITNESS our signatures on the 27th day of March, 2008

CRAB ORCHARD-MACARTHUR
PUBLIC SERVICE DISTRICT


Chairman

[SEAL]

ATTEST:


Secretary

\$3,712,815
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of March, 2008, by and between Crab Orchard-MacArthur Public Service District, a public corporation (the "Issuer"), and Branch Banking and Trust Company, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$3,712,815 Sewage System Revenue Refunding Bonds, Series 2008 A, dated March 27, 2008 (the "Bonds") in the form of the bond, in fully registered form, pursuant to a Resolution adopted by the Issuer on March 25, 2008 and a Supplemental Resolution adopted by the Issuer on March 25, 2008 (collectively, the "Resolution");

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 Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution 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 Resolution such duties including, amount 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 in accordance with any rules and regulations promulgated by the United State Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Supplemental Ordinance, the terms of the Supplemental Ordinance 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 Resolution 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 address:

ISSUER:

Crab Orchard-MacArthur Public Service District
Post Office Box 278
Crab Orchard, WV 25827-0278
Attention: General Manager

REGISTRAR:

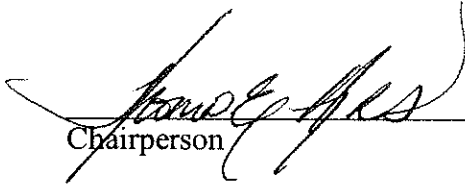
Branch Banking and Trust Company
5130 Parkway Plaza Boulevard, Building #9
Charlotte, North Carolina 28217

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Resolution.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

CRAB ORCHARD-MACARTHUR
PUBLIC SERVICE DISTRICT


Chairperson

BRANCH BANKING AND TRUST
COMPANY, INC.

Authorized Officer

CRAB ORCHARD-MACARTHUR
PUBLIC SERVICE DISTRICT

Chairperson

BRANCH BANKING AND TRUST
COMPANY

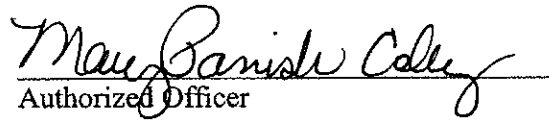

Authorized Officer

EXHIBIT A

See Resolution

See Supplemental Resolution

\$3,712,815

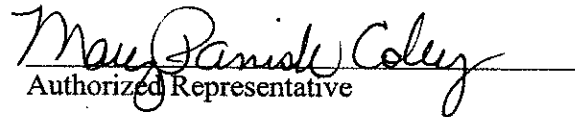
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A

ACCEPTANCE OF DUTIES OF REGISTRAR

Branch Banking and Trust Company, a state banking corporation, hereby accepts appointment as Registrar in connection with the Resolution of the Branch Banking and Trust Company enacted March 25, 2008, and the Supplemental Resolution adopted March 25, 2008 (collectively the "Resolution") authorizing issuance of the Crab Orchard-MacArthur Public Service District Sewage Systems Revenue Refunding Bonds, Series 2008 A, dated March 27, 2008, in the aggregate principal amount of \$3,712,815 (the "Bonds") and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in said Resolution.

WITNESS my signature as of this 27th day of March, 2008.

BRANCH BANKING AND TRUST
COMPANY


Authorized Representative

\$3,712,815

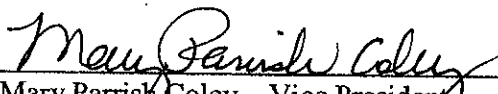
CRAB ORCHARD-MACARTHUR PUBLIC SERVICE DISTRICT SEWERAGE
SYSTEM REFUNDING REVENUE BONDS, SERIES 2008 A

CERTIFICATE OF REGISTRATION OF BONDS

Mary Parrish Coley, Vice President of Branch Banking and Trust Company, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Revenue Bonds, Series 2008 A, of the Crab Orchard-MacArthur Public Service District (the "Issuer"), dated March 27, 2008, in the principal amount of \$3,712,815, numbered AR-1, was registered as to principal and interest in the name of Branch Banking and Trust Company in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 27th day of March, 2008.

BRANCH BANKING AND TRUST COMPANY



Mary Parrish Coley – Vice President

101 South Queen Street
Martinsburg, West Virginia 25401
(304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
(304) 285-2500

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507-1639
(859) 252-2202



600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

Closing Item No. D-1

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
(304) 485-8500

March 27, 2008

Crab Orchard-MacArthur Public Service District
Crab Orchard, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Branch Banking and Trust Company
Charleston, West Virginia

Re: Crab Orchard-MacArthur Public Service District
Sewerage System Refunding Revenue Bonds, Series 2008 A

Ladies and Gentlemen:

We have served as bond counsel to Crab Orchard-MacArthur Public Service District (the "Issuer") in connection with the issuance of its Sewerage System Refunding Revenue Bonds, Series 2008 A, dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of the Bonds to be purchased by Branch Banking and Trust Company (the "Original Purchaser"), pursuant to its commitment letter dated February 13, 2008. The Bonds are issued in the principal amount of \$3,712,815, in the form of one bond, registered as to principal and interest to the Original Purchaser, with interest at the rate of 3.91% per annum, and with principal and interest payable monthly on the 1st day of each month, commencing May 1, 2008, all as set forth in the debt service schedule incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), for the purposes of (i) paying a portion of the costs necessary to current refund the Issuer's Sewerage System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 Bonds"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

Crab Orchard-MacArthur Public Service District
West Virginia Water Development Authority
Branch Banking and Trust Company
March 27, 2008
Page 2

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on March 25, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 25, 2008 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution when used herein.

