TOWN OF ATHENS

Sewer Revenue Bonds,
Series 2000

(West Virginia CWSRF Program)

Date of Closing: May 24, 2000

BOND TRANSCRIPT

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TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program)

BOND TRANSCRIPT

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TOWN OF ATHENS

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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TOWN OF ATHENS

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF ATHENS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $750,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF ATHENS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of Athens (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a replacement main sewer line and sewer interceptor to its sewage treatment facility (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions, betterments, improvements or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, interest on and principal of the Prior Bonds and the Series 2000 Bonds (as hereafter defined) and to make all payments into all funds, accounts and other payments provided for herein and in the Prior Ordinances.

D. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Series 2000 Bonds"), in the total aggregate principal amount of not more than $750,000, initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2000 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction or acquisition of the Project; amounts which may be deposited in the Series 2000 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of the same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs

prior to the issuance of the Series 2000 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System after completion of the Project is not less than 25 years.

G. It is in the best interests of the Issuer that its Series 2000 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 Bonds as to liens, pledge, source of and security for payment, being the Water and Sewer Revenue Bonds of 1967, Series A, and Water and Sewer Revenue Bonds of 1967, Series B, both dated November 15, 1967, and issued in the respective original principal amounts of $180,000 and $57,000 (respectively, the "Series 1967 A Bonds" and the "Series 1967 B Bonds and, collectively, the "Series 1967 Bonds"), and the Water and Sewer Revenue Bonds, Series 1975, dated April 14, 1976, issued in the original principal amount of $1,376,000 (the "Series 1975 Bonds"). The Series 1967 Bonds and the Series 1975 Bonds are hereinafter collectively referred to as the "Prior Bonds."

Prior to the issuance of the Series 2000 Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2000 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2000 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 Bonds or such final order will not be subject to appeal or rehearing.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 2000 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the

jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby, reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 2000 Bonds are to be issued.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2000 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 Series 2000 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

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

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

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

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

"Bonds" means, collectively, the Series 2000 Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bonds Construction Trust Fund" means the Bonds Construction Trust Fund established by Section 5.02 hereof.

"Closing Date" means the date upon which there is an exchange of the Series 2000 Bonds for all or a portion of the proceeds of the Series 2000 Bonds from the Authority and the DEP.

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

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

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

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

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

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

"Depreciation Fund" means the Depreciation Fund created by the Prior Ordinances and continued hereby.

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

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

"Governing Body" means the Council of the Issuer, as it may now or hereafter be constituted.

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

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means the Town of Athens, a municipal corporation and political subdivision of the State of West Virginia, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement, heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2000 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2000 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2000 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2000 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, the SRF Administrative Fee, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"Operation Fund" means the Operation Fund created by Prior Ordinances and continued hereby.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond or Prior 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 or Prior Bond deemed to have been paid as provided in Article X hereof; and (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2000 Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1967 A Bonds, the Series 1967 B Bonds and the Series 1975 Bonds of the Issuer.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted September 11, 1967, including all amendments and supplements thereto, authorizing the Series 1967 Bonds, and the ordinance of the Issuer enacted June 5, 1975, including all amendments and supplements thereto, authorizing the Series 1975 Bonds.

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

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

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

(a) Government Obligations;

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

evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2000 Bonds and Prior Bonds.

"Revenue Fund" means the Revenue Fund created by Prior Ordinances and continued hereby.

"Series 1967 A Bonds" means the Issuer's Water and Sewer Revenue Bonds of 1967, Series A, described in Section 1.02G hereof.

"Series 1967 B Bonds" means the Issuer's Water and Sewer Revenue Bonds of 1967, Series B, described in Section 1.02G hereof.

"Series 1967 Bonds" means, collectively, the Issuer's Series 1967 A Bonds and the Issuer's Series 1967 B Bonds.

"Series 1975 Bonds" means the Issuer's Water and Sewer Revenue Bonds, Series 1975, described in Section 1.02G hereof.

"Series 2000 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2000 Bonds Reserve Account" means the Series 2000 Bonds Reserve Account established in the Series 2000 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 Bonds in the then current or any succeeding year.

"Series 2000 Bonds Sinking Fund" means the Series 2000 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2000 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other

obligations of the Issuer, including, without limitation, the Depreciation Account and any Reserve Account.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any and all additions, betterments and improvements thereto, hereafter acquired or constructed for the System from any sources whatsoever.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $750,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed $750,000, which will be obtained from proceeds of the Series 2000 Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 Bonds, funding a reserve account for the Series 2000 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 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 2000 Bonds of the Issuer. The Series 2000 Bonds shall be issued as a single Bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2000 (West Virginia SRF Program)," in the principal amount of not more than $750,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after funding of the Series 2000 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 2000 Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 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 2000 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2000 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 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 2000 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization 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 2000 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 form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such 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 2000 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 2000 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2000 Bonds.

The registered Series 2000 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 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, all Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2000 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 2000 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 Bonds, next preceding the date of the selection of Series 2000 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2000 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2000 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 2000 Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2000 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ATHENS
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2000
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ATHENS, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ _____ ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions

prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER REVENUE BONDS OF 1967, SERIES A, DATED NOVEMBER 15, 1967, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $180,000; (2) WATER AND SEWER REVENUE BONDS OF 1967, SERIES B, DATED NOVEMBER 15, 1967, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $57,000; AND (3) WATER AND SEWER REVENUE BONDS, SERIES 1975, DATED APRIL 14, 1976, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,376,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and 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 provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 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 120% of the average amount required in any year for payment of principal of and interest on the Prior Bonds and the Bonds, so long as the Prior Bonds are outstanding, unless waived by the Holders of the Prior Bonds, and thereafter, equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that so long as the Prior Bonds are no longer outstanding and so long as there exists in the Series 2000 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the TOWN OF ATHENS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule, in the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $200,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or Supplemental Resolution, as applicable.

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

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

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $200,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) 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 Ordinances);

(2) Prior Bonds Sinking Fund (established by Prior Ordinances);

(3) Prior Bonds Reserve Account (established by the Prior Ordinances);

(4) Operation Fund (established by Prior Ordinances);

(5) Depreciation Fund (established by Prior Ordinances); and

(6) Bond Construction Trust Fund.

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

(1) Series 2000 Bonds Sinking Fund; and

(2) Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the Issuer 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 provided in this Bond Legislation and the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Prior Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of interest on the Series 2000 Bonds for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 2000 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2000 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Prior Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 Bonds, remit to the Commission for deposit in the Series 2000 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund to the Operation Fund, the amount necessary and sufficient to pay the Operating Expenses.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Prior Bonds

Reserve Account, the amount required by the Prior Ordinances to be deposited therein; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 Bonds, if not fully funded upon issuance of the Series 2000 Bonds, remit to the Commission for deposit in the Series 2000 Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2000 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 2000 Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund until there has been accumulated therein the sum of $90,000, and thereafter, such sums as shall be required to maintain such amount therein. Additionally, so long as the Series 2000 Bonds are outstanding, the Issuer shall next, each month, transfer from the Revenue Fund to the Depreciation Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Depreciation Fund.

Moneys in the Series 2000 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 Bonds as the same shall become due. Moneys in the Series 2000 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 Bonds, as the same shall come due, when other moneys in the Series 2000 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of

the Project, be deposited in the Bonds Construction Trust Fund, and following completion of construction of the Project, be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2000 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2000 Bonds Reserve Account which result in a reduction in the balance of the Series 2000 Bonds Reserve Account to below the Series 2000 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 Bonds Sinking Fund or into the Series 2000 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2000 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 Bonds Sinking Fund, including the Series 2000 Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 as Surplus Revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

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

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

F. The 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.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 Bonds, there shall first be deposited with the Commission in the Series 2000 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 Bonds for the period commencing on the date of issuance of the Series 2000 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2000 Bonds, there shall be deposited with the Commission in the Series 2000 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2000 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so transferred or expended, are hereby pledged as additional security for the Series 2000 Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Bonds shall be used to fund the Series 2000 Bonds Reserve Account, if not funded upon issuance of the Series 2000 Bonds, in an amount not to exceed the Series 2000 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Series 2000 Bonds Reserve Account. Any remaining proceeds of the Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2000 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 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 2000 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2000 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 Bonds shall be secured forthwith by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2000 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved in the Final Order of the Public Service Commission of West Virginia entered on September 10, 1999, in Case No. 99-0712-S-MA, and the water rate ordinance of the Issuer enacted _____, 19___, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2000 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the

Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2000 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided in the Prior Ordinances. Additionally, so long as the Series 2000 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 Bonds, immediately be remitted to the Commission for deposit in the Series 2000 Bonds Sinking Fund, 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 2000 Bonds as prescribed by Section 10.01 hereof. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund

shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 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 2000 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation 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 2000 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 2000 Bonds or the Prior Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder 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 the 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of improvements to be financed by such Parity Bonds shall, so long as the Prior Bonds are outstanding, not be less than 120% of the average aggregate amount, unless waived by the Holders of the Prior Bonds, and thereafter, shall not be not 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 Bond Legislation then Outstanding; and

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from additional customers to be connected to the System as a result of additions, extensions and improvements thereto, or from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate filed with the Recorder, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) 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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2000 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 Bonds.

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

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2000 Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2000 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2000 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 Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the average amount required in any year for payment of principal of and interest on the Prior Bonds and the Bonds, so long as the Prior Bonds are outstanding, unless waived by the Holders of the Prior Bonds, and thereafter, equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds; provided that, in the event that the Prior Bonds are no longer outstanding and an amount equal to or in excess of the reserve requirement is on deposit respectively in the Series 2000 Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2000 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest

on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due,

shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, 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 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.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2000 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. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the

order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project, provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such

insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division 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 Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 Bonds are outstanding.

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

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement

and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.19. 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 2000 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 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2000 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 2000 Bonds during the term thereof is, under the terms of the Series 2000 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 2000 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 2000 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 shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2000 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 2000 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 the tax-exempt status of the Series 2000 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2000 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 (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 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 2000 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2000 Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2000 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2000 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2000 Bonds which would cause the Series 2000 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2000 Bonds) so that the interest on

the Series 2000 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 2000 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 2000 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 2000 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be

requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2000 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2000 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 2000 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the design of the Project and the possession, operation and maintenance of the System for the sole purpose

of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 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 Gross 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 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2000 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 pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2000 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance 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 Ordinance, the Supplemental Resolution or the Series 2000 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of

any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance 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 Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Bluefield Daily Telegraph, a newspaper of general circulation in the Town of Athens, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2000 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	April 18, 2000.
Passed on Second Reading:	-	April 25, 2000.
Passed on Final Reading Following Public Hearing:	-	May 16, 2000.

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF ATHENS on the 16th day of May, 2000.

Dated: May 24, 2000.

[SEAL]

Recorder

04/13/00
032320/99001

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF ATHENS, APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Athens (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective May 16, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF ATHENS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $750,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS

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

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Bonds"), in the aggregate principal amounts not to exceed $750,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity dates, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF ATHENS:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $711,976. The Series 2000 Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2021, and shall bear interest at the rate of 2% per annum. The principal of the Series 2000 Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2021, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2000 Bonds. The Series 2000 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2000 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate One Valley Bank of Mercer County, Inc., Athens, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2000 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2000 Bonds proceeds in the amount of $43,279 shall be deposited in the Series 2000 Bonds Reserve Account.

Section 9. The proceeds of the Series 2000 Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and Recorder 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 Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about May 24, 2000, to the Authority pursuant to the Loan Agreement.

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

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such time accounts until further directed in writing by the Issuer. Moneys in the Sinking Fund, including the Reserve Account therein, if any, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 16th day of May, 2000.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Athens on the 16th day of May, 2000.

Dated: May 24, 2000.

[SEAL]

Recorder

05/10/00
032320/99001

CH380404.2

SRF-LP-1
(4/6/00)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

TOWN OF ATHENS
(Local Government)

WITNESSETH:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration: Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

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

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the

Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form)

on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

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

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP

shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been

entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

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

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

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans from the Fund to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that. prior to such purchase, the Authority

may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local

Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

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

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Loan Agreement, and

the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

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

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

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

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

TOWN OF ATHENS
[Name of Local Government]

(SEAL)

By: _____
Its: Mayor

Attest:

Date: 5-10-00

_____
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: _____
Its: Chief

Date: 5-16-00

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director

Attest:

Date: May 4, 2000

_____
Secretary-Treasurer

00832/00372

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]
[Name of Local Government]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

MINUS	ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR YEAR TO DATE
1.	Gross Revenues Collected				
2.	Operating Expenses				
3.	Other Bond Debt Payments (including Reserve Account Deposits)				
4.	SRF Bond Payments (include Reserve Account Deposits)				
5.	Renewal and Replacement Fund Deposit				

Witnesseth my signature this ___ day of _____, _____.

[Name of Local Government]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 (900/12). This is the incremental amount for the Budget Year to Date column.

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Loan.

4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12,000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

Schedule A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____

By _____

West Virginia License No. _____

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. 1) RUS Parity
2) Final Title Opinion

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly

adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 711,976
Purchase Price of Local Bonds	$ 711,976

The Local Bonds shall bear no interest from the date of delivery to and including May 31, 2001. Commencing September 1, 2001, interest on the Local Bonds is payable quarterly, at a rate of 2 % per annum. Commencing September 1, 2001, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

(1) Water and Sewer Revenue Bonds of 1967, Series A, dated November 15, 1967, issued in the original aggregate principal amount of $180,000; (2) Water and Sewer Revenue Bonds of 1967, Series B, dated November 15, 1967, issued in the original aggregate principal amount of $57,000; and (3) Water and Sewer Revenue Bonds, Series 1975, dated April 14, 1976, issued in the original aggregate principal amount of $1,376,000.

SCHEDULE Y

Town of Athens (West Virginia)

Loan of $711,976
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: May 24, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	-	-
9/01/2000	-	-	-	-
12/01/2000	-	-	-	-
3/01/2001	-	-	-	-
6/01/2001	-	-	-	-
9/01/2001	7,260.00	2.000%	3,559.88	10,819.88
12/01/2001	7,296.00	2.000%	3,523.58	10,819.58
3/01/2002	7,333.00	2.000%	3,487.10	10,820.10
6/01/2002	7,369.00	2.000%	3,450.44	10,819.44
9/01/2002	7,406.00	2.000%	3,413.59	10,819.59
12/01/2002	7,443.00	2.000%	3,376.56	10,819.56
3/01/2003	7,481.00	2.000%	3,339.35	10,820.35
6/01/2003	7,518.00	2.000%	3,301.94	10,819.94
9/01/2003	7,556.00	2.000%	3,264.35	10,820.35
12/01/2003	7,593.00	2.000%	3,226.57	10,819.57
3/01/2004	7,631.00	2.000%	3,188.61	10,819.61
6/01/2004	7,669.00	2.000%	3,150.45	10,819.45
9/01/2004	7,708.00	2.000%	3,112.11	10,820.11
12/01/2004	7,746.00	2.000%	3,073.57	10,819.57
3/01/2005	7,785.00	2.000%	3,034.84	10,819.84
6/01/2005	7,824.00	2.000%	2,995.91	10,819.91
9/01/2005	7,863.00	2.000%	2,956.79	10,819.79
12/01/2005	7,902.00	2.000%	2,917.48	10,819.48
3/01/2006	7,942.00	2.000%	2,877.97	10,819.97
6/01/2006	7,982.00	2.000%	2,838.26	10,820.26
9/01/2006	8,022.00	2.000%	2,798.35	10,820.35
12/01/2006	8,062.00	2.000%	2,758.24	10,820.24
3/01/2007	8,102.00	2.000%	2,717.93	10,819.93
6/01/2007	8,143.00	2.000%	2,677.42	10,820.42
9/01/2007	8,183.00	2.000%	2,636.70	10,819.70
12/01/2007	8,224.00	2.000%	2,595.79	10,819.79
3/01/2008	8,265.00	2.000%	2,554.67	10,819.67
6/01/2008	8,307.00	2.000%	2,513.34	10,820.34
9/01/2008	8,348.00	2.000%	2,471.81	10,819.81
12/01/2008	8,390.00	2.000%	2,430.07	10,820.07
3/01/2009	8,432.00	2.000%	2,388.12	10,820.12
6/01/2009	8,474.00	2.000%	2,345.96	10,819.96
9/01/2009	8,516.00	2.000%	2,303.59	10,819.59
12/01/2009	8,559.00	2.000%	2,261.01	10,820.01
3/01/2010	8,602.00	2.000%	2,218.21	10,820.21
6/01/2010	8,645.00	2.000%	2,175.20	10,820.20
9/01/2010	8,688.00	2.000%	2,131.98	10,819.98
12/01/2010	8,731.00	2.000%	2,088.54	10,819.54
3/01/2011	8,775.00	2.000%	2,044.88	10,819.88
6/01/2011	8,819.00	2.000%	2,001.01	10,820.01
9/01/2011	8,863.00	2.000%	1,956.91	10,819.91

Town of Athens (West Virginia)

Loan of $711,976

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: May 24, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2011	8,907.00	2.000%	1,912.60	10,819.60
3/01/2012	8,952.00	2.000%	1,868.06	10,820.06
6/01/2012	8,997.00	2.000%	1,823.30	10,820.30
9/01/2012	9,042.00	2.000%	1,778.32	10,820.32
12/01/2012	9,087.00	2.000%	1,733.11	10,820.11
3/01/2013	9,132.00	2.000%	1,687.67	10,819.67
6/01/2013	9,178.00	2.000%	1,642.01	10,820.01
9/01/2013	9,224.00	2.000%	1,596.12	10,820.12
12/01/2013	9,270.00	2.000%	1,550.00	10,820.00
3/01/2014	9,316.00	2.000%	1,503.65	10,819.65
6/01/2014	9,363.00	2.000%	1,457.07	10,820.07
9/01/2014	9,410.00	2.000%	1,410.26	10,820.26
12/01/2014	9,457.00	2.000%	1,363.21	10,820.21
3/01/2015	9,504.00	2.000%	1,315.92	10,819.92
6/01/2015	9,552.00	2.000%	1,268.40	10,820.40
9/01/2015	9,599.00	2.000%	1,220.64	10,819.64
12/01/2015	9,647.00	2.000%	1,172.65	10,819.65
3/01/2016	9,696.00	2.000%	1,124.41	10,820.41
6/01/2016	9,744.00	2.000%	1,075.93	10,819.93
9/01/2016	9,793.00	2.000%	1,027.21	10,820.21
12/01/2016	9,842.00	2.000%	978.25	10,820.25
3/01/2017	9,891.00	2.000%	929.04	10,820.04
6/01/2017	9,940.00	2.000%	879.58	10,819.58
9/01/2017	9,990.00	2.000%	829.88	10,819.88
12/01/2017	10,040.00	2.000%	779.93	10,819.93
3/01/2018	10,090.00	2.000%	729.73	10,819.73
6/01/2018	10,141.00	2.000%	679.28	10,820.28
9/01/2018	10,191.00	2.000%	628.58	10,819.58
12/01/2018	10,242.00	2.000%	577.62	10,819.62
3/01/2019	10,293.00	2.000%	526.41	10,819.41
6/01/2019	10,345.00	2.000%	474.95	10,819.95
9/01/2019	10,397.00	2.000%	423.22	10,820.22
12/01/2019	10,449.00	2.000%	371.24	10,820.24
3/01/2020	10,501.00	2.000%	318.99	10,819.99
6/01/2020	10,553.00	2.000%	266.49	10,819.49
9/01/2020	10,606.00	2.000%	213.72	10,819.72
12/01/2020	10,659.00	2.000%	160.69	10,819.69
3/01/2021	10,713.00	2.000%	107.40	10,820.40
6/01/2021	10,766.00	2.000%	53.83	10,819.83
Total	711,976.00	-	153,618.45	865,594.45 *

*Plus $960.12 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $76,809.60.

000046alj031600.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
4-5-00

Entered: March 16, 2000

CASE NO. 00-0046-S-CN

TOWN OF ATHENS, a municipality.
Application for a certificate of convenience and necessity to replace a main sewer line and interceptor to the Town's sewage treatment facility in Mercer County.

RECOMMENDED DECISION

On January 13, 2000, the Town of Athens (Town), by counsel Donald T. Caruth, filed with the Public Service Commission (Commission), pursuant to W.Va. Code § 24-2-11, an application for a certificate of convenience and necessity to construct and install a replacement main sewer line and sewer interceptor to the Town's sewage treatment facility in Mercer County. The application stated that the proposed sewer line and interceptor were necessary to correct deficiencies identified by the West Virginia Department of Environmental Protection (DEP) and to comply with an order of DEP, Consent Order No. 4072. It was estimated that the project would cost $714,000, to be funded by a West Virginia State Revolving Fund loan from the West Virginia Water Development Authority. The Town clarified that its current rates, which were approved in Case No. 99-0712-S-MA and became effective October 16, 1999, provide sufficient revenue for repayment of the loan. Documents were attached, including a commitment letter for the loan, stating that the loan would be at an annual interest rate of two percent plus an administrative fee of one percent for a twenty-year term; and a statement from the engineer estimating the costs of the project, including the construction cost of $477,000, and the total cost of $714,000.

On January 13, 2000, the Commission directed the Town to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On January 27, 2000, the Town, by counsel, filed a Rule 42 exhibit.

On January 27, 2000, the Town, by counsel, filed an affidavit establishing that the Notice of Filing had been published on January 21, 2000, in the Bluefield Daily Telegraph, published in Mercer County.

On February 1, 2000, the Town, by counsel, filed a letter from One Valley Bank, offering as interim financing a line of credit up to $200,000, at an annual interest rate of 6.95%.

On February 7, 2000, the Town, by counsel, filed various documents, including the engineering design report for the project, and a letter from DEP authorizing the Town to advertise the project for bids. SRF No. C-544279

On February 16, 2000, Staff Attorney C. Terry Owen filed an Initial Joint Staff Memorandum, with attached memorandum from Randy Lengyel, Utilities Analyst II, Water and Wastewater Division, and Michael W. McNulty, Technical Analyst III, Engineering Division, stating that Staff would file its final recommendation upon completion of its investigation.

On February 28, 2000, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before August 10, 2000.

On February 29, 2000, the Town, by counsel, requested expedition of this matter.

On March 14, 2000, Mr. Owen filed a Final Joint Staff Memorandum, with attached memorandum from Messrs. Lengyel and McNulty. Mr. Lengyel opined that the Town's current rates will provide an adequate cash flow surplus. Mr. McNulty stated that the Town is proposing to replace an existing interceptor sewer line of clay pipe,[1] installed around 1967, which has deteriorated so that large quantities of inflow and infiltration (I & I) enter the collection system to the degree that the operational capacity of the wastewater treatment plant is exceeded. That is, while the treatment plant is rated at 250,000 gallons per day, it has received as much as 894,000 gallons of sewage mixed with I & I.[2] Also, his review of the plans and specifications did not reveal any obvious conflicts with the Commission's Rules and Regulations for the Government of Sewer Utilities, and the plans and

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[1]Mr. McNulty stated, "The project consists of replacing 300 LF of 12-inch, 2,865 LF of 10-inch, and 3,690 LF of 8-inch gravity sewer line, and installing 37 new manholes."

[2]Mr. McNulty noted that, since the project consists of replacing existing interceptor line, the cost per customer and customer density were not calculated, nor should operation and maintenance expenses increase. In fact, with a decrease in I & I, expenses would decrease.

Public Service Commission
of West Virginia
Charleston

specifications have been approved by DEP, SRF No. C-544279. Staff recommended that the application be granted.

FINDINGS OF FACT

1. On January 13, 2000, the Town of Athens filed with the Commission an application for a certificate of convenience and necessity to construct and install a replacement main sewer line and sewer interceptor to the Town's sewage treatment facility in Mercer County. The application stated that the proposed sewer lines and interceptor were necessary to correct deficiencies identified by the West Virginia Department of Environmental Protection and to comply with an Order of DEP, Consent Order No. 4072. Supporting documents were attached. (See application).

2. The project involves replacing an existing interceptor sewer line of clay pipe, which has deteriorated so that large quantities of inflow and infiltration enter the collection system to the degree that the operational capacity of the wastewater treatment plant is exceeded. (See Final Joint Staff Memorandum filed March 14, 2000).

3. The total project cost is estimated at $714,000, including a $477,000 construction cost. The project has not been bid. (See application and attachment; Final Joint Staff Memorandum filed March 14, 2000).

4. The project will be financed by a West Virginia State Revolving Fund loan of $714,000 from the West Virginia Water Development Authority, at an annual interest rate of 2% plus an administrative fee of 1% for a twenty-year term. (See application and attached commitment letter; Final Joint Staff Memorandum filed March 14, 2000).

5. Interim financing would be provided through a credit agreement with One Valley Bank for an amount not to exceed $200,000, at an annual interest rate of 6.95%. (See February 1, 2000 filing).

6. The Town's current rates will provide an adequate cash flow surplus. (See Final Joint Staff Memorandum filed March 14, 2000).

7. Staff's review of the plans and specifications did not reveal any obvious conflicts with the Commission's Rules and Regulations for the Government of Sewer Utilities, and the plans and specifications have been approved by DEP, SRF No. C-544279. (See Final Joint Staff Memorandum filed March 14, 2000).

8. Commission Staff recommended that the application be granted and the certificate be approved, and that the funding be approved. (See February 7, 2000 filing; Final Joint Staff Memorandum filed March 14, 2000).

9. The Notice of Filing was published on January 21, 2000, in the Bluefield Daily Telegraph, and no protest was filed. (See affidavit of publication filed January 27, 2000; case file generally).

CONCLUSION OF LAW

It is appropriate to grant the application, pursuant to W.Va. Code §24-2-11, and to approve the project and its funding, because the public convenience and necessity require the project; the funding is appropriate; no protest has been filed; and Commission Staff has recommended such approval.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on January 13, 2000, by the Town of Athens for a certificate of convenience and necessity to construct and install a replacement main sewer line and sewer interceptor to the Town's sewage treatment facility in Mercer County be granted and the project be approved.

IT IS FURTHER ORDERED that the funding for the project, consisting of a $714,000 State Revolving Fund loan from the West Virginia Water Development Authority, payable for 20 years, at an annual interest of 2%, plus an administrative fee of 1%; and interim financing through a credit agreement with One Valley Bank for an amount not to exceed $200,000, be approved.

IT IS FURTHER ORDERED that, if there is any change in the cost of the project, estimated at $714,000, or in the terms, conditions, or scheduling of the project, the Town of Athens file a petition with the Commission for approval of such revisions.

IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Commission Staff by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

On January 27, 2000, the Town, by counsel, filed a Rule 42 exhibit.

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Public Service Commission
of West Virginia
Charleston

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl L. Fletcher
Morgantown

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

October 13, 1998

David N. Cole
Region I Planning & Development Council
P. O. Box 1442
Princeton, WV 24740

Re: Town of Athens
Wastewater System Upgrade Project 98S-446

Dear Mr. Cole:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Athens' (Town) preliminary application regarding the Town's proposed project to upgrade its wastewater system (Project). Based on the findings of the Sewer Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Sewer Technical Review Committee. The Town may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the Town should pursue a Clean Water State Revolving Fund loan of $479,500 to finance the Project. Please contact the Division of Environmental Protection at 558-0641 for specific information on the steps the Town needs to follow to apply for this funding. **Please note that this letter does not constitute funding approval from the Division of Environmental Protection.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,

James D. Williams

James D. Williams

JDW/bh
Enclosure
cc: Mike Johnson, P.E.
James R. Bolton, P.E.

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 24th day of May, 2000, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Athens (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 24th day of May, 2000, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, in the principal amount of $711,976, numbered R-1 (the "Series 2000 Bonds"), issued as a single, fully registered Bond, and dated May 24, 2000.

2. At the time of such receipt, all the Series 2000 Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 Bonds, of $112,464, being a portion of the principal amount of the Series 2000 Bonds. The balance of the principal amount of the Series 2000 Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

TOWN OF ATHENS

Mayor

05/05/00
032320/99001

CH380351.1

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 24th day of May, 2000.