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

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to refund the Series 1996 Bonds, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Original Purchaser and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1986 B, Sewerage System Refunding Revenue Bonds, Series 1996 A, Sewerage System Revenue Bonds, Series 1997 A (West Virginia SRF Program), Sewerage System Revenue Bonds, Series 1997 B, (West Virginia Infrastructure Fund) and Sewerage System Design Revenue Bonds, Series 1999 (West Virginia SRF Program), Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 2006 A (West Virginia SRF Program) and the Sewer Revenue Bonds, Series 2006 B

Crab Orchard-MacArthur Public Service District
West Virginia Water Development Authority
Branch Banking and Trust Company
March 27, 2008
Page 3

(West Virginia Infrastructure Fund), (collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Resolution. Based upon the certificate of Akers & Associates, A.C., Certified Public Accountants dated March 12, 2008, the Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the resolutions authorizing the Prior Bonds. The Issuer has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

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

5. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2008. Therefore, the Bond is a tax qualified obligation within the meaning of Section 265(b)(3) of the Code.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Series 1996 Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution authorizing same, and the covenants, agreements

Crab Orchard-MacArthur Public Service District
West Virginia Water Development Authority
Branch Banking and Trust Company
March 27, 2008
Page 4

and other obligations of the Issuer to the holders of the Series 1996 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the Verification Report of the Arbitrage Group, relating to the sufficiency of the moneys on deposit with the Escrow Trustee to provide for the full payment of the entire outstanding principal of, the redemption premium and all interest accrued on the Series 1996 Bonds on April 1, 2008, the Redemption Date.

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

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

Very truly yours,
Bowles Rice / David Graff & Love LLP

RIST, HIGGINS & ASSOCIATES, P.L.L.C.

ATTORNEYS AT LAW
1800 HARPER ROAD
BECKLEY, WEST VIRGINIA 25801

TELEPHONE NO. 304-255-1400/255-4849
FACSIMILE NO. 304-255-6914

JOHN F. RIST III
E-Mail: jsiri@peoplepc.com

JAMES C. HIGGINS
E-Mail: rsthiggins@yahoo.com

March 27, 2008

Crab Orchard-MacArthur Public Service District
Sewerage System Refunding Revenue Bonds, Series 2008 A

Re:Crab Orchard-MacArthur Public Service District
Sewerage System Refunding Revenue Bonds, Series 2008 A

Crab Orchard-MacArthur Public Service District
Crab Orchard, West Virginia

Branch Banking and Trust Company, Inc.
Charleston, West Virginia

Bowles Rice McDavid Graff & Love LLP
Charleston, West Virginia
Ladies and Gentlemen:

We are counsel to Crab Orchard-MacArthur Public Service District, a public service district, in Raleigh County, West Virginia (the "Issuer"). As such counsel, we have examined a copy of the approving opinion of Bowles Rice McDavid Graff & Love LLP, as bond counsel, a purchase commitment for the above-captioned bonds (the "Bonds"), dated February 13, 2008, including all schedules and exhibits attached hereto (the "Bond Purchase Agreement", by and among the Issuer, the Branch Banking and Trust Company, Inc. (the "Purchaser"), the Bond Resolution duly adopted by the Issuer on March 25, 2008, as supplemental by the Supplemental Resolution duly adopted by the Issuer on March 25, 2008 (collectively, the "Resolution"), orders of The County Commission of Raleigh County, West Virginia, relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

We are of the opinion that:

I. 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 full power and authority to acquire and construct the Project, to operate and maintain the System and to adopt the Resolution, all under the Act and other applicable provisions of law.

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 Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

5. The execution and delivery of the Bonds and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Bond Purchase Agreement and the Resolution 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 order, resolution, agreement or other instrument to which the Issuer is a party, and of which we are aware, or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the operation of the System and the imposition of rates and charges for use of the System and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges.

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

We express no other opinions other than those expressly stated hereinabove. Without limiting the generality of the foregoing sentence, we express no opinion as to the tax, bond or securities laws of the United States or of any state thereof.

It is to be understood that the rights of the various parties to the transaction and the enforceability of the instruments and agreements may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable), and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Crab Orchard-MacArthur Public Service District, et al.

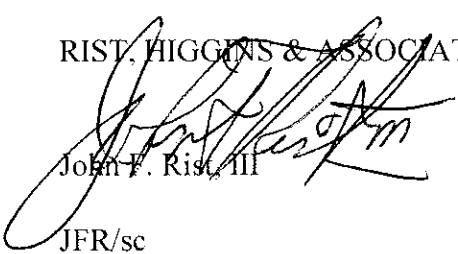
March 27, 2008

Page Three

This opinion is rendered only for the benefit of the addresses and may not be relied upon by other parties without prior written consent. No attorney-client privilege is waived or intended to be waived this opinion.

Very truly yours,

RIST, HIGGINS & ASSOCIATES, PLLC



John F. Rist, III

JFR/sc

WEST VIRGINIA MUNICIPAL BOND COMMISSISON

Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 3/25/2008

ISSUE: Crab Orchard - MacArthur Public Service District Refunding Revenue Bonds, Series 2008AADDRESS: 196 Glenview Road, Crab Orchard, West Virginia 25827COUNTY: Raleigh

PURPOSE OF ISSUE:

New Money

Refunding

☒Refunds issue(s) dated: 15-Jul-96ISSUE DATE: March 27, 2008CLOSING DATE: March 27, 2008ISSUE AMOUNT: \$3,712,815RATE: 3.91%1st DEBT SERVICE DUE: May 1, 20081st PRINCIPAL DUE: May 1, 20081st DEBT SERVICE AMOUNT: \$ 24,451.63PAYING AGENT: BB&T, Charleston, WvaBOND COUNSEL: Bowles Rice McDavid Graff & LoveUNDERWRITERS COUNSEL: Private placementContact Person: Edd McDevitt, Esq.

Contact Person:

Phone: 304-347-1711

Phone:

CLOSING BANK:

ESCROW TRUSTEE: United Bank, Inc.