(1) Bond No. R-1, constituting the entire original issue of the Town of Athens Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), in the principal amount of $711,976 (the "Series 2000 Bonds"), dated May 24, 2000 (the "Bonds"), executed by the Mayor and the Recorder of the Town of Athens (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on May 16, 2000, and a Supplemental Resolution duly adopted by the Issuer on May 16, 2000 (collectively, the "Bond Legislation");

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

(3) Executed loan agreement for the Series 2000 Bonds, dated May 4, 2000, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Series 2000 Bonds to the Authority upon payment to the Issuer of the sum of $112,464, representing a portion of the principal amount of the Series 2000 Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF ATHENS

Mayor

05/10/00
032320/99001

CH380354.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ATHENS
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2000
(WEST VIRGINIA SRF PROGRAM)

No. R-1 $711,976

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ATHENS, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SEVEN HUNDRED ELEVEN THOUSAND NINE HUNDRED SEVENTY SIX DOLLARS ($711,976), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated May 4, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, 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 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on May 16, 2000, and a Supplemental Resolution duly adopted by the Issuer on May 16, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER REVENUE BONDS OF 1967, SERIES A, DATED NOVEMBER 15, 1967, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $180,000; (2) WATER AND SEWER REVENUE BONDS OF 1967, SERIES B, DATED NOVEMBER 15, 1967, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $57,000; AND (3) WATER AND SEWER REVENUE BONDS, SERIES 1975, DATED APRIL 14, 1976, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,376,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and 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 provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 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 120% of the average amount required in any year for payment of principal of and interest on the Prior Bonds and the Bonds, so long as the Prior Bonds are outstanding, unless waived by the Holders of the Prior Bonds, and thereafter, equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that so long as the Prior Bonds are no longer outstanding and so long as there exists in the Series 2000 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form

and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF ATHENS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated May 24, 2000.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: May 24, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

Charlotte L. Morgan

Its Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$112,464	05/24/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

Town of Athens (West Virginia)

Loan of $711,976

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: May 24, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	-	-
9/01/2000	-	-	-	-
12/01/2000	-	-	-	-
3/01/2001	-	-	-	-
6/01/2001	-	-	-	-
9/01/2001	7,260.00	2.000%	3,559.88	10,819.88
12/01/2001	7,296.00	2.000%	3,523.58	10,819.58
3/01/2002	7,333.00	2.000%	3,487.10	10,820.10
6/01/2002	7,369.00	2.000%	3,450.44	10,819.44
9/01/2002	7,406.00	2.000%	3,413.59	10,819.59
12/01/2002	7,443.00	2.000%	3,376.56	10,819.56
3/01/2003	7,481.00	2.000%	3,339.35	10,820.35
6/01/2003	7,518.00	2.000%	3,301.94	10,819.94
9/01/2003	7,556.00	2.000%	3,264.35	10,820.35
12/01/2003	7,593.00	2.000%	3,226.57	10,819.57
3/01/2004	7,631.00	2.000%	3,188.61	10,819.61
6/01/2004	7,669.00	2.000%	3,150.45	10,819.45
9/01/2004	7,708.00	2.000%	3,112.11	10,820.11
12/01/2004	7,746.00	2.000%	3,073.57	10,819.57
3/01/2005	7,785.00	2.000%	3,034.84	10,819.84
6/01/2005	7,824.00	2.000%	2,995.91	10,819.91
9/01/2005	7,863.00	2.000%	2,956.79	10,819.79
12/01/2005	7,902.00	2.000%	2,917.48	10,819.48
3/01/2006	7,942.00	2.000%	2,877.97	10,819.97
6/01/2006	7,982.00	2.000%	2,838.26	10,820.26
9/01/2006	8,022.00	2.000%	2,798.35	10,820.35
12/01/2006	8,062.00	2.000%	2,758.24	10,820.24
3/01/2007	8,102.00	2.000%	2,717.93	10,819.93
6/01/2007	8,143.00	2.000%	2,677.42	10,820.42
9/01/2007	8,183.00	2.000%	2,636.70	10,819.70
12/01/2007	8,224.00	2.000%	2,595.79	10,819.79
3/01/2008	8,265.00	2.000%	2,554.67	10,819.67
6/01/2008	8,307.00	2.000%	2,513.34	10,820.34
9/01/2008	8,348.00	2.000%	2,471.81	10,819.81
12/01/2008	8,390.00	2.000%	2,430.07	10,820.07
3/01/2009	8,432.00	2.000%	2,388.12	10,820.12
6/01/2009	8,474.00	2.000%	2,345.96	10,819.96
9/01/2009	8,516.00	2.000%	2,303.59	10,819.59
12/01/2009	8,559.00	2.000%	2,261.01	10,820.01
3/01/2010	8,602.00	2.000%	2,218.21	10,820.21
6/01/2010	8,645.00	2.000%	2,175.20	10,820.20
9/01/2010	8,688.00	2.000%	2,131.98	10,819.98
12/01/2010	8,731.00	2.000%	2,088.54	10,819.54
3/01/2011	8,775.00	2.000%	2,044.88	10,819.88
6/01/2011	8,819.00	2.000%	2,001.01	10,820.01
9/01/2011	8,863.00	2.000%	1,956.91	10,819.91

Town of Athens (West Virginia)

Loan of $711,976

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: May 24, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2011	8,907.00	2.000%	1,912.60	10,819.60
3/01/2012	8,952.00	2.000%	1,868.06	10,820.06
6/01/2012	8,997.00	2.000%	1,823.30	10,820.30
9/01/2012	9,042.00	2.000%	1,778.32	10,820.32
12/01/2012	9,087.00	2.000%	1,733.11	10,820.11
3/01/2013	9,132.00	2.000%	1,687.67	10,819.67
6/01/2013	9,178.00	2.000%	1,642.01	10,820.01
9/01/2013	9,224.00	2.000%	1,596.12	10,820.12
12/01/2013	9,270.00	2.000%	1,550.00	10,820.00
3/01/2014	9,316.00	2.000%	1,503.65	10,819.65
6/01/2014	9,363.00	2.000%	1,457.07	10,820.07
9/01/2014	9,410.00	2.000%	1,410.26	10,820.26
12/01/2014	9,457.00	2.000%	1,363.21	10,820.21
3/01/2015	9,504.00	2.000%	1,315.92	10,819.92
6/01/2015	9,552.00	2.000%	1,268.40	10,820.40
9/01/2015	9,599.00	2.000%	1,220.64	10,819.64
12/01/2015	9,647.00	2.000%	1,172.65	10,819.65
3/01/2016	9,696.00	2.000%	1,124.41	10,820.41
6/01/2016	9,744.00	2.000%	1,075.93	10,819.93
9/01/2016	9,793.00	2.000%	1,027.21	10,820.21
12/01/2016	9,842.00	2.000%	978.25	10,820.25
3/01/2017	9,891.00	2.000%	929.04	10,820.04
6/01/2017	9,940.00	2.000%	879.58	10,819.58
9/01/2017	9,990.00	2.000%	829.88	10,819.88
12/01/2017	10,040.00	2.000%	779.93	10,819.93
3/01/2018	10,090.00	2.000%	729.73	10,819.73
6/01/2018	10,141.00	2.000%	679.28	10,820.28
9/01/2018	10,191.00	2.000%	628.58	10,819.58
12/01/2018	10,242.00	2.000%	577.62	10,819.62
3/01/2019	10,293.00	2.000%	526.41	10,819.41
6/01/2019	10,345.00	2.000%	474.95	10,819.95
9/01/2019	10,397.00	2.000%	423.22	10,820.22
12/01/2019	10,449.00	2.000%	371.24	10,820.24
3/01/2020	10,501.00	2.000%	318.99	10,819.99
6/01/2020	10,553.00	2.000%	266.49	10,819.49
9/01/2020	10,606.00	2.000%	213.72	10,819.72
12/01/2020	10,659.00	2.000%	160.69	10,819.69
3/01/2021	10,713.00	2.000%	107.40	10,820.40
6/01/2021	10,766.00	2.000%	53.83	10,819.83
Total	711,976.00	-	153,618.45	865,594.45 *

*Plus $960.12 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $76,809.60.

Town of Athens (West Virginia)

Loan of $711,976
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: May 24, 2000

PROJECT SUMMARY

Dated 05/24/2000 **Delivered 05/24/2000**

SOURCES OF FUNDS

Par Amount of Bonds	$711,976.00
Accrued Interest from 05/24/2000 to 05/24/2000	(14,516.40)
TOTAL SOURCES	$697,459.60

USES OF FUNDS

Deposit to Debt Service Fund	(14,516.40)
Deposit to Project Fund	711,976.00
TOTAL USES	$697,459.60

FLOW OF FUNDS DETAIL

State and Local Government Series (SLGS) rates for.....

BOND STATISTICS

Average Life	11.808 Years
Average Coupon	1.8273263%
Net Interest Cost (NIC)	1.8273263%
Bond Yield for Arbitrage Purposes	2.0075224%
True Interest Cost (TIC)	2.0075224%
All Inclusive Cost (AIC)	2.9103715%

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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FACSIMILE (304) 624-8183

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FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

May 24, 2000

Town of Athens
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

Town of Athens
Athens, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Athens (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $711,976 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 4, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of 2% per annum and with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2021, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2

of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

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 municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact and adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water and Sewer Revenue Bonds of 1967, Series A, and Water and Sewer Revenue Bonds of 1967, Series B, both dated November 15, 1967, and issued in the respective original principal amounts of $180,000 and $57,000 (respectively, the "Series 1967 A Bonds" and the "Series 1967 B Bonds" and, collectively, the "Series 1967 Bonds"), and the Water and Sewer Revenue Bonds, Series 1975, dated April 14, 1976, issued

in the original principal amount of $1,376,000 (the "Series 1975 Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.

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

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

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

Very truly yours,

STEPTOE & JOHNSON

05/23/00
032320/99001

CH380360.2

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)	2 Secured Party(ies) and address(es)	For Filing Officer (Date, Time, Number and Filing Office)
Town of Athens Post Office 458 Athens, West Virginia 24712	West Virginia Water Development Authority 180 Association Drive Charleston, West Virginia 25311	0542715 00 JUN 28 PM 2:49 FILED

4 This financing statement covers the following types (or items) of property:

See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

Town of Athens

By _____ Signature(s) of Debtor(s)

Mayor

West Virginia Water Development Authority

By _____ Signature(s) of Secured Party(ies)

Director

4 FILE COPY - SECURED PARTY(IES)

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nent.

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)	2 Secured Party(ies) and address(es)	3 Maturity date (if any): 06/01/2021 For Filing Officer (Date, Time, Number and Filing Office)
Town Athens Post Office Box 458 Athens, West Virginia 24712	West Virginia Water Development Authority 180 Association Drive Charleston, West Virginia 25311	

4 This financing statement covers the following types (or items) of property:

See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Mercer County Clerk

Town of Athens

By _____ Signature(s) of Debtor(s)

Mayor

West Virginia Water Development Authority

By _____ Signature(s) of Secured Party(ies)

Director

4 FILE COPY - SECURED PARTY(IES)

9A

SCHEDULE I
TO FINANCING STATEMENT

All Gross Revenues from the System; the System; all funds in the Revenue Fund, the Operation Fund, the Depreciation Fund, the Bond Construction Trust Fund, the Series 2000 Bonds Reserve Account, the Series 2000 Bonds Sinking Fund; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 of the Bond Ordinance as described below.

"Depreciation Fund" means the Depreciation Fund created by the Prior Ordinances and continued by the Bond Ordinance as described below.

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, the SRF Administrative Fee, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"Operation Fund" means the Operation Fund created by the Prior Ordinances and continued by the Bond Ordinance as described below.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued by the Bond Ordinance as described below.

"Series 2000 Bonds Reserve Account" means the Series 2000 Bonds Reserve Account established by Section 5.02 of the Bond Ordinance as described below.

"Series 2000 Bonds Sinking Fund" means the Series 2000 Bond Sinking Fund established by Section 5.02 of the Bond Ordinance as described below.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any and all additions, betterments and improvements thereto, hereafter acquired or constructed for the System from any sources whatsoever.

Other terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Ordinance authorizing the Town of Athens Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds, Series 2000
(West Virginia SRF Program)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, KEN HECHLER, Secretary of State of the State of West Virginia, hereby certify that on June 30, 2000, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between the Town of Athens, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 2:43 p.m. as Financing Statement No. 0542715.

[SEAL]

Ken Hechler

Secretary of State of the State of West Virginia

06/29/00
032320.99001

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFICATE OF FILING OF FINANCING STATEMENT - COUNTY CLERK

I, Randolph Jennings, the duly elected, qualified and acting Clerk of The County Commission of Mercer County, West Virginia, HEREBY CERTIFY that, on July 3, 2000, at the hours listed below, the following was received and recorded in my office:

(1) A FINANCING STATEMENT between the Town of Athens, as debtor, and West Virginia Water Development Authority, as assignee of secured party, filed at the hour of 1:53 P.m. in Financing Statement Book ——, at page ——. 92833

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County Commission this 3 day of July, 2000.

[SEAL]

Sandra R. McPeak (Deputy clerk)
Clerk of The County Commission of Mercer County

06/29/00
032320/99001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

May 24, 2000

Town of Athens
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

Town of Athens
Athens, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Athens (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $711,976 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 4, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of 2% per annum and with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2021, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

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 municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact and adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water and Sewer Revenue Bonds of 1967, Series A, and Water and Sewer Revenue Bonds of 1967, Series B, both dated November 15, 1967, and issued in the respective original principal amounts of $180,000 and $57,000 (respectively, the "Series 1967 A Bonds" and the "Series 1967 B Bonds" and, collectively, the "Series 1967 Bonds"), and the Water and Sewer Revenue Bonds, Series 1975, dated April 14, 1976, issued in the original principal amount of $1,376,000 (the "Series 1975 Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.

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

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

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

Very truly yours,

STEPTOE & JOHNSON

05/24/00
032320/99001

CH380360.2

BREWSTER, MORHOUS & CAMERON, PLLC
ATTORNEYS AT LAW

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DONALD T. CARUTH
KERMIT J. MOORE
DAVID M. KERSEY
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May 24, 2000

Town of Athens
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

Town of Athens
Athens, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Athens in Mercer County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 2000 Bonds, dated May 4, 2000, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on May 16, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 16, 2000 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

2. The Loan 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.

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

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

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Division of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on March 16, 2000, in Case No. 00-0046-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Gross Revenues therefor.