Contact Person:

Contact Person: Kathy Smith, Assistant Vice President

Phone:

Phone: 304-348-8427

KNOWLEDGEABLE ISSUER CONTACT:

OTHER: Financial AdvisorContact Person: Barry MilamContact Person: David KirbyPosition: General ManagerPosition: Vice PresidentPhone: 304-252-0604Phone: 304-357-6508DEPOSITS TO MBC AT CLOSE: \$293,419.61Accrued Interest: \$By WireCapitalized Interest: \$Check☒Reserve Account: \$ \$ 293,419.61☒ In-house Transfer

Other:

\$

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ☒ Wire☒To Escrow Trustee: \$ \$ 311,168.67CheckTo Issuer: \$IGTTo Cons.Invest Fund \$

To Other:

\$

NOTES: Additionally, the Commission is asked to apply the balance of \$20,635.21 remaining in the 1996A RESERVE FUND to the District's various reserve funds where requirements have not been met.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required:

Transfers Required:

ESCROW AGREEMENT

THIS AGREEMENT, made and entered into as of the 27th day of March, 2008, by and among THE CRAB ORCHARD – MACARTHUR PUBLIC SERVICE DISTRICT (hereinafter referred to as the “Issuer”), the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the “Commission”) and UNITED BANK, INC., Charleston, West Virginia, a state banking corporation having and exercising full and complete trust powers, duly organized and existing under the laws of the State of West Virginia (hereinafter referred to as the “Escrow Trustee” or “Escrow Agent”).

WHEREAS, the Issuer, pursuant to a resolution dated July 23, 1996, (the “Prior Resolution”), authorizing the issuance of not more than \$5,300,000 Sewer Refunding Revenue Bonds, issued its Sewer Refunding Revenue Bonds, Series 1996 A, dated July 15, 1996, issued in the original principal amount of \$4,925,000 and currently outstanding in the principal amount of \$3,810,000; (the “Series 1996 A Bonds”);

WHEREAS, the Series 1996 A Bonds mature on the dates and bear interest at the rates set forth in Schedule A hereto;

WHEREAS, the Issuer has determined to issue its Sewerage System Refunding Revenue Bonds, Series 2008 A (the “Series 2008 A Bonds”), pursuant to a Resolution passed on March 25, 2008, as supplemented by resolution adopted on March 25, 2008, (the “Resolution”), the proceeds of which, together with other funds available to the Issuer, will be used to refund the Series 1996 A Bonds;

WHEREAS, the Issuer has made arrangements for the Escrow Trustee to hold in trust the proceeds of the Series 2008 A Bonds and other available moneys, the principal of which, when due, without consideration of any reinvestment of such maturing principal and interest, will provide sufficient moneys to enable the Escrow Trustee:

(i) to redeem \$3,810,000 in principal amount of the Series 1996 A Bonds, at the earliest optional redemption date of April 1, 2008, at a redemption price equal to 101% of the principal amount thereof, and

(ii) to pay as the same shall become due and payable the interest, if any, to accrue on the Series 1996 A Bonds to the date of redemption, as set forth in the preceding clause (i) of this recital;

WHEREAS, the Issuer has found it desirable to appoint the Escrow Trustee, and the Commission has agreed to such appointment, for the purposes of holding title, as trustee for the Issuer of the bond proceeds and other funds of the Issuer in cash (non-interest bearing) to accomplish the optimal redemption; and

WHEREAS, the Commission, at the request of the Issuer, has taken all action necessary to appoint and designate United Bank, Inc., Charleston, West Virginia, as the Escrow Trustee to accomplish such purposes;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1986 A Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. Receipt of true and correct copies of the Resolution and the 1996 Prior Resolution are hereby acknowledged by the Commission and the Escrow Trustee. Reference herein to or citation herein of any provisions of either the Prior Resolution or the Resolution shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. There is hereby created and established with the Escrow Trustee a special and irrevocable trust fund designed the "The Crab Orchard MacArthur Public Service District, 1996 A Sewerage System Revenue Bonds Escrow Fund (hereinafter referred to as the "Escrow Fund"), to be held in the custody of the Escrow Trustee, separate and apart from other funds of the Issuer, the Commission or the Escrow Trustee. The deposit of moneys in trust for, without any income or interest being earned thereon, shall be applied to the payment of the principal of, premium and interest on the Series 1996 A Bonds on April 1, 2008.

3. Concurrently with the delivery of the Series 2008 A Bonds, the Issuer shall deposit \$3,638,000 from the proceeds of sale of the Series 2008 A Bonds, and \$311,168.67 from the sinking fund, including the reserve account therein, created and maintained on account of the Series 1996 A Bonds into the Escrow Fund with the Escrow Trustee (total deposit \$3,949,468.67), and the Escrow Trustee shall keep funds in cash, non-interest bearing. The Arbitrage Group, Inc., has certified, in its letter dated March 27, 2008, attached hereto as Schedule B, that sum will be sufficient to pay the principal of, premium and interest on the Series 1996 A Bonds on April 1, 2008.

4. The 3,949,468.67 shall be credited to the Escrow Fund. The cash shall not be invested or earn interest while held in the Escrow Fund.

5. The Escrow Trustee shall deposit directly with the paying agent or agents therefore, in immediately available funds, from the amounts held in the Escrow Fund on April 1, 2008 set forth on Schedule A hereto the amounts required to comply with the payments of principal, premium and interest on the Series 1996 A Bonds in accordance with the terms of the fourth recital hereto.

6. The holders of the Series 1996 A Bonds shall have an express lien on all moneys in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

7. After the payment of all the Series 1996 A Bonds, and the premium and interest thereon, the amounts remaining in the Escrow Fund, if any, shall be transferred to the Sinking Fund established under the Resolution.

8. The Commission is not rendering any service under this Agreement and shall not be entitled to any fees under this Agreement. The Escrow Trustee shall be responsible for all acts required of the Commission under the 1996 Prior Resolution. Notwithstanding any provisions to the contrary in the Prior Resolutions, the Series 1996 A Bonds or other documents

relating to the Series 1996 A Bonds, as of the date hereof, all responsibility and liability of the Commission for the Series 1996 A Bonds is terminated. All duties performed by the Commission for the Series 1996 A Bonds are terminated. All duties performed by the Commission as fiscal agent, whether assigned or assumed, including but not limited to, authorizing the publication of all optional and/or mandatory redemption notices, taking reasonable actions to reconcile statements of the paying agents for the Series 1996 A Bonds, handle lost coupon and bond inquiries, and other administrative matters, are henceforth assumed by the Escrow Trustee hereunder.