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

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

Very truly yours,

BREWSTER, MORHOUS &
CAMERON, PLLC

BREWSTER, MORHOUS & CAMERON, PLLC
ATTORNEYS AT LAW

418 BLAND STREET
P. O. BOX 529
BLUEFIELD, WEST VIRGINIA 24701-0529

HAROLD D. BREWSTER, JR.
LAWRENCE E. MORHOUS
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WRITER'S DIRECT DIAL NO. (304) 324-0347

May 24, 2000

Honorable Robert M. Richardson, Jr., Mayor
Town of Athens
P. O. Box 458
Athens, WV 24712

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

Mr. John Rogers,
Financial Management Specialist
Office of Water Resources
West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301-1251

Re: Town of Athens-Construction and replacement of main sewer lines and intercepter to the town's sewage treatment facility (SRF#No:C-544279)

Dear Gentlemen:

This firm represents the Town of Athens, a West Virginia Municipal Corporation, with regard to a proposed project to construct and replace main sewer lines and an interceptor to the Town's sewage treatment plant ("the Project"), and provides this final title opinion on behalf of the Town of Athens to satisfy necessary requirements with regard to financing proposed for the Project. Please be advised of the following:

1. I am of the opinion that the Town of Athens is a duly created and existing Municipal Corporation possessed with all of the powers and authority granted to Municipal Corporations under the laws of the State of West Virginia to operate and maintain a sanitary sewer system within and outside the limits of the

Town of Athens, and that the Town of Athens has full power and authority to construct, operate, and maintain the Project as approved by the Division of Environmental Protection.

2. I have confirmed with the Project Engineer that the Town of Athens has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights-of-way required for the Project as set forth in the plans for the Project prepared by L. A. Gates Company, Engineers and Consultants, the consulting engineers for the Project.

4. L. A. Gates Company has established a list of all easements necessary for the construction of the Project based upon the tax maps and tax records on file with the Mercer County Assessor's Office. I hereby certify that we have examined the records on file in the Office of the Clerk of the County Commission of Mercer County, West Virginia; that we have traced the chain of title for each of the properties located on a list of easements for twenty years (20) prior to the date hereof; and, that in my opinion the Town of Athens has obtained and acquired valid easements and rights-of-way from the owners of the parcels of property over, under and through which the Project will be constructed which will permit the construction, operation and maintenance of the Project.

Because information provided to the undersigned indicates that Bertha and W. B. Thompson, record title owners of Project Property No. 7, are now both deceased, the easement, right-of-way and right of entry over, under and through said parcel of property for the construction, maintenance and operation of the Project has been acquired by eminent domain (condemnation) in the Circuit Court of Mercer County, West Virginia. The easement and right-of-way which has been acquired by the Town of Athens by eminent domain is defeasible in the event the Town of Athens does not satisfy any resulting judgment and/or award in the proceeding for acquisition of said property, and thus this title certification is subject to the resolution of all matters in such eminent domain proceeding.

5. Deeds have been acquired from all of the other owners of the parcels over, under and through which the Project will be constructed, and said deeds have been recorded in the Office of the Clerk of the County Commission of Mercer County, West Virginia, to protect the legal title to and interest of the Town of Athens, a West Virginia Municipal Corporation.

Please advise if any further or additional information is necessary.

Very truly yours,

Donald T. Caruth

DTC/jr
cc: Mr. David Cole
Mr. Myron Amick
Mr. John Stump
Ms. Samme L. Gee

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of the Town of Athens in Mercer County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2000 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted May 16, 2000, and the Supplemental Resolution duly adopted May 16, 2000 (collectively, the "Bond Legislation").

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

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Water and Sewer Revenue Bonds of 1967, Series A, and Water and Sewer Revenue Bonds of 1967, Series B, both dated November 15, 1967, and issued in the respective original principal amounts of $180,000 and $57,000 (respectively, the "Series 1967 A Bonds" and the "Series 1967 B Bonds" and, collectively, the "Series 1967 Bonds"), and the Water and Sewer Revenue Bonds, Series 1975, dated April 14, 1976, issued in the original principal amount of $1,376,000 (the "Series 1975 Bonds") (collectively, the "Prior Bonds").

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1967 Bonds and the Series 1975 Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1967 Bonds and the Series 1975 Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Ordinance

Supplemental Resolution

SRF Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

Charter, with amendments

Oaths of Office of Officers and Councilmembers

Current Water and Sewer Rate Ordinances

Minutes on Enactment of Rate Ordinances

Affidavit of Publication of Rate Ordinances

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution

NPDES Permit

1967 Bond Ordinance & Supplemental Resolution

1975 Bond Ordinance & Supplemental Resolution

Consent of Holders of Series 1967 Bonds and Series 1975 Bonds Issuance of Parity Bonds

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Athens." The Issuer is a municipal corporation in Mercer County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, Recorder and 5 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Robert M. Richardson, Jr. - Mayor	July 1, 1999	June 30, 2001
Lisa Caldwell - Recorder	July 1, 1998	June 30, 2000
Mary Lu Geiger	July 1, 1999	June 30, 2000
William Wells	July 1, 1998	June 30, 2000
John C. Fredeking	July 1, 1999	June 30, 2001
George McInturff	July 1, 1998	June 30, 2000
Randolph Terry	July 1, 1998	June 30, 2000

The duly appointed and acting counsel to the Issuer is Brewster, Morhous & Cameron, PLLC.

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

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

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

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

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

12. RATES: The Issuer has duly enacted a water rate ordinance on May 15, 1979, and adopted the sewer rates as set forth and approved in the Final Order of the Public Service Commission of West Virginia entered on September 10, 1999, in Case No. 99-0712-S-MA, setting rates and charges for the services of the System. The time for appeal of the ordinance and the Final Order has expired prior to the date hereof without any appeal. The rates are currently in effect.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $112,464 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the

first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Bluefield Daily Telegraph*, a qualified newspaper of general circulation in the Town of Athens, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 16th day of May, 2000, at 7:00 p.m., at the Athens Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest, if any, thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

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

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

19. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on March 16, 2000, in Case No.00-0046-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

21. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

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

WITNESS our signatures and the official seal of the TOWN OF ATHENS on this 24th day of May, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to Issuer

05/11/00
032320/99001

WITNESS our signatures and the official seal of the TOWN OF ATHENS on this 24th day of May, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to Issuer

05/11/00
032320/99001

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, C. Myron Amick, Registered Professional Engineer, West Virginia License No. 9351, of L.A. Gates Company, Beckley, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of the Town of Athens (the "Issuer"), to be constructed primarily in Mercer County, West Virginia, which acquisition and construction are being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on May 16, 2000, as supplemented by the Supplemental Resolution adopted by the Issuer on May 16, 2000, and the Loan Agreement dated May 4, 2000, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement").

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

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A and counsel to the Issuer, Brewster, Morhous & Camerson, PLLC, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received

any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Jeffery S. Feamster, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 24th day of May, 2000.

L.A. GATES COMPANY

(SEAL)

C. M. AMICK
REGISTERED
9351
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

C. Myron Amick P.E.
West Virginia License No. 9351

05/15/00
032320/99001

CH357304.2

SCHEDULE A

APR 28 2000

NAME OF GOVERNMENTAL AGENCY: Town of Athens

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

A. Cost of Project

1. Construction	$449,556.00		
2. Technical Services	$ 91,320.00	(Includes $5,000 Treatment Study)	
3. Legal and Fiscal	$ 24,000.00		
4. Administrative	$ 15,000.00		
* 5. Site and Other Lands	$ 3,000.00	ROW Negotiator and WVDOT Bond	
** 6. Fac. Plan/Design of Other Loan Repayment (Specify Type: Future Construction)	$ 48,343.00	(See Attached)	
7. Interim Financing Costs	$ 5,000.00		
8. Contingency	$ 22,478.00		
9. Total of Lines 1 Through 8			$658,697.00

B. Sources of Funds

10. Federal Grants:[1]		$ 0.00	
(Specify Sources)		$ 0.00	
11. State Grants:[1]		$ 0.00	
(Specify Sources)		$ 0.00	
12. Other Grants:[1]		$ 0.00	
(Specify Sources)		$ 0.00	
13. Any Other Source[2]		$ 0.00	
(Specify)		$ 0.00	
14. Total of Lines 10 Through 13			$
15. Net Proceeds Required from Bond Issue (Line 9 minus Line 14)			$658,697.00

C. Cost of Financing

16. Capitalized Interest (Construction period plus six months)	$ 0.00		
17. Funded Reserve Account:[3]			
18. Other Costs:[4]	$ 43,279.00	(2% for 20 years)	
	$ 10,000.00	(Bond Counsel)	
19. Total Cost of Financing (Lines 16 - 18)	$ 53,279.00		
20. Size of Bond Issue (Line 15 plus Line 19)			$711,976.00

* Not allowable for State Revolving Fund Assistance

** WDA loans are not allowable

Signature of Applicant

Date 4-27-00

Signature of Consulting Engineer

Date 4/27/2000

Jeffrey S. Feamster, CPA

Jeffrey S. Feamster
Certified Public Accountant
P.O. Box 121
Lewisburg, West Virginia 24901

Phone: (304) 647-5980
Fax: (304) 647-5980
Cellular: (304) 667-7500
Email: jsfcpa@writeme.com

May 24, 2000

Town of Athens
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

West Virginia Water Development
Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Town of Athens
Athens, West Virginia

Ladies and Gentlemen:

Based upon the water rates as set forth in the water rate ordinance of the Town of Athens (the "Issuer") enacted May 15, 1979, and the sewer rates as set forth and approved in the Final Order of the Public Service Commission of West Virginia entered on September 10, 1999, in Case No. 99-0712-S-MA, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by L.A. Gates Company, Consulting Engineers, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 120% of the average aggregate amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Bonds"), to be issued in the original aggregate principal amount of $711,976 to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's Water and Sewer Revenue Bonds of Series 1967, Series A, Water and Sewer Revenue Bonds of 1967, Series B and Water and Sewer Revenue Bonds, Series 1975 (collectively, the "Prior Bonds"). It is my further opinion that the Net Revenues actually derived from the System during the fiscal year immediately preceding the date of issuance of the Bonds shall not be less than 120% of the average aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

JEFFREY S. FEAMSTER, CPA

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000
(West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the Town of Athens in Mercer County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of the $711,976 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, dated May 24, 2000 (the "Bonds"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on May 16, 2000 (as supplemented, the "Bond Ordinance").

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 24, 2000, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Bonds were sold on May 24, 2000, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated May 4, 2000,

by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection (the "DEP"), for an aggregate purchase price of $711,976 (100% of par), at which time, the Issuer received $112,464 from the Authority and the DEP, being more than a de minimis amount of the principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds.

6. The Issuer has covenanted in the Bond Ordinance not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage portion of the combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying costs of issuance of the Bonds and related costs.

8. Within thirty (30) days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June 1, 2001. The acquisition and construction of the Project is expected to be completed by June 1, 2001.

9. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $711,976. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2000 Bonds	$711,976

Total Sources	$711,976
USES	
Costs of Acquisition and Construction of the Project	$658,697
Capitalized Interest on the Bonds	-0-
Fund Series 2000 Bonds Reserve Account	43,279
Costs of Issuance	10,000
Total Uses	$711,976

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

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2000 Bonds:

(1) Revenue Fund;

(2) Prior Bonds Sinking Fund;

(3) Prior Bonds Reserve Account;

(4) Operation Fund;

(5) Depreciation Fund;

(6) Bond Construction Trust Fund;

(7) Series 2000 Bonds Sinking Fund; and

(8) Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2000 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2000 Bonds proceeds in the amount of $43,279 will be deposited in the Series 2000 Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2000 Bonds will be deposited in the Bond Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 Bonds and related costs.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete acquisition and construction of the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

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

12. Moneys held in the Series 2000 Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 Bonds Sinking Fund and Series 2000 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Bond Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2000 Bonds Sinking Fund and the Series 2000 Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Depreciation Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity

contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Bonds, if any, will be deposited in the Series 2000 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2000 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Bonds and will not exceed 125% of average annual principal of and interest on the Bonds. Amounts in the Series 2000 Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2000 Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

Because amounts in the Depreciation Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

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

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

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

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

18. With the exception of the amount deposited in the Series 2000 Bonds Sinking Fund for payment of interest on the Bonds, if any, and the amounts deposited in the Series 2000 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

19. The Series 2000 Bonds Sinking Fund (other than the Series 2000 Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2000 Bonds Sinking Fund (other than the Series 2000 Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 2000 Bonds Sinking Fund (other than the Series 2000 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2000 Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2000 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2000 Bonds Sinking Fund (other than in the Series 2000 Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

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

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

23. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the appropriate Internal Revenue Service Center.

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

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

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

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

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

29. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; and 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer). No portion of the Bonds is issued to refund other obligations.

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

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

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

30. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

31. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

32. The Issuer has either (a) funded the Series 2000 Bonds Reserve Account at the maximum amount of principal and interest, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2000 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2000 Bonds Reserve Account and the Series 2000 Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

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

36. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

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

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

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

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

WITNESS my signature on this 24th day of May, 2000.

TOWN OF ATHENS

Mayor

05/09/00
032320/99001

WEST VIRGINIA:

At a Circuit Court begun and held for the County of Mercer at the Court House thereof on Monday the 6th day of August, 1906.

PRESENT: The Hon. Harold A. Ritz, Judge.

IN THE MATTER OF INCORPORATION OF THE TOWN OF ATHENS.