Concurrently with the delivery of the Series 2008 A Bonds, the Escrow Trustee shall be paid its acceptance fee and expenses incurred with respect to this Agreement. Any future fees and expenses of the Escrow Trustee and the paying agents for the Series 1996 A Bonds shall be promptly paid by the Issuer from the net revenues of the System described in the Resolution as they accrue.

In no event, however, shall the Escrow Trustee or the paying agents have any lien whatsoever upon any of the moneys in the Escrow Fund, for the payment of such fees or expenses.

9. The Issuer and the Escrow Trustee independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund, shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2008 A Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended.

10. Neither the Commission nor the Escrow Trustee shall have any responsibility in respect of the validity or sufficiency of this Agreement. The liability of the Escrow Trustee for the payment of the principal of and the interest on the Series 1996 A Bonds shall be limited to the application of the moneys available for such purposes in the Escrow Fund. Neither the Commission nor the Escrow Trustee shall be liable or responsible because of the failure of the Issuer to perform any act required of it by this Agreement or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository, other than the Escrow Trustee, in which such moneys shall have been deposited.

11. If any outstanding Series 1996 A Bonds are not presented for payment when due, and moneys are held by the Escrow Trustee for payment thereof but not including any funds held by the paying agent for the Series 1996 A Bonds, such moneys shall be held for such purposes for a period of four (4) years from the date such payment was due, at which time such moneys shall be paid to the Issuer. Prior to such repayment by the Escrow Trustee to the Issuer, the Escrow Trustee shall notify the national securities depository, if an, or any similar organization that said moneys remain unclaimed and that after a date named in said notice, which date shall be the date of such repayment and shall not be less than thirty (30) days after the date of such notice, such moneys shall be paid to the Issuer as its absolute property and free from trust. The Issuer shall pay any costs incurred with respect to such notice.

12. Concurrently with the execution of this Agreement and the defeasance of the lien of the Series 1996 A Bonds, the Commission, at the express direction of the Issuer, shall pay from the funds held by it in the respective sinking funds, including the reserve accounts

therein, created and maintained under the 1996 Prior Resolution the sum of \$311,168,67 into the Escrow Fund, and the Issuer will cause \$3,638,300 (the 2008 Bond proceeds) to be deposited into the Escrow Fund.

13. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

14. The duties and responsibilities of the Escrow Agent shall be limited to those expressly set forth in this Agreement. No implied duties of the Escrow Agent shall be read into this Agreement and the Escrow Agent shall not be subject to, or obliged to recognize any other agreement between, or direction or instruction of, any or all the parties hereto even though reference thereto may be made herein.

15. The Escrow Agent may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and believed by it to be genuine and believed by it to have been signed or presented by the appropriate party or parties (including without limitation, with respect to any party which is a corporation, any instrument purporting to have been signed on its behalf by an authorized officer). The Escrow Agent shall not be responsible for the sufficiency or accuracy, or the form, execution, validity or genuineness, of documents or securities now or hereafter deposited or received hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall it be responsible or liable in any respect on account of the identity, authority or rights of any person executing, depositing or delivering or purporting to execute, deposit or deliver any such document, security or endorsement or this Agreement, or on account of or by reason of forgeries, false representations, or the exercise of its discretion in any particular manner, not shall the Escrow Agent be liable for any mistake of fact or of law or any error of judgment, or for any act or omission, except as a result of its negligence or willful malfeasance.

16. The Issuer shall at all times indemnify the Escrow Trustee from all liabilities, claims, causes of action, costs and expenses (including, without limitation, reasonable attorney's fees and expenses) imposed upon or asserted against the Escrow Trustee, except as a result of its negligence or willful misconduct, on account of actions taken or omitted to be taken by the Trustee relating to or arising out of this Escrow Agreement, the Resolution or the Bonds at the request or with the consent of the Issuer. This indemnification shall survive the termination of this agreement.

17. The Escrow Agent may consult with legal counsel of its own choosing and shall be fully protected in acting or refraining from acting in good faith and in accordance with the opinion of such counsel.

18. It is understood that the Escrow Agent reserves the right to resign as the Escrow Agent at any time by giving written notice of its resignation, specifying the effective date thereof, to each other party hereto. Within thirty (30) days after receiving the aforesaid notice, the other party or parties hereto shall appoint a successor Escrow Agent to which the Escrow

Agent shall distribute the property then held hereunder. If a successor Escrow Agent has not been appointed and has not accepted such appointment by the end of such thirty (30) day period, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent and the fees, costs and expenses (including counsel fees and expenses) which it incurs in connection with such proceeding shall be paid by the Issuer.

19. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

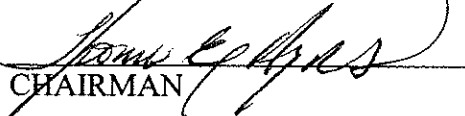
20. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

21. This Agreement shall terminate on the earlier of the date on which all the outstanding Series 1996 A Bonds have been paid and discharged in accordance with the respective provisions of the Prior Resolution or, as described in Paragraph 11, above, four (4) years after the last date on which payment on the Series 1986 A Bonds is due. Cash in the Escrow Fund shall be transferred as provided in Paragraph 7 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

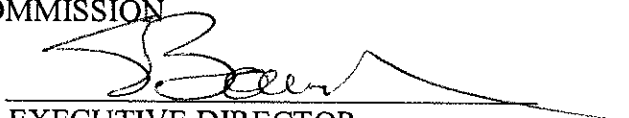
CRAB ORCHARD - MACARTHUR
PUBLIC SERVICE DISTRICT

By


CHAIRMAN

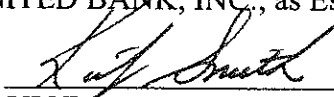
WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By


EXECUTIVE DIRECTOR

UNITED BANK, INC., as Escrow Trustee

By


VICE PRESIDENT, CORPORATE TRUST

SCHEDULE A

See Attached.

PRIOR BOND DEBT SERVICE

Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Dated Date 03/27/2008

Delivery Date 03/27/2008

Sewerage System Refunding, Revenue Bonds 1996A (1996A)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
04/01/2008			103,672.50	103,672.50		3,810,000	3,810,000
10/01/2008	130,000	4.950%	103,672.50	233,672.50	337,345.00	3,680,000	3,680,000
04/01/2009			100,455.00	100,455.00		3,680,000	3,680,000
10/01/2009	135,000	5.050%	100,455.00	235,455.00	335,910.00	3,545,000	3,545,000
04/01/2010			97,046.25	97,046.25		3,545,000	3,545,000
10/01/2010	145,000	5.150%	97,046.25	242,046.25	339,092.50	3,400,000	3,400,000
04/01/2011			93,312.50	93,312.50		3,400,000	3,400,000
10/01/2011	150,000	5.250%	93,312.50	243,312.50	336,625.00	3,250,000	3,250,000
04/01/2012			89,375.00	89,375.00		3,250,000	3,250,000
10/01/2012	160,000	5.500%	89,375.00	249,375.00	338,750.00	3,090,000	3,090,000
04/01/2013			84,975.00	84,975.00		3,090,000	3,090,000
10/01/2013	170,000	5.500%	84,975.00	254,975.00	339,950.00	2,920,000	2,920,000
04/01/2014			80,300.00	80,300.00		2,920,000	2,920,000
10/01/2014	180,000	5.500%	80,300.00	260,300.00	340,600.00	2,740,000	2,740,000
04/01/2015			75,350.00	75,350.00		2,740,000	2,740,000
10/01/2015	185,000	5.500%	75,350.00	260,350.00	335,700.00	2,555,000	2,555,000
04/01/2016			70,262.50	70,262.50		2,555,000	2,555,000
10/01/2016	200,000	5.500%	70,262.50	270,262.50	340,525.00	2,355,000	2,355,000
04/01/2017			64,762.50	64,762.50		2,355,000	2,355,000
10/01/2017	210,000	5.500%	64,762.50	274,762.50	339,525.00	2,145,000	2,145,000
04/01/2018			58,987.50	58,987.50		2,145,000	2,145,000
10/01/2018	220,000	5.500%	58,987.50	278,987.50	337,975.00	1,925,000	1,925,000
04/01/2019			52,937.50	52,937.50		1,925,000	1,925,000
10/01/2019	230,000	5.500%	52,937.50	282,937.50	335,875.00	1,695,000	1,695,000
04/01/2020			46,612.50	46,612.50		1,695,000	1,695,000
10/01/2020	245,000	5.500%	46,612.50	291,612.50	338,225.00	1,450,000	1,450,000
04/01/2021			39,875.00	39,875.00		1,450,000	1,450,000
10/01/2021	260,000	5.500%	39,875.00	299,875.00	339,750.00	1,190,000	1,190,000
04/01/2022			32,725.00	32,725.00		1,190,000	1,190,000
10/01/2022	275,000	5.500%	32,725.00	307,725.00	340,450.00	915,000	915,000
04/01/2023			25,162.50	25,162.50		915,000	915,000
10/01/2023	290,000	5.500%	25,162.50	315,162.50	340,325.00	625,000	625,000
04/01/2024			17,187.50	17,187.50		625,000	625,000
10/01/2024	305,000	5.500%	17,187.50	322,187.50	339,375.00	320,000	320,000
04/01/2025			8,800.00	8,800.00		320,000	320,000
10/01/2025	320,000	5.500%	8,800.00	328,800.00	337,600.00		
	3,810,000		2,283,597.50	6,093,597.50	6,093,597.50		

ESCROW REQUIREMENTS

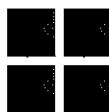
Crab Orchard-MacArthur Public Service District
Series 2008A Current Refunding Bonds

Sewerage System Refunding Revenue Bonds 1996A (1996A)

Period Ending	Interest	Principal Redeemed	Redemption Premium	Total
04/01/2008	101,368.67	3,810,000.00	38,100.00	3,949,468.67
	101,368.67	3,810,000.00	38,100.00	3,949,468.67

SCHEDULE B

Verification Report
from
The Arbitrage Group, Inc.



The Arbitrage Group, Inc.

3401 Louisiana Street
Suite 238
Houston, Texas 77002

Telephone 713 522 8527
Facsimile 713 522 8471

www.thearbitragegroup.com

March 27, 2008

Crab Orchard-MacArthur Public Service District
Crab Orchard, West Virginia

Bowles Rice McDavid Graff & Love
Charleston, West Virginia

Scott & Stringfellow, Inc.
Charleston, West Virginia

United Bank, Inc.
Charleston, West Virginia

\$3,712,815
Crab Orchard--MacArthur Public Service District
Raleigh County, West Virginia
Sewerage System Refunding Revenue Bonds,
Series 2008A

The Crab Orchard--MacArthur Public Service District (the "District") proposes to issue the above referenced bonds (the "Bonds") dated March 27, 2008 on March 27, 2008.

A portion of the proceeds of the Bonds will be placed in an irrevocable trust as an initial cash deposit to be used solely to refund all of the District's Sewerage System Refunding Revenue Bonds, Series 1996A (the "Refunded Bonds") described below:

<u>Series</u>	<u>Amount Issued</u>	<u>Original</u>	<u>Amount to be Refunded</u>	<u>Maturities to be Refunded</u>	<u>Maturities to be Optionally Redeemed</u>	<u>Optional Redemption Date and Price</u>
1996	\$4,925,000	07-15-1996	\$3,810,000	10-01-2008 - 10-01-2025, Inclusive	10-01-2008 - 10-01-2025, Inclusive	03-27-2008 @ 101%



Crab Orchard--MacArthur Public Service District

March 27, 2008

Page 2

At your request, we have independently verified the arithmetical accuracy of the computations provided to us by Scott & Stringfellow, Inc. which indicate the sufficiency of the initial cash deposit to pay to and at early redemption the principal, interest and early redemption premium on the Refunded Bonds.

The original computations, along with certain assumptions and information, were furnished to us by Scott & Stringfellow, Inc. on behalf of the District. We have relied solely on the assumptions and information provided to us and have not made any study or evaluation of them, except as noted below. We express no opinion on the reasonableness of the assumptions, or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in the accompanying Exhibits.