On this day L. A. Martin, C. W. Gore and J. F. Holroyd, applied and moved the Court to grant a certificate of incorporation for the territory set out in the written notice hereinafter referred to as a town to be called and known as Town of Athens, Notice in writing of such application and notice having been given in the manner prescribed by law, which said territory is fully set out and described in said notice, and the certificate referred to in section 8 of chapter 47 of the Code of this State having been made and returned under oath to this Court and filed in this Court by the Commissioners of Election referred to in said Section of Chapter 47 of the Code of this State and satisfactory proof having been made to the Court that all of the provisions of said chapter 47 have been duly complied with, it is hereby ordered that the Clerk of this Court be and is hereby directed to issue and sign the certificate provided for in section 9 of chapter 47 of the said Code which said certificate shall be in the words and figures following, to-wit: A certificate under oath of Wade Dunn, F. M. Tilley and H. Harman was this day duly filed showing that a majority of all the qualified voters residing in the following boundary, to wit: BEGINNING at the south west corner of the cemetery on the Princeton road and with the cemetery line N. 80° 30' E. 438 feet to the S.E. corner of same, and with the east line N. 12 W. 518 feet to a stake in H. E. Martin's line and in the beginning line of the original survey and with the same N. 56° 30' E. 965 feet to a black oak in the line of Sarah J. Reynolds and H. E. Martin, near the end of Concord Street, N. 38° E 1156 feet to a stake on S. T. Vermillion's land N. 11 30 E. 400 feet to Red Sulphur Road and with the East line of W. J. Wright's lot same degree in all 816 feet to the North east corner of the Fletcher Brothers' lot N. 53° 30' W. crossing Pipestem Road near the end of the Street passing B.Z. Burch's house at 1300 feet, in all 2885 feet to a station in hollow on

CLERK'S OFFICE
MERCER COUNTY
CIRCUIT COURT
PRINCETON, W. VA.

S. R. and W. H. Holroyd's land, N. 41 W. with back line of D. Meaders lot 272 feet to a double chestnut, corner to school house lot (Free School) N. 30 W. 272 feet to North corner of Tilley's lot N. 66° 30' W. 360 feet to the right hand gate post in the low gap on Oxley road, S. 2° E. 1375 feet to a station in the Street crossing from the corner of Campbell's lot near the corner of the Meador's lot S. 29° 30' W. Crossing near Poindexter's lot and crossing Missionary Ridge Road at bend near Mrs. Wirtz at 1060 feet, in all 1300 feet, to a station in W. Raymond's lot S. 46 30 E. passing up a hollow 1620 feet to a large white pine in the line of J.F. Holroyd and the Shumate Heirs S. 8° W. 392 feet to a locust on J. F. Holroyd's land S. 35 30 E. 413 feet to a small locust in the line of J. C. Reynold's lot near S. W. Corner S. 37° 50' E. 540 feet to the beginning and containing 215 acres; have been given in the due form of law in favor of the incorporation of Athens in the County of Mercer, bounded as herein set forth. And it is further ordered that from and after the date of the said certificate, the territory embraced within the boundary mentioned in said certificate shall be an incorporated town in the name of "Town of Athens". It is further ordered that I. W. Dunn, C. W. Gore and L. A. Martin, who are legal voters within the territory aforesaid be and are hereby appointed commissioners of the election to be held in the said "Town of Athens" referred to and provided for in section 10 of chapter 47 of the said Code.

CLERK'S OFFICE
MERCER COUNTY
CIRCUIT COURT
PRINCETON, W. VA.

COUNTY OF MERCER,

STATE OF WEST VIRGINIA:

I, WILMA F. GRUBB, Clerk of the Circuit Court of said County and State, do hereby certify that the foregoing is a true and exact copy from the records of my office as the same exist therein.

In testimony whereof. I hereunto place my hand and affix the official seal of the Court, this, the 11th day of April, 2000. XXX.

Wilma F. Grubb, Clerk
Circuit Court,
Mercer County, West Virginia

BY: Brenda Davis
Her Deputy

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of Mayor to the best of my skill and judgment.

Signature: [signature]

Printed name: Robert M Richardson

Date: 7/6/99

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of Town Recorder to the best of my skill and judgment.

Signature: Lisa Caldwell

Printed name: Lisa Caldwell

Date: 7-7-98

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of Council Person to the best of my skill and judgment.

Signature: Mary Lu Geiger

Printed name: MARY LU GEIGER

Date: 7-6-99

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of Concil Member. to the best of my skill and judgment.

Signature: Jack Fredericing

Printed name: Jack Fredericing.

Date: 7/6/99

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of Council Member to the best of my skill and judgment.

Signature: [signature]

Printed name: Bill Wells

Date: 7/1/98

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of Council to the best of my skill and judgment.

Signature: [signature]

Printed name: Randy Terry

Date: 8-1-98

TOWN OF ATHENS

OATH OF OFFICE

I solemnly swear (or affirm) that I will support the Constitution and will obey the laws of the United States and of the State of West Virginia, that I will, in all respects, observe the provisions of the Ordinances of the Town of Athens, and will faithfully discharge the duties of COUNCIL MEMBER to the best of my skill and judgment.

Signature: George McJunkin

Printed name: GEORGE McJUNKIN

Date: 7 7 98

Town of Athens

PO BOX 458 · ATHENS, WEST VIRGINIA 24712 · TELEPHONE 304-384-3525

ATHENS WEST VIRGINIA TOWN COUNCIL
RESOLUTION TO MODIFY SEWER TARIFF

Whereas the Athens Town Council recognizes that efficient and proper sewage treatment is basic and essential to the health and safety of every citizen in every locality and

Whereas the Athens Town Council has assumed the responsibility of operating a sewer treatment system that serves the citizens of Athens and the surrounding area and

Whereas the Athens Town Council intends to operate that system according to the State and Federal regulations that have been adopted by the duly elected state and federal representatives of the people of the State of West Virginia and

Whereas the Athens Town Council recognizes that our sewer system is in need of certain upgrades, repairs and improvements in order for it to comply with these regulations and

Now therefore be it resolved that the Town Council of Athens, acting according to the recommendations made by our accounting firm after careful analysis of current revenues and projected costs of our sewer fund, does resolve to file a request for a change in the our tariff with the Public Service Commission of West Virginia as shown below:

Applicability

Applicable to entire territory served.

Availability of Service

Available for general domestic, commercial and industrial service.

Meter Rates

	Rate per 1000 gal used
First 2000 Gallons	4.32
Next 3000	4.60
Next 5000	4.17
Next 15000	3.75
Over 25000	3.35

Minimum Charge

No bill will be rendered for less than $8.62 per month

Delayed payment Penalty

The above tariff is net. On all current billingg not paid within twenty (20) days ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be only collected once for each bill where it is appropriate.

Connection Charge

A minimum fee of two hundred and fifty ($250.00) will be charged for each new connection to the system, providing such connection is less than ten (10) feet from the customers property line and that the ditch line is unobstructed above and below the surface by any object natural or manmade, including but not limited to rocks buildings and DOH easements. In cases where such obstacles exist additional fees to cover costs associated with overcoming such obstacles shall be assessed

First reading 4-20, 1999

Second reading 5-4, 1999

Approved by Athens Town Council

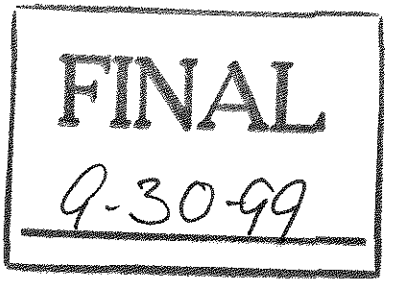
Recorder

Attest

Mayor

990712alj091099.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON



Entered: September 10, 1999

CASE NO. 99-0712-S-MA

TOWN OF ATHENS,
a municipal corporation.
Investigation and suspension of increase in sewer rates and charges as a result of petitions filed in accordance with West Virginia Code §24-2-4b.

RECOMMENDED DECISION

On May 4, 1999, the Town of Athens (Town or Athens), a municipal corporation, adopted an ordinance establishing sewer rates and charges, a delayed payment penalty and a connection charge for service to residential and commercial customers of the Town's sewage system, to become effective on or after June 18, 1999.

On May 18 and 25, 1999, respectively, petitions were filed containing 251 signatures of customers of the Town's system protesting the ordinance to increase rates for the sewer system serving the citizens of Athens and the surrounding area.[1] Pursuant to the protests and pursuant to West Virginia Code §24-2-4b, on May 26, 1999, the Commission invoked its jurisdiction over the municipal appeal.

By Order dated May 26, 1999, the Commission made the Town a Respondent to the municipal appeal proceeding and, pending investigation, hearing and decision in the matter, the Commission suspended the rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m., October 16, 1999, unless otherwise ordered by the Commission, to enable the Commission to examine and investigate the supporting data filed with the rate ordinance and to provide time for Commission Staff to make reports concerning the matters involved in this proceeding. Also, this Order referred the matter to the Division of Administrative Law Judges for a decision to be rendered on or before September 16, 1999.

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[1]The City serves 427 residential and 31 commercial customers, for a total of 458 customers, which means that 25% of the customers would amount to 115. The number of signatures on the petition far exceeds the 115 customers to generate a municipal appeal.

On June 3, 1999, Chief Administrative Law Judge Melissa K. Marland issued a Procedural Order appointing the undersigned Administrative Law Judge to review the grievances raised by the petitioners in the municipal appeal proceeding, to conduct a hearing and to issue a recommended decision on the matters involved in the proceeding.

By Order dated June 8, 1999, a procedural schedule was established for processing this case, including a hearing to be held on August 11, 1999, beginning at 9:30 a.m., in Athens, West Virginia.

In a letter received June 11, 1999, Ms. Sue Reedy, one of the signers of the petition, requested that the time for the hearing be changed from 9:30 a.m., to 7:30 p.m., in order to make the hearing more convenient for the petitioners of the Athens community who work during the day and would not be able to attend the morning hearing.

By Order dated June 17, 1999, this matter was set for a hearing to be held in the College Center Ballroom, 3rd Floor, Vermillion Street, Athens, West Virginia, on August 11, 1999, at 7:30 p.m. Said Order also provided that the Town publish a Notice of Hearing in accordance with the provisions of the Order.

The hearing was held as scheduled. The Town of Athens was represented by its Mayor, Mr. Robert Richardson, appearing pro se. Commission Staff was represented by Staff Attorney Cassius H. Toon. Also appearing were the Staff witnesses, Mr. Sean P. Ireland, Utilities Analyst II; Mr. Charles Knurek, Senior Utilities Analyst for the Water and Wastewater Division; and Mr. Michael M. McNulty, Technical Analyst, Engineering Division. A proper affidavit of publication was presented at the hearing reflecting that publication was made in accordance with the Commission's requirements, as set forth in the Order of June 17, 1999.

EVIDENCE PRESENTED

Mr. Robert Richardson, the Mayor of the Town of Athens, called by Commission Staff, testified that he was authorized by the Town Council to speak on behalf of the Town and had reviewed the Staff's recommendation in regard to rates in this case. Mayor Richardson explained that the Town accepted Staff's recommended rates and was aware that these rates are lower than those requested by the Town. Mayor Richardson further testified that the major reason for the large increase in rates at this time was the result of a Department of Environmental Protection (DEP) Order to replace and upgrade several portions of the Town's sewer system. The increase in rates will provide money for the sewer improvements being undertaken to alleviate the system's problems. The proposed financing for the replacement and upgrading of the system is a loan from the State Revolving Fund (SRF). The approximate cost of the construction project is $613,000.

Mayor Richardson explained that the DEP had ordered the Town to do several things, including studies of the existing lines, smoke testing and flow monitoring. The smoke testing has been completed and the flow

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monitoring is being completed to determine if other lines may also need to be replaced. The major part of the project has not yet been started. The Town has made an application for a certificate from the Public Service Commission and designs have been completed for the project. Since the Town has been ordered to take action by the DEP, Mayor Richardson does not feel that the Town has any discretion in the matter and is trying to address the infiltration and inflow into the sewer plant, which should improve the efficiency of the plant and which may have an impact on other improvements that might be required. (See, Tr., pp. 6-11).

Commission Technical Analyst Michael W. McNulty performed a class cost of service study for the Town of Athens. The class cost of service study was included in the report marked as Staff Exhibit No. 2. Mr. McNulty explained that, in a class cost of service study, Staff uses the American Water Works Association (AWWA) Commodity Demand Method from the M-1 Manual, a nationally recognized study. Staff determines the amount of needed sewer revenue based on the water consumption of Athens. Athens has two classes of customers, residential and commercial. Although Concord College is a very large commercial customer of the Town, it was treated as a commercial customer rather than as a separate customer class. The differences between customer classes are measured in terms of average demand and peak demand. (Tr., pp. 11-14; Staff Exhibit No. 2).

Water consumption is the basis of determining the total annual sewage usage. The usage of each class of customers is examined to come up with an adjusted amount of usage, since 100% of the water is not returned to the sewer system. However, the AWWA studies have shown that 90% of all water usage is returned to the sewer system. Another part of the demand cost function is the maximum day allocation, dealing with the treatment plant. A sewer collection system must be designed to meet the maximum hour usage, frequently between 6:00 and 8:00 a.m. and in the evening. The last allocation is the customer cost allocation. These costs have nothing to do with demand or usage, i.e., billing and administrative costs. It does not cost more to bill Concord College than any other individual in the Town of Athens. The use of the maximum hour and maximum demand factors insures that everyone pays their fair share for the transportation and treatment of the sewage. Mr. McNulty concluded his testimony by indicating that the Town of Athens has approximately 450 residential customers and 16 to 20 commercial customers. (See, Tr., pp. 14-18).

Mr. Charles Knurek, a Commission Senior Utilities Analyst in the Water and Wastewater Division, explained that he used the class cost of service study and Mr. Sean Ireland's expense adjustments to determine the level of revenue needed by the Town to operate and maintain the sewer system. Using the class cost of service study and all the allocation factors developed by Mr. McNulty, Mr. Knurek developed rates that produced the income required from each class of customer. Staff's recommended rate for an average usage of 4,500 gallons would be $18.12, while the Town's current rate for 4,500 gallons is $11.90. Even with this increase in its rates, the Town's sewer rate for an average bill is still on the low side of sewer rates in overall West Virginia, which

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range from $2.00 to $28.00. In developing a rate structure, the Commission has a policy against one rate segment subsidizing another. In this particular case, under the Staff-recommended rates, the residential class will produce within $100 of what it should and the commercial class will produce within $3.00 of what it should. Without developing rates that are carried out to the half-cent or fraction of a cent, this is about as close as rates can be set. Mr. Knurek assured that, under the Staff's recommended rates, each class of users of the sewer system is carrying its fair share of the cost. (See, Tr., pp. 20-25; Staff Exhibit No. 2).