In the course of our engagement, we were furnished by Scott & Stringfellow, Inc. with excerpts from the Official Statement for the Refunded Bonds and the Bond for the Bonds. We compared the information contained in the schedules provided by Scott & Stringfellow, Inc. with certain information set forth in such documents with respect to prices, principal payment dates and amounts, interest payment dates and rates, yields, and redemption dates and prices. We found that the information contained in such schedules provided to us by Scott & Stringfellow, Inc. was in agreement with the above-mentioned information set forth in such documents.

In our opinion, based on the assumptions and information provided by Scott & Stringfellow, Inc. on behalf of the District, the computations in the accompanying Exhibits prepared by us and comparable schedules provided to us are arithmetically accurate and indicate that an initial cash deposit of \$3,949,468.67 will be sufficient to pay to and at early redemption the principal, interest and early redemption premium on the Refunded Bonds.

The terms of our engagement are such that we have no obligation to update this report or to verify any revised computation because of events and transactions occurring subsequent to the date of this report. This report is issued solely for your information and assistance in connection with the issuance of the Bonds. This report is not to be quoted or referred to without our prior written consent.

Very truly yours,

The Arbitrage Group, Inc.

Exhibits

A. Escrow Cash Flow

B-1. Debt Service Requirements of the Refunded Bonds to Maturity

B-2. Debt Service Requirements of the Refunded Bonds to Early Redemption

Escrow Cash Flow

Crab Orchard--MacArthur Public Service District

<u>Date</u>	<u>Beginning Cash Balance</u>	<u>Debt Service Requirements of the Refunded Bonds to Early Redemption</u>	<u>Ending Cash Balance</u>
03/27/08	\$3,949,468.67	\$3,949,468.67	\$0.00

Debt Service Requirements of the Refunded Bonds to Maturity

Crab Orchard--MacArthur Public Service District

Date	Principal	Coupon Rate	Early Redemption Premium	Interest	Debt Service Requirements of the Refunded Bonds to Maturity
04/01/08				\$103,672.50	\$103,672.50
10/01/08	\$130,000.00	4.950%	1.000%	103,672.50	233,672.50
04/01/09				100,455.00	100,455.00
10/01/09	135,000.00	5.050%	1.000%	100,455.00	235,455.00
04/01/10				97,046.25	97,046.25
10/01/10	145,000.00	5.150%	1.000%	97,046.25	242,046.25
04/01/11				93,312.50	93,312.50
10/01/11	150,000.00	5.250%	1.000%	93,312.50	243,312.50
04/01/12				89,375.00	89,375.00
10/01/12	160,000.00	5.500%	1.000%	89,375.00	249,375.00
04/01/13				84,975.00	84,975.00
10/01/13	170,000.00	5.500%	1.000%	84,975.00	254,975.00
04/01/14				80,300.00	80,300.00
10/01/14	180,000.00	5.500%	1.000%	80,300.00	260,300.00
04/01/15				75,350.00	75,350.00
10/01/15	185,000.00	5.500%	1.000%	75,350.00	260,350.00
04/01/16				70,262.50	70,262.50
10/01/16	200,000.00	5.500%	1.000%	70,262.50	270,262.50
04/01/17				64,762.50	64,762.50
10/01/17	210,000.00	5.500%	1.000%	64,762.50	274,762.50
04/01/18				58,987.50	58,987.50
10/01/18	220,000.00	5.500%	1.000%	58,987.50	278,987.50
04/01/19				52,937.50	52,937.50
10/01/19	230,000.00	5.500%	1.000%	52,937.50	282,937.50
04/01/20				46,612.50	46,612.50
10/01/20	245,000.00	5.500%	1.000%	46,612.50	291,612.50
04/01/21				39,875.00	39,875.00
10/01/21	260,000.00	5.500%	1.000%	39,875.00	299,875.00
04/01/22				32,725.00	32,725.00
10/01/22	275,000.00	5.500%	1.000%	32,725.00	307,725.00
04/01/23				25,162.50	25,162.50
10/01/23	290,000.00	5.500%	1.000%	25,162.50	315,162.50
04/01/24				17,187.50	17,187.50

Debt Service Requirements of the Refunded Bonds to Maturity

Crab Orchard--MacArthur Public Service District

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Early Redemption Premium</u>	<u>Interest</u>	<u>Debt Service Requirements of the Refunded Bonds to Maturity</u>
10/01/24	305,000.00	5.500%	1.000%	17,187.50	322,187.50
04/01/25				8,800.00	8,800.00
10/01/25	320,000.00	5.500%	1.000%	8,800.00	328,800.00
	<u>\$3,810,000.00</u>			<u>\$2,283,597.50</u>	<u>\$6,093,597.50</u>
	<u><u> </u></u>			<u><u> </u></u>	<u><u> </u></u>

Debt Service Requirements of the Refunded Bonds to Early Redemption

Crab Orchard--MacArthur Public Service District

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Early Redemption Premium</u>	<u>Interest</u>	<u>Debt Service Requirements of the Refunded Bonds to Early Redemption</u>
03/27/08	\$3,810,000.00	*	\$38,100.00	\$101,368.67	\$3,949,468.67
	<u><u> </u></u>		<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

* Coupon rates are as shown in the Debt Service Requirements of the Refunded Bonds to Maturity.



Governmental Finance

5130 Parkway Plaza Boulevard
Charlotte, NC 28217
(704) 954-1700
Fax (704) 954-1799

Closing Item No. E-3

March 27, 2008

Crab Orchard-MacArthur Public Service District
Crab Orchard, West Virginia

Bowles Rice McDavid Graff & Love LLP
Charleston, West Virginia

Re: Crab Orchard-MacArthur Public Service District
Sewerage System Refunding Revenue Bonds, Series 2008 A

Ladies and Gentlemen:

The undersigned Mary Parrish Coley, Vice President of Branch Banking and Trust Company (the "Purchaser"), on behalf of the Purchaser in connection with its purchase of the \$3,712,815 aggregate principal amount of the Crab Orchard-MacArthur Public Service District Sewerage System Refunding Revenue Bonds, Series 2008 A (the "Bonds"), issued by Crab Orchard-MacArthur Public Service District (the "Issuer") on the date hereof, pursuant to a Resolution passed by the Issuer on March 25, 2008, as supplemented by a Supplemental Resolution adopted by the Issuer on March 25, 2008 (collectively, the "Resolution"), hereby makes the following representations and warranties to you that:

1. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Bonds.