Mr. Sean Ireland, a Utility Analyst II in the Commission's Water and Wastewater Division, had reviewed the financial records of the Town of Athens from July 1, 1997 to June 30, 1998. In order to evaluate the operations of a Utility, Staff uses a 12-month test year, which takes into account the fluctuations caused by weather. The per books adjusted column in the Report reflects errors in the per books figures that need correction. The going-level adjustments column shows the Town's sewer operations at the present day, with known changes which, in this case, are the increases due to the cost of the State Revolving Fund debt. After all of these adjustments are made, it shows what is needed to operate the sewer system at the present time. In this case, the Town's ordinance sought to raise the sewer rates by 69%. Prior to the start of this sewer project, the Town had two FmHA loans for the construction of the original system in the late 1960s. This debt has been substantially paid off. Mr. Ireland explained that the single largest factor affecting the rates in this case is the need to borrow money to make the DEP required improvements. Although the Town of Athens has been operating with revenues of approximately $128,000 per year, Staff is of the opinion that the total operating revenues and miscellaneous income required to meet the Town's needs and to service the new loan would be approximately $205,374. At this level, after paying all operating and maintenance expenses and debt service, the Town will have $5,888 in remaining cash, after one year of operation, providing a debt service coverage factor of 129.54%. (Tr., pp. 27-34; Staff Exhibit No. 2).

In order for the Town to borrow money and fund the system, a lending agency requires that the Town have a surplus of at least 10% to 15%. With this $5,888 surplus, the Town will have adequate money to provide for the debt service and cover some unforeseen maintenance repairs. In making his review of the Town of Athens' records, Mr. Ireland saw no improper expenditures that might have caused the Town's rates to be higher than necessary to meet the SRF loan requirements. The loan for this project will be approximately $613,000, at 3% interest. (See, Tr., pp. 34-37).

Mr. McNulty gave additional testimony that, during the test year, the Town had 427 residential customers and 31 commercial customers. The residential customers used 19,744,000 gallons, whereas the commercial customers used 36,774,000 gallons. Therefore, the commercial customers are bearing the bulk of the rate increase due to the greater amount of water usage. (See, Tr., p. 37).

With the additional testimony of Mr. McNulty, Staff rested its case, whereupon testimony was taken from those customers of the Town of Athens' sewer system appearing in protest to the ordinance.

Ms. Sue Reedy asked whether the Town had been fined by the EPA more than once. Mayor Richardson explained that the Town had only been fined once. She continued that, since a lot of the citizens of the Athens area are on fixed incomes, the increase in the rates should have been done gradually and the City should have applied for grant money. If the higher rates had been collected over a number of years for this project, the money collected could have been in the bank collecting interest. Mayor Richardson explained that, unless the customers of a public utility are paying $27.00 for 4,500 gallons, the Town does not qualify for the low interest rate loans or for grants. (See, Tr., pp. 40-43).

Mr. George Gillum, also a customer of the Town of Athens sewer system, observed that other towns had received grants for moving a police station and another town had received a federal grant for a statue. In this regard, he believed that the grant aspect should be looked into as numerous citizens in the Town of Athens are on fixed incomes. Again, the Mayor assured the witness that grants had been sought and he had been told that the Town was not eligible for such grants at its present level of rates. The Mayor further commented that the Region I Planning and Development Commission, of which the Town is a member, is one of the best in the State, and had helped the Town get $4,000,000 to build a water line, but was not able to help on this project at all. In respect to securing grants, the Town has taken all steps that the Mayor knows of in order to secure money and it is not presently available. (See, Tr., pp. 44-47).

Mr. Dan Crider, also a customer of the Athens sewer system, inquired if Federal grants had been pursued and wanted to know from Staff how much the rate would have been increased under the Town's proposed rate and whether the water bill would also increase. Staff explained that the water bills would not be affected by the sewer increase. Mr. Crider further observed that, since the old water loan was being retired, this might be the time for the Town to connect to a new water system coming from the Bluestone River. The Mayor responded that, since the Town's reservoir is limited in capacity, there probably will be a time when it will be necessary to tie into a new water system to serve all of the customers, but this could mean an approximately 50% increase in the water rates for this project. (See, Tr., pp. 48-51).

Nancy Belcher complained of having sewage coming into her basement and Mayor Richardson indicated that he was aware of her situation and promised that the Town would address her problem within sixty (60) days. The Mayor further pointed out that, recently, the Town had adopted a sewer ordinance that limits the way its customers can use the system and what can be put into the system. He felt that by enforcing this ordinance, some of the currently existing problems with the sewer system will be solved. Ms. Belcher expressed the belief that the residential customers were carrying the burden of the sewer cost for the Concord College. Staff explained that, under its rate design, each class of

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customers generates the revenue needed to support that customer, which means that the college is paying its fair share. (See, Tr., pp. 52-54).

Ms. Rhoda Reece inquired why the Town had been fined the first time it was cited for the sewer system rather than being given a chance to correct the sewer problem. Mayor Richardson explained that the Town of Athens had known about this problem since approximately 1983 and the Town's sewer system had never received a complete clean bill of health in any of its inspections. As the present sewer lines have deteriorated, the number of customers has increased. The Town has successfully replaced numerous lines with the idea of controlling infiltration/ inflow into the plant, but, even with these efforts, enforcement efforts have become stricter each year and the Town was finally fined. (See, Tr., pp. 53-57).

No briefs were submitted by Staff or the Town of Athens or any party to this proceeding.

DISCUSSION

The Town of Athens passed an ordinance to raise its sewer rates by approximately 69%. Two hundred and fifty-one of its sewer customers signed a petition thereby triggering the municipal appeal process under West Virginia Code §24-2-4b.

In the course of its review of the Town of Athens' request for an increase in sewer rates, the Staff performed a class cost of service study and its final recommendation was for an increase in sewer rates of 60.2%, which was accepted by the Town.

Athens had been fined by the DEP and, as a result of that situation, is undertaking a sewer project which would cost approximately $600,000 and require borrowing approximately $613,000 at 3% interest from the State Revolving Fund.

Although 251 customers signed the petition against the ordinance, only 12 customers appeared at the hearing to voice their protest. Five of these individuals, Ms. Sue Reedy, Mr. George Gillum, Mr. Dan Crider, Ms. Nancy Belcher and Ms. Rhoda Reece, gave testimony. This portion of the hearing became a question and answer session, whereby the Staff and Mayor Richardson explained the basis for their actions and recommendations. The principal concern expressed by the witnesses was that the Town had not sought or obtained grants to fund the project. The Mayor assured the customers that every effort had been made to acquire a grant, but, because the Town's sewer rates are not high enough, the Town did not qualify for infrastructure grant or low-interest loan funds.

Although the five protesting witnesses had various concerns and questions, it appeared to this Administrative Law Judge that, after Staff and the Mayor gave their answers and made assurances that both State and Federal grant money had been pursued, the questioners seemed satisfied

with the answers and, although no one may have liked the prospect of paying higher sewer rates, the citizens present were informed of the reasons for the Staff-recommended increase.

Because the increase in the Town's sewer rates is mainly caused by the need to upgrade the sewer system after being fined by the DEP and the increase in rates is needed to allow the Town to borrow the money needed to fund the sewer system improvements, the Administrative Law Judge believes that the Staff-recommended rates are reasonable in this case and should be approved.

FINDINGS OF FACT

1. On May 4, 1999, the Town of Athens, a municipal corporation, adopted an ordinance which increased sewer rates and charges for its residential and commercial customers by approximately 69%. (See, ordinance, Staff Exhibit No. 2).

2. On May 18, 1999 and May 25, 1999, petitions signed by 251 of the Town's 458 sewer customers were submitted, protesting the Town's ordinance. (See petition, case file).

3. A hearing was scheduled to be held in this matter on August 11, 1999, at which time five of the Town's sewer customers gave testimony in disagreement with the rates of the ordinance. (See, transcript generally).

4. Commission Staff performed a class cost of service study. (See Staff Exhibit Nos. 1 and 2).

5. The Staff report recommended a rate increase of 60.2% in the Town's sewer rates. (See, Staff Exhibit No. 2).

6. The Town accepted the Staff-recommended rates. (Tr., p. 7).

7. The public witnesses giving testimony were principally concerned about why the Town had not received grant money to finance the sewer project and they were advised by Mayor Richardson that, because the Town's current sewer rates are too low, the Town does not qualify for infrastructure money. (Tr., pp. 42, 57).

CONCLUSIONS OF LAW

1. The rates and charges proposed by the Town of Athens for providing sewer service to its customers in the municipal ordinance adopted May 4, 1999, are unreasonable in that they provide revenues in excess of the amount needed to operate the Town's sewer department, provide for its debt service requirements and provide a reasonable surplus to fund plant additions.

2. Since the Town of Athens must make improvements to its sewer system at an expense of $613,000 to be financed by a SRF loan and the Staff-recommended rates will provide the Town the necessary income to

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meet these loan payments, it is reasonable to approve the Staff-recommended rates as set forth in Appendix A to this order.

3. The Staff-recommended sewer rates and charges for the Town of Athens are reasonable and should be adopted in this proceeding, since they provide revenues sufficient, but not more than sufficient, to provide for the Town's operating expenses and taxes and its debt service requirements and provide a reasonable surplus to fund plant additions.

ORDER

IT IS, THEREFORE, ORDERED that the increased sewer rates and charges set forth in the Town of Athens' municipal ordinance adopted on May 4, 1999, be, and they hereby are, disapproved, and rendered void and of no force and effect.

IT IS FURTHER ORDERED that the Staff-recommended sewer rates and charges for the Town of Athens, attached hereto as Appendix A, be, and they hereby are, approved and adopted as the sewer rates and charges for the Town of Athens for all service rendered by it on and after October 16, 1999.

IT IS FURTHER ORDERED that the Town of Athens file an original and at least five copies of an appropriate tariff reflecting the rates approved herein, with the Public Service Commission within thirty days of the date of this order.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to

make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Robert W. Glass
Administrative Law Judge

RWG:jas:mal
990712ad.wpd

APPENDIX A

TOWN OF ATHENS

CASE NO. 99-0712-S-MA

APPROVED RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES (based on the metered amount of water supplied)

Meter Rates, Monthly Billing

First 2,000 gallons used	$4.17 per 1,000 gallons used
Next 3,000 gallons used	$3.91 per 1,000 gallons used
Next 5,000 gallons used	$3.66 per 1,000 gallons used
Next 15,000 gallons used	$3.54 per 1,000 gallons used
Over 25,000 gallons used	$3.28 per 1,000 gallons used

Minimum Bill $8.34 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

CONNECTION CHARGE

A minimum fee of two hundred fifty dollars ($250.00) will be charged for each new connection to the system.

LEAK ADJUSTMENT INCREMENT

$0.33 per M gallons to be used where the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate is used to calculate consumption above the customer's historic usage.

S. O. Form 2
1M

P. S. C. W. Va. No.....

Canceling P. S. C. W. Va. No.....

ATHENS MUNICIPAL WATER WORKS
(Name of Utility)

OF

ATHENS, WV (and vicinity)
(Location of Office)

Rates, Rules and Regulations for Furnishing

WATER

AT

ATHENS,

PUBLIC SERVICE COMMISSION
OF W. VA. TARIFF OFFICE
SEP 20 1979
RECEIVED

Filed with THE PUBLIC SERVICE COMMISSION

OF

WEST VIRGINIA

Issued SEP 1 - 1979, 19..... Effective SEP 1 - 1979, 19.....

Issued by Athens municipal water Works
(Name of Utility)

By Daniel Zirkle

Mayor

19C

RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(A)RATE

First	2,000 gallons used per month	$4.00 per 1,000 gallons
Next	3,000 gallons used per month	$3.60 per 1,000 gallons
Next	5,000 gallons used per month	$3.30 per 1,000 gallons
Next	15,000 gallons used per month	$3.00 per 1,000 gallons
Next	75,000 gallons used per month	$2.70 per 1,000 gallons
All over	100,000 gallons used per month	$1.80 per 1,000 gallons

(A)MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 x 3/4-inch meter----------	$ 8.50 per month
3/4-inch meter----------	12.25 per month
1- inch meter----------	21.75 per month
1-1/4-inch meter----------	34.00 per month
1-1/2-inch meter----------	49.00 per month
2- inch meter----------	87.00 per month
3- inch meter----------	195.00 per month
(N)4- inch meter----------	348.25 per month
(N)6- inch meter----------	783.38 per month

QUARTERLY OR BI-MONTHLY BILLING

The above rates and charges may be adjusted to a quarterly or bi-monthly basis, providing no lower charges.

DELAYED PAYMENT PENALTY AND RECONNECT CHARGE

Water bills are payable when rendered. On all accounts not paid in full within twenty (20) days of date of bill, ten per cent (10%) will be added to the net amount shown. If any bill is not paid within sixty (60) days of the date therof, water service to the customer shall be shut off and the meter locked. On such shutting off of service, water service shall not be restored until all past due water bills shall have been paid in full, and all accrued penalties, plus a reconnect charge of fifteen ($15.00) dollars. Notice of discontinuance will be given in accordance with the Public Service Commission Rules and Regulations for the Government of Water Urilities.

(A)CONNECTION CHARGE (TAP FEE)

The connection charge (Tap Fee) shall be $150.00 or cost of material, which ever is the greatest, for all meter sizes.

(A) Indicates advance

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a 5/8 x 3/4 inch meter. Motels and hotels shall pay according to the size of the meter installed.

(A) III. TRAILER COURTS

House trailer courts shall be provided with a master meter (or master meters). No bill shall be rendered for less than the following:

Six dollars and twelve cents ($6.12) per month multiplied by the number of units situated on the court site at the time the meter is read or the minimum charge for the size meter installed, whichever is greater. House trailer (as used herein above) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

In addition to the two alternatives cited under house trailer courts, namely (1) $6.12 per month multiplied by the number of units situated on the court site, and (2) minimum charge for the size of meter installed; a third alternative is the bill arrived at by applying the current water rate to gallons of water used during the month. Then the larger of the three alternative water bills will be the water bill for the month.

(A) Indicates advance

ATHENS TOWN COUNCIL
Minutes
April 20, 1999

Meeting was called to order at 7:04 pm. Council members present were Mayor Richardson, Geiger, Kessinger, Wells, and Caldwell. Also present was Sharon Johnson, Town Resident.

Minutes of March 16th meeting were read and approved as was Budget minutes from March 23rd. Notation made within minute format that Council meeting on April 6th was cancelled due to no quorum.

Sharon Johnson, Town resident, addressed the Council regarding the increased dog problem within the community and would like to see the leash ordinance enforced more heavily. Council discussed efforts to publicize the enforcement of the "Leash Law" and ways in which the Town might work with the Humane Officer in capturing the dogs. Council will also be in review of ordinance for any updates that might be made. Motion was made by Council member Geiger that the Leash Law Ordinance be enforced and enforcement notice be published on the next water billing. Motion was seconded by Kessinger, Council approved. Also within next Council meeting (5-4-99), Council will further discuss ordinance and fines of ordinance and also needs assessment for trap and holding unit.

Mayor provided Council with update on sewer project from meeting held on 4/20/99 with D.E.P. . Informed Council that sewer rates and the sewer use ordinance needs to be reviewed and updated. Mayor provided Council with figures on both a straight and graduated sewer rate increase as well as a copy of the present sewer rates. Mayor and Council reviewed and discussed. Motion was made by Council member Geiger to adopt the graduated sewer rates. Kessinger seconded, Council approved. Therefore, let the minutes now reflect this to be the passing of the first reading of a purposed tariff increase of sewer funding to adopt the graduated rates. Mayor will follow-up with public notice, posting in the paper and second reading to occur on May 4, 1999.

Mayor spoke with Council regarding the need to develop a sewer use ordinance per D.E.P. . Mayor provided Council with copy of suggested ordinance for review and further development. Council will complete Sewer Use Ordinance by next meeting 5/4/99.

Mayor reported that Levy came back approved. Motion was made by Council member Wells to lay the Levy. Motion was seconded by Kessinger, Council approved.

Mayor provided update to Council as to results from the Building Commission hearing regarding lots 301 and 303 South State Street. Mayor reported that property owner Debbie Repass Comptom has not responded to any of the notices and hearing resulted in the decision to condemn the properties and have them torn down. There was an unforeseen issue, however, that the title search was not completed and that One Valley Bank might

hold the deed of trust on the properties. Mayor Richardson to follow-up. Mayor did report that D.H.S. had met with tenant Carol Jarett to provide services and counseling.

Council member Geiger reported that Vest Grant Application applied for has been ~~approved and ordained~~. Also reported that hand-held radar is now out of commission. Mayor request Officer Howell provide Council with price check on a new system.

Council was presented with a application submitted by Mark Parsell to become a member of the Miss Utility. Council reviewed benefits and approved membership.

Bills were approved.

Council meeting went into executive session at 8:15 pm.

Council meeting was adjourned at 8:40pm.

Mayor

Lisa Caldwell
Recorder

ATHENS TOWN COUNCIL
Minutes
May 4, 1999

Meeting was called to order promptly at 7:00 pm. Council members present were Mayor Richardson, Geiger, Wells, Kessinger, Terry, McInturff, and Caldwell. Also present was Officer John Howell and several townsmen from the community.

Minutes from the April 20th meeting were read and approved as corrected.

Focal interest of townsmen present was that of increased sewer rate, therefore, Mayor Richardson opened meeting with an introduction and explanation behind sewer rate increase. Mayor Richardson also provided an overview of future sewer project to be funded with sewer increase and how funding will continue to be needed to continue upgrade of treatment plant.

Comments were open to the floor and several present asked questions, although none particular requested to be of public record. Following comments, townsmen left and meeting continued with business at hand.

Council once again reviewed the Sewer Use Ordinance. Motion was made by Wells to adopt the Ordinance, motion was seconded by Terry and Council approved.

Having heard from the public, Council member Geiger made motion to adopt the second and final reading of the increased sewer fund tariff. Terry seconded motion and Council approved.

Officer John Howell provided Council with monthly report and also provided Council with update on needed replacement of radar system. Officer Howell recommended the Stalker Radar System : 2-in-1 unit, moving/stationary for $1,950.00 which includes mounting bracket and battery pack. Also noted old system would be accepted on a TRADE IN OF $250.00. Kessinger made motion to purchase requested radar system, Wells seconded motion and Council approved.

Mayor Richardson informed Council that within sewer project there was a need for an appointed attorney - that being Don Caruth and that he is to appoint a Bond Council. Mr. Caruth contacted three separate Bond Councils and received three separate estimates. Mr. Caruth recommended to council obtaining the services of Vince Collins- Stepto & Johnson for estimate not to exceed $7,500.00 and $1,000.00 for expenses. Motion was made by Geiger and seconded by Kessinger to approve the appointment of Stepto & Johnson as Bond Council, Council approved.

Mayor Richardson informed council of request made by folks on Cornbread Ridge for water services. Mayor Richardson is in process of gathering information and needed specs for job.

Council discussed complaints received in regard to the Tall Grass Ordinance at location of North State Street, East Broadway, and West Broadway. Council member Geiger reported having spoke with owners at E. Broadway location and will follow-up. Council member Caldwell will follow-up with complaint on N. State Street. W. Broadway complaint will be follow-up with certified letter by Clerk at Town Hall.

Notation was made that Town Crew cleared Purser Park and that they plan to dig up roots and disk lot to plant grass seed. Then perhaps the Lions Club and Women's Club will work on the beautification aspects.

Bills were approved and the meeting was adjourned at 8:15 pm.

Mary Lee Geiger
Mayor

Lisa Caldwell
Recorder

20B

Athens, W. Va.
April 17, 1979

The regular meeting of the Athens Town Council was called to order by the Mayor, all members except Mr. Seago in attendance, The minutes of the previous meeting were read by the recorder and approved by the council.

The second reading of the proposed election ordinance change was made and Mr. Johnson made a motion to approve the proposed change, there was a second by Mr Baumgrass and it passed on a vote of 4-0.

The Mayor reported on problems which arose requiring a special Council meeting on Monday night May 9, resulting in the Council voting to relieve Mr. Hazelwood and Mr. Ford of thier duty as Town Police with 2 weeks pay, effective emmediately.

The Mayor reported receiving 3 easement proposals from property owners involved in the Fain Trailer Park sewer project. The Mayor read the proposals from Mr. Clark, Mr. Bennett and Mr. Sumner, and it was decided by council that the proposals be turned over to the Town attorney for his opinion on the legality of same. and that he might do whatever would be necessary to get the project started.

The Mayor reported on a letter recieved from Mr. Abbott inquiring about the possibility of the Town Council changing its mind on its contribution to GRTA. Mr. Abbott presented ridership data on the athens run and also stated that a change in scheduling would probably result in more usage of the bus line for Athens residents, and He also requested a meeting of GRTA officials with the Town Council, and the Mayor suggested they meet with the Council at the next meeting on first Tuesday in May.

A date of May 5 at 10 AM in the Bank basement was agreed on by Council for a meeting of the Town People to nominate officials to be elected to the town government at the next election to be held on June 5, 1979.

The water rate increase proposal was brought up again, and the figures were reviewed again, and Council agreed that Mr. Mitchell and Mr. Baumgrass and any other members that could to consult with Mr. Craft to clearify some figures.

Mr. Nevil ask about the No Parking signs that were to be put up in the area of the Sweet Shop. He said He could get the signs if the town would put them up, He was advised to go ahead and get them.

Mr. Fudge reported that a new employee who was hired did not show up for his first day at work.

He also reported that flouride is now being added to the water supply.

Mr. Baumgrass motions for adjournment at 8:35, seconed by Mr. Johnson and passed 4-0

_____Mayor

_____Recorder

Athens, W. Va.
May 15, 1979

The regular meeting of the Athens Town Council was called to order by the Mayor, Mr. Shorter being absent, the minutes of the last meeting were read and approved.

The Mayor reported a letter from Dean Turner withdrawing his name from the list of candidates for council.

The Council agreed to hire Opel Martin, Marie Thompson and Cecil Harvey to work the election onJune 5 th from 6 AM till 7:30 PM. The regular Council meeting scheduled for the 5 th will be moved to Thursday June 7 th. and it was determined that absentee voting will be accepted.

It was agreed by council that there had been improper calculation on the water bills and the meters had not been read for four months, and bills will be recalculated and corrected.

The council gave authority to the Mayor to meet with the new company interested in the Wellswood Addition and present the basic requirements as presented to previous developers, with Council to approve any final agreement.

The proposed increase in the water rates was read for the second time, and will be presented to the P.S.C. for thier approval on the motion by Mr Seago which was seconed by Mr. Johnson and passed 4-0.

Mr. Johnson made a motion to increase the service fee from $7 to $8 with multiple dwellings increased by $1 also, and the garbage fee for out of town customers increased by $.50 to make it $3.50, to become effective July 1, 1979, Seconed by Mr Seago ,Passed 4-0

Mr. Fudge reported on the old water system, saying that the W.Va. Water Co. representative informed him that they were not interested in it because it would cost more thanit is worth to salvage.

Clayton Martin Jr. was present and advised council that he was interested in purchasing the property as is. and he was advised that the town would have to advertise the property if and when they were to sell or dispose of the property. It was agreed by council that the property will be the topic of the second meeting in June in order to get the feeling of the town"s people.

Mr. Mitchell presented to council an updated proposal of the ordinance on Nuisances to be studied and considered by council.

Mr. Baumgrass mentioned a danger spot on North Cooper St. and Vermillion, Mr. Fudge was advised to see what can be done to releave the situation.

Mr. Baumgrass motions council to approve invoices for payment, it was seconed by Mr. Mitchell, passed 4-0/

Mr. Johnson ask why water meters were not read for 4 months.

Meeting adjourned at 8:30 PM.

_____ Mayor

Robert Kessinger Recorder

20D

PUBLIC NOTICE OF CHANGE IN SEWER RATES FOR THE TOWN OF ATHENS

NOTICE is hereby given that the Town of Athens, a public utility intends to adopt, by resolution at the regularly scheduled meeting of the Town Council to be held at 7:00 PM May 4th,1999 at the Athens town hall, a tariff increasing the rates for furnishing sewer service to our customers located in or around the Town of Athens, Mercer County WV. Any person may appear at the above time and place to be heard regarding this proposed increase. The proposed increased rates will become effective June 18, 1999 unless otherwise ordered by the Public Service Commission.

Gallons used	Existing Rate per 1000 gal. used	New Rate per 1000 gal. used	% Increase
First 2000	2.55	4.32	69
Next 3000	2.72	4.60	69
Next 5000	2.47	4.17	69
Next 15000	2.22	3.75	76
Over 25000	1.98	3.35	69

The charge for an average customer using 4500 gallons of water per month will increase from $11.90 per month to $20.14.

The increases shown are subject to change by the West Virginia Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twentyfive percent of the customers served by the Town; or

(2) Any customer who is served by the Town and who resides outside the Town limits and who is affected by the change in the said rates or charges and who presents to the Commission a petition alleging discrimination between the customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the Town. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to The Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P. O. Box812, Charleston, WV 25323.

A complete copy of the proposed rates, as well as a representative of the Town of Athens to provide any information requested concerning it, is available to all customers, prospective customers or their agents at any time during regular business hours at the Athens Town Hall 202 South State Street, Athens, WV.

CERTIFICATE OF PUBLICATION

State of West Virginia, } To-wit:—
County of Mercer,

I, Kay Chinsolo of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
Two (2) Times
on the following days, namely; April 24 & May 1

in the year 19 99.

Publication Fee 86.35.

Kay Chinsolo

Subscribed and sworn to before me this 4 day of May 19 99.

My Commission expires Dec 14 19 2008

Teresa Blizzard
Notary Public

TOWN OF ATHENS
NOTICE OF PUBLIC HEARING ON
BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Athens (the "Town") to be held on May 16, 2000, at 7:00 p.m. at the Athens Town Hall, Athens, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council, and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF ATHENS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $750,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on May 2, 2000.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to permanently finance the costs of acquisition and construction of the Project. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage portion of the existing public waterworks and sewerage system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Town Recorder of the Town for review by interested parties during regular office hours.

Following said public hearing, the Council intends to enact said Ordinance upon final reading.

Dated: May 3, 2000
/s/Lisa Caldwell, Recorder

IA
TE
T.
2007

CERTIFICATE OF PUBLICATION

State of West Virginia, }
County of Mercer, } To-wit:—

I, Kay Chinsolo of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
Two (2) Times
on the following days, namely; May 3 & 10

in the year ~~19~~ 2000.

Publication Fee 86.35.

Kay Chinsolo

Subscribed and sworn to before me this 10 day of May ~~19~~ 2000.

My Commission expires 10/21 ~~19~~ 2007

Connie E Burnette
Notary Public

ATHENS TOWN COUNCIL
Minutes
April 18, 2000

Meeting was called to order at 7:00 PM, Council members present were Mayor Richardson, Terry, Wells, Geiger, and Caldwell. Also present was Minister Jim Stanley of the Pettrey Church of Christ and town resident Sheila Chippley.

Minutes from April 4th meeting were read and approved by Council based on motion made by Geiger and seconded by Wells.

Minister Jim Stanley approached Council in regard and request to install a small directional sign of church location at the corner of Rt. 20 and Vermilion Street and perhaps a second sign at the end of Vermilion as you pass the entrance to Concord College. Mayor and Council directed Mr. Stanley to the WV State Department of Highways, as the roadway in question is not a town road. However, Council agrees that the record is to show that there is no objection to signs requested.

Sheila Chippley approached the Council in concern of the safety of the uninhabited dwelling located at North State Street (prior property of Ms. V. Pine) and that of her own and those near by as there has been noticeable vandalism occurring. Mayor and Council agree that dwelling mentioned may be of concern but it is also the understanding of Council that the nephew of inheritance resides out of state. Council member Caldwell will attempt to locate nephew and request follow-up in addressing this situation.

Mayor Richardson presented to Council the Levy for the fiscal year ended June 30, 2001. Motion was made by Geiger and was seconded by Terry to lay the levy as presented. Council approved.

First reading occurred for the Bond Ordinance of the Town of Athens Combined Waterworks and Sewer System Revenue Bonds, Series 2000 (West Virginia SRF Program). Council found no issues upon first reading.

Mayor read to Council resignation letter received from Officer John Howell effective April 10th. Job posting issued, applicants have until April 28th. Mayor and Council to review applications at May 2nd meeting.