1. We understand that the entire principal of and interest on the Bonds are payable by the Issuer solely from and secured by a first lien on the Pledged Revenues on parity as to lien with the Prior Bonds (as defined in the Resolution); that the Bonds are special and limited obligations of the Issuer and are not general obligations or secured by any obligation or pledge of any monies received or to be received by the Issuer other than the Pledged Revenues described above; and that the Bonds do not now and shall never constitute

an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

1. We understand that no official statement, prospectus, offering circular or other offering statement containing material information with respect to the Issuer or the Bonds is being issued, that the Bonds are unrated, and that in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds, and are relying solely on such inquiry and analysis in our purchase of the Bonds.

1. We acknowledge that during the course of the transaction and prior to the sale of the Bonds, we have requested or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Bonds and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase the Bonds. No such information requested by us has been denied to us.

1. Because of our experience in financial and business matters, we feel that we are qualified to make the inquiry and analysis described in paragraph 3 and to understand fully the documents and information described in paragraph 4.

1. We understand that the Bonds (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) may be resold only to purchasers who meet the criteria set forth herein and who, as a condition to such purchase, deliver an executed letter substantially in the form hereof to Bowles Rice McDavid Graff & Love LLP, Charleston, West Virginia.

1. We are purchasing the Bonds for investment in our own account and do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.

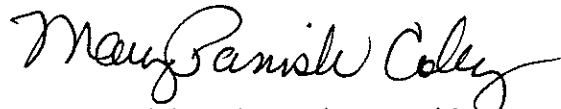
Crab Orchard-MacArthur Public Service District
Bowles Rice McDavid Graff & Love LLP
March 27, 2008

8. The Bonds, the Resolution and the other certificates, opinions and documents delivered in connection with the issuance of the Bonds contain such terms and are in such form that are acceptable to the Purchaser.

9. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Bonds are a lawful investment for us under all applicable laws.

Very truly yours,

BRANCH BANKING AND TRUST COMPANY

A handwritten signature in black ink, reading "Mary Parrish Coley". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Mary Parrish Coley, Vice President

Notice of Optional Redemption to the Holders of

**\$4,925,000 Crab Orchard – MacArthur Public Service District Raleigh County,
West Virginia Sewerage System Refunding Revenue Bonds, Series 1996A**

Dated: February 29, 2008

NOTICE IS HEREBY GIVEN by the Crab Orchard – MacArthur Public Service District (the “Issuer”) to the holders of its outstanding Sewerage System Refunding Revenue Bonds, Series 1996A (the “Bonds”) that the Bonds have been ordered by the Issuer to be redeemed on April 1, 2008 (the “Redemption Date”), at the redemption price of par, plus premium in the amount of one percent (1%), (the “Redemption Price”), plus interest accrued to the Redemption Date in accordance with the provisions of the Bond Resolution authorizing issuance of the Bonds.

SUCH REDEMPTION HOWEVER, TO BE CONDITIONAL UPON SETTLEMENT AND TO THE DEPOSIT WITH THE PAYING AGENT OF MONEYS SUFFICIENT TO EFFECT SUCH REDEMPTION NOT LATER THAN MARCH 31, 2008, THIS NOTICE TO BE OF NO EFFECT UNLESS SUCH MONEYS ARE DEPOSITED.

Each of the Bonds referred to above are to be surrendered to the designated agency office of United Bank, Inc., Charleston, West Virginia, (as “Paying Agent”) for the principal of the Redemption Price thereof and interest accrued thereon to the Redemption Date, by mailing such Bonds by registered or certified mail to the following address:

United Bank, Inc. 500 Virginia Street, East Third Floor,
Corporate Trust Department Charleston, West Virginia
25301

Interest Maturity Bond Cusip Rate Date Date Number

4.95%	October 1, 2008	July 15, 1996	2241BAM5
5.05%	October 1, 2009	July 15, 1996	2241BAN3
5.15%	October 1, 2010	July 15, 1996	22410BAP8
5.25%	October 1, 2011	July 15, 1996	22410BAQ6
5.50%	October 1, 2025	July 15, 1996	22410BAR4

The Issuer certifies, based upon the Verification Report prepared by the Arbitrage Group, Inc., that there has been deposited with United Bank, Inc., Charleston, West Virginia, as Escrow Trustee for the Bonds, an amount sufficient to pay, on the Redemption Date, the Redemption Price. On April 1, 2008, which is the date fixed for redemption, interest will cease to accrue on the bonds.

NOTICE: Withholding of 31% gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

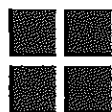
***The Issuer and Escrow Trustee shall not be responsible for the use of the CUSIP numbers selected, nor is any representation made as to its correctness in this notice or as printed on any Bond. It is included solely for the convenience of the holders.**

**Crab Orchard – MacArthur Public Service District
as Issuer**

**By: _____
It's Chairman**

**United Bank, Inc., Charleston, West Virginia
as Escrow Trustee**

**By: _____
It's Vice President**



The Arbitrage Group, Inc.

3401 Louisiana Street
Suite 238
Houston, Texas 77002

Telephone 713 522 8527
Facsimile 713 522 8471

www.thearbitragegroup.com

March 27, 2008

Crab Orchard-MacArthur Public Service District
Crab Orchard, West Virginia

Bowles Rice McDavid Graff & Love
Charleston, West Virginia

Scott & Stringfellow, Inc.
Charleston, West Virginia

United Bank, Inc.
Charleston, West Virginia

\$3,712,815
Crab Orchard--MacArthur Public Service District
Raleigh County, West Virginia
Sewerage System Refunding Revenue Bonds,
Series 2008A

The Crab Orchard--MacArthur Public Service District (the "District") proposes to issue the above referenced bonds (the "Bonds") dated March 27, 2008 on March 27, 2008.

A portion of the proceeds of the Bonds will be placed in an irrevocable trust as an initial cash deposit to be used solely to refund all of the District's Sewerage System Refunding Revenue Bonds, Series 1996A (the "Refunded Bonds") described below:

Series	Amount Issued	Original	Amount to be Refunded	Maturities to be Refunded	Maturities to be Optionally Redeemed	Optional Redemption Date and Price
1996	\$4,925,000	07-15-1996	\$3,810,000	10-01-2008 - 10-01-2025, Inclusive	10-01-2008 - 10-01-2025, Inclusive	03-27-2008 @ 101%



Crab Orchard--MacArthur Public Service District

March 27, 2008

Page 2

At your request, we have independently verified the arithmetical accuracy of the computations provided to us by Scott & Stringfellow, Inc. which indicate the sufficiency of the initial cash deposit to pay to and at early redemption the principal, interest and early redemption premium on the Refunded Bonds.

The original computations, along with certain assumptions and information, were furnished to us by Scott & Stringfellow, Inc. on behalf of the District. We have relied solely on the assumptions and information provided to us and have not made any study or evaluation of them, except as noted below. We express no opinion on the reasonableness of the assumptions, or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in the accompanying Exhibits.

In the course of our engagement, we were furnished by Scott & Stringfellow, Inc. with excerpts from the Official Statement for the Refunded Bonds and the Bond for the Bonds. We compared the information contained in the schedules provided by Scott & Stringfellow, Inc. with certain information set forth in such documents with respect to prices, principal payment dates and amounts, interest payment dates and rates, yields, and redemption dates and prices. We found that the information contained in such schedules provided to us by Scott & Stringfellow, Inc. was in agreement with the above-mentioned information set forth in such documents.

In our opinion, based on the assumptions and information provided by Scott & Stringfellow, Inc. on behalf of the District, the computations in the accompanying Exhibits prepared by us and comparable schedules provided to us are arithmetically accurate and indicate that an initial cash deposit of \$3,949,468.67 will be sufficient to pay to and at early redemption the principal, interest and early redemption premium on the Refunded Bonds.

The terms of our engagement are such that we have no obligation to update this report or to verify any revised computation because of events and transactions occurring subsequent to the date of this report. This report is issued solely for your information and assistance in connection with the issuance of the Bonds. This report is not to be quoted or referred to without our prior written consent.

Very truly yours,

The Arbitrage Group, Inc.

Exhibits

A. Escrow Cash Flow

B-1. Debt Service Requirements of the Refunded Bonds to Maturity

B-2. Debt Service Requirements of the Refunded Bonds to Early Redemption

Escrow Cash Flow

Crab Orchard--MacArthur Public Service District

<u>Date</u>	<u>Beginning Cash Balance</u>	<u>Debt Service Requirements of the Refunded Bonds to Early Redemption</u>	<u>Ending Cash Balance</u>
03/27/08	\$3,949,468.67	\$3,949,468.67	\$0.00

Debt Service Requirements of the Refunded Bonds to Maturity

Crab Orchard--MacArthur Public Service District

Date	Principal	Coupon Rate	Early Redemption Premium	Interest	Debt Service Requirements of the Refunded Bonds to Maturity
04/01/08				\$103,672.50	\$103,672.50
10/01/08	\$130,000.00	4.950%	1.000%	103,672.50	233,672.50
04/01/09				100,455.00	100,455.00
10/01/09	135,000.00	5.050%	1.000%	100,455.00	235,455.00
04/01/10				97,046.25	97,046.25
10/01/10	145,000.00	5.150%	1.000%	97,046.25	242,046.25
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10/01/13	170,000.00	5.500%	1.000%	84,975.00	254,975.00
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10/01/23	290,000.00	5.500%	1.000%	25,162.50	315,162.50
04/01/24				17,187.50	17,187.50

Debt Service Requirements of the Refunded Bonds to Maturity

Crab Orchard--MacArthur Public Service District

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Early Redemption Premium</u>	<u>Interest</u>	<u>Debt Service Requirements of the Refunded Bonds to Maturity</u>
10/01/24	305,000.00	5.500%	1.000%	17,187.50	322,187.50
04/01/25				8,800.00	8,800.00
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	<u>\$3,810,000.00</u>			<u>\$2,283,597.50</u>	<u>\$6,093,597.50</u>
	<u><u> </u></u>			<u><u> </u></u>	<u><u> </u></u>

Debt Service Requirements of the Refunded Bonds to Early Redemption

Crab Orchard--MacArthur Public Service District

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Early Redemption Premium</u>	<u>Interest</u>	<u>Debt Service Requirements of the Refunded Bonds to Early Redemption</u>
03/27/08	\$3,810,000.00	*	\$38,100.00	\$101,368.67	\$3,949,468.67
	<u> </u>		<u> </u>	<u> </u>	<u> </u>

* Coupon rates are as shown in the Debt Service Requirements of the Refunded Bonds to Maturity.

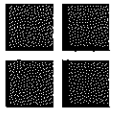
Sources of funds:

2008 bond proceeds	\$3,712,815.00
Cash on hand at the Commission:	
1996A Revenue Fund – P&I	168,693.00
Accumulated investment income at the Commission	114,721.90
1996A Debt Service Reserve Fund	<u>341,808.59</u>
Total sources	<u>\$4,338,038.49</u>

Uses of funds:

Deposit to 1996A Escrow Fund	\$3,949,468.67
Deposit to 2008A Reserve Fund	293,419.61
Costs of issuance	74,515.00
Surplus funds at the Commission released to the District	<u>20,635.21</u>
Total uses	<u>\$4,338,038.49</u>

If anyone has any questions, please feel free to contact me at 304-357-6508.



The Arbitrage Group, Inc.

\$3,712,815

**Crab Orchard--MacArthur Public Service District
Raleigh County, West Virginia
Sewerage System Refunding Revenue Bonds,
Series 2008A**