Council member Wells questioned the Town's ability to combine law enforcement abilities with that of Concord College? Mayor and Council discussed possibilities but remain uncertain as to the logistics. Mayors to follow-up with Attorney Don Caruth and pending the outcome will then follow-up with President of Concord College, Jerry Beasley.

Bills were reviewed and approved. Council also received update pertaining to the two bills in question at last Council meeting, both were justified and approved for payment.

Meeting was adjourned at 8:10 PM.

Mayor

Recorder

Athens Town Council
Minutes
May 2, 2000

Meeting was called to order at 7:08 PM. Council member present were Mayor Richardson, Geiger, Wells, Fredeking, and Caldwell. Also present was town park committee: Ann & Ted Kessinger, David Klingensmith, and Sharon Johnson. Richard Dillon and Earnest Buchanon were also present.

Minutes from April 18th council meeting were read and approved by council per motion made Geiger and second by Wells.

Park committee approached Mayor and Council in regard to turning over park operation and maintenance based on agreement of both parties as adopted in Resolution passed by council in January of 1999. Park Committee provided Council with update at present regarding park and also target areas of which the Town might need to be aware of in continued operation within the immediate future for example: request pertaining to memorial gardens, additional upgrade might be required of walkway, Norm Cole – still to plant a few shrubs, request of crosswalk on Vermillion St., process of which to reserve gazebo, and estimated utility/ lawn care cost. Following update motion was made by Wells and was seconded by Fredeking for Council and Town to accept responsibility of park operations and maintenance. Council approved with hopes to recall park committee members perhaps later in the future for an occasional review and recommendation as pertaining to capital improvement decisions as they have been an exceptional task force in the development of the park.

Council did agree to post a notice at the park site as to how reservation of the gazebo might be obtained through Town Hall.

Earnest Buchanon was present and approached Council regarding the process of application for establishing a Mexican Restaurant within the town. Mayor explained process. Council welcomed the prospect of new business and thanked Mr. Buchanon for his inquiry. Mr. Buchanon explained he was only in the initial thought process but hoped to be back in touch with Council.

Derk Alvis, Sewer plant operator, was present and supplied Council with a copy of the Mercer County Regional Sewer Study Executive Summary and also a copy of his monthly report of operations and discharge monitoring. Brief discussion was held regarding the need to replace the lift station at the facility hill location and also the cost estimate of this project. Council is of understanding this project is a must and is also of order of compliance within the DEP requirements.

Mayor provided Council with the second reading of the Combined Waterworks and Sewerage System Revenue bonds, Series 2000 (WV SRF Program) Bond Ordinance. There were no objections noted.

Mayor and Council reviewed the first loan draft prepared for the Town of Athens Sewer Project SRF Project No. C544 279 in the sum of $ 112, 463.10 Motion was made by Wells and seconded by Geiger to approve invoice # 1 for $112,463.10 in payment of SRF Project No. C544 279. Council approved unanimously.

Motion was made by Geiger and seconded by Wells to pay the bills. Council approved.

Mayor provided brief update to Council regarding meeting held with Attorney Don Caruth pertaining to ordinance reinforcement and any changes, which might need to be made within ordinance so that enforcement might be strong and secure. Don Caruth to review and reply to Mayor for submission to Council also will provide flow chart of enforcement processes.

Council member Caldwell provided Council with update regarding structural inquiry and ownership of property on North State Street as directed by resident Sheila Chippley a last council meeting. Caldwell spoke with Mr. Bowhan of Richmond, Va. (property owner) who reported he would make attempt to return and secure property.

As regular meeting agenda was accomplished, Council went into executive session at 8:05 PM.

_____ Mayor _____ Recorder

23B

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds, Series 2000
(West Virginia SRF Program)

MINUTES ON ADOPTION AND ENACTMENT OF BOND ORDINANCE
(THIRD READING FOLLOWING PUBLIC HEARING)
AND ADOPTION OF SUPPLEMENTAL RESOLUTION

I, Lisa Caldwell, Recorder of the Town of Athens (the "Town"), hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town:

* * * * * * * * *

The Council of the Town met in regular session, pursuant to notice duly given, on the 16th day of May, 2000, in Athens, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Robert M. Richardson, Jr.	-	Mayor
	Lisa Caldwell	-	Recorder
	Mary Lu Geiger	-	Councilmember
	John C. Fredeking	-	Councilmember
	George McInturff	-	Councilmember
	Randolph Terry	-	Councilmember
ABSENT:	William Wells	-	Councilmember

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor presented a proposed open meeting and procedures resolution, which evidences compliance with the West Virginia Sunshine Law, for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that said resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Mayor presented a proposed Bond Resolution in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND

IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF ATHENS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $750,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be finally enacted and put in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF ATHENS, APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and put in full force and effect on and from the date hereof.

* * * * * * * * *

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

Mayor

* * * * * * * * *

I further hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 24th of May, 2000.

Recorder

05/15/00
032320/99001

CH383192.1

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

RICE BUILDING FOURTH FLOOR
H AND MARPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-8463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

(304) 353-8196
WRITER'S E-MAIL ADDRESS
STUMPJC@steptoe-johnson.com

August 2, 2000

Town of Athens
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G, and a file copy thereof, with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

John C. Stump

JCS/cgl
Enclosure
032320/99001

CH397644.1

Form **8038-G** (Rev. May 1999) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *Use Form 8038-GC if the issue price is under $100,000.*

FILE COPY

OMB No 1545-0720

Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: Town of Athens

2 Issuer's employer identification number: 55 6000143

3 Number and street (or P.O. box if mail is not delivered to street address): Post Office Box 458 — Room/suite:

4 Report number: GCO - C1

5 City, town, or post office, state, and ZIP code: Athens, West Virginia 24712

6 Date of issue: May 24, 2000

7 Name of issue: Town of Athens Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program)

8 CUSIP number: N/A

9 Name and title of officer or legal representative whom the IRS may call for more information: Robert M. Richardson, Jr., Mayor

10 Telephone number of officer or legal representative: (304) 384-3525

Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	711,976
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Description of Obligations. (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06-01-21	$ 711,976	$ 10,819.83	11.808 years	2.0075 %

Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	711,976
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	8,000		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	43,279		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	51,279
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	660,697

Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ N/A years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

33 Enter the last date on which the refunded bonds will be called ▶ N/A

34 Enter the date(s) the refunded bonds were issued N/A

RECEIVED AUG 10 2000 OGDEN, UT

Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶ N/A		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☒

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ Signature of issuer's authorized representative — Date: 7-31-00 ▶ Robert M. Richardson, Mayor — Type or print name and title

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: May 24, 2000

ISSUE: Town of Athens Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (WV SRF Program)

ADDRESS: Post Office Box 458 Athens, WV 24712 COUNTY: Mercer

PURPOSE OF ISSUE: New Money: X
Refunding: ____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: May 24, 2000 CLOSING DATE: May 24, 2000

ISSUE AMOUNT: $711,976 RATE: 2%; Administration Fee 1%

1ST DEBT SERVICE DUE: 09/01/2001 1ST PRINCIPAL DUE: 09/01/2001

1ST DEBT SERVICE AMOUNT: $10,819.88 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSIN BANK: One Valley Bank of Mercer County, Inc.
Contact Person: ____
Phone: (304) 384-9697

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: The Honorable Robert M. Richardson, Jr.
Position: Mayor
Phone: (304) 384-3525

OTHER: WV Division of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Chief
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire ____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $43,279.00
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH380355.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specificed by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

1001

TOWN OF ATHENS SRF FUNDS
WASTEWATER INTERCEPTOR PROJECT
P O BOX 1442
PRINCETON, WV 24740

69-294/515

DATE May 24, 2000

PAY TO THE ORDER OF Municipal Bond Commission $ 43,279.00***

$43,279.00

DOLLARS Security features included. Details on back.

ONE VALLEY BANK
PRINCETON • ATHENS • BLUEFIELD
WEST VIRGINIA

FOR funded reserve Series 2000 Bonds

MP

⑈0000 1001⑈ ⑆051502942⑆ 0003883037⑈

© HARLAND Style 2

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

One Valley Bank of Mercer County, Inc., Athens, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Athens (the "Issuer") enacted by the Issuer on May 16, 2000, and a Supplemental Resolution adopted by the Issuer on May 16, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), issued in the original aggregate principal amount of $711,976 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 24th day of May, 2000.

ONE VALLEY BANK OF MERCER COUNTY, INC.

Assistant Cashier

05/22/00
032320/99001

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

One Valley Bank, National Association, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Athens Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), dated May 24, 2000, issued in the original aggregate principal amount of $711,976 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 24th day of May, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte S. Morgan

Assistant Vice President

05/05/00
032320/99001

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

One Valley Bank, National Association, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Athens (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bond, Series 2000 (West Virginia SRF Program), of the Issuer, in the principal amount of $711,976, numbered R-1, of the Issuer, dated May 24, 2000, is registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 24th day of May, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L. Morgan

Assistant Vice President

05/10/00
032320/99001

TOWN OF ATHENS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 (West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 24th day of May, 2000, by and between the TOWN OF ATHENS, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and One Valley Bank, National Association, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $711,976 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted May 16, 2000, and a Supplemental Resolution of the Issuer duly adopted May 16, 2000 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

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

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Athens
Post Office Box 458
Athens, West Virginia 24712
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

TOWN OF ATHENS

Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

05/08/00
032320/99001

CH380357.1

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone 304-558-4086 or 558-8855
Fax 304-558-5903

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael P. Miano
Director

L. A. GATES COMPANY

June 23, 1999

Honorable Robert Richardson
Mayor, Town of Athens
P. O. Box 458
Athens, WV 24712

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mayor Richardson:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0020338, dated the 23rd day of June, 1999 for the Town of Athens to serve same in Athens, West Virginia.

All facilities permitted to discharge pollutants to the waters of the State under Chapter 22, Article 11 of the West Virginia Code are required to test their effluent in order to verify permit compliance. This testing is the responsibility of the permittee and these test results are to be submitted to the office on the Discharge Monitoring Reports (DMRs) which are attached to the back of this permit. A (DMR) is to be completed and received by this office each month no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Section C.11, Attention: Engineering Branch. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this office does not supply permittees with DMR forms.

Please note Section C.7 on Page 6 of 14 prohibiting the acceptance of new domestic wastewater discharges without prior Office approval.

Please, also, note the attachment to this permit which describes the annual permit fee requirement.

Further, our records indicate that you received your last annual permit fee invoice in February 1999, the anniversary date of your previous permit. Enclosed please find a prorated annual permit fee invoice, which covers the period from February 1999 to the issuance date of this Permit. Your new annual permit fee billing cycle begins on the issuance date of this Permit, and you will not receive your next invoice until the anniversary of this Permit.

All fees are now due, and may be included in one (1) check, or money order, made payable to the WV Division of Environmental Protection. Two (2) copies of the invoice are enclosed. Please return one (1) copy with your remittance to ensure immediate, proper credit to your permit number. If you have any invoice related questions, you may contact Mr. Chris Reger at 304-558-3888, or by TDD at 304-558-2751.

Also, please find attached Administrative Order No. 4267 dated the 23rd day of June, 1999.

Finally, note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Division of Environmental Protection
Office of Water Resources
2006 Robert C. Byrd Drive
Beckley, WV 25801-8320

If you have any questions, please contact Rick Pino of this office (304) 558-8855 or by TDD No. (304) 558-2751.

Very truly yours,

OFFICE OF WATER RESOURCES

Pravin G. Sangani, P. E.
Branch Leader, Permits

PGS:bb

Enclosures

cc: Chris Reger (w/invoice)

WRD 1A-82
Revised 11/97

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No.: WV0020338

Subject: Sewage Facilities

Issue Date: June 23, 1999

Effective Date: July 23, 1999

Expiration Date: June 22, 2004

Supersedes: WV/NPDES Permit No. WV0020338
Issuance Date: February 22, 1990

Location:	Athens	Mercer	Kanawha
	(City)	**(County)**	**(Drainage Basin)**

Outlets: 001

Latitude: 37° 26' 13" N
Longitude: 81° 00' 18" W

To whom it may concern:

This is to certify that Town of Athens
P. O. Box 458
Athens, WV 24712

is hereby granted a NPDES Water Pollution Control Permit to: operate and maintain an existing wastewater collection system, and an existing 0.25 million gallons per day wastewater treatment plant, which are further described as follows:

The wastewater collection system is comprised of approximately 4,000 linear feet of four (4) inch diameter gravity sewer line; 560 linear feet of six (6) inch diameter gravity sewer line; 3,800 linear feet of eight (8) inch diameter gravity sewer line; 1,200 linear feet of twelve (12) inch diameter gravity sewer line; 30 manholes; ten (10) cleanouts; six (6) lift stations; a total of 3,750 linear feet of two (2) inch diameter and four (4) inch diameter force mains and all requisite appurtenances.

(Continued on Page 2)

The wastewater treatment plant is comprised of a grit chamber, a comminutor with a bypass bar screen, a 240,000 gallon aeration chamber, a 54,000 gallon clarifier, a 4,900 gallon chlorine contact chamber, dechlorination facilities, a 2,450 gallon post aeration chamber, two (2) sludge drying beds with a total surface area of 480 square feet and all requisite appurtenances.

The facilities are to serve a population equivalent of approximately 2,400 persons in the Town of Athens including the provision of service to Concord College, and discharge treated wastewater to Laurel Creek (approximately 2.4 miles from its mouth) of Brush Creek of the Bluestone River of the New River of the Kanawha River.

This permit is subject to the following terms and conditions:

The information submitted on, and with, Permit Application No. WV0020338, dated the 8th day of December, 1994 and additional information dated the 9th day of September, 1998 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein, and with other conditions set forth in Sections A, B, C, D, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

A.1. **Discharge Limitations and Monitoring Requirements:**
a) Summer Limitations during the period of May 1 through October 31

During the period beginning July 23, 1999 and lasting through midnight June 22, 2004 the permittee is authorized to discharge from Outlet Number(s) 001 - Discharge from the sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

	Discharge Limitations					Monitoring Requirements	
	(Quantity) lbs/day		Other Units (Specify)				
Effluent Characteristic	Avg. Monthly	Max. Daily	Avg. Monthly	Max. Daily		Measurement Frequency	Sample Type
Flow	N/A	N/A	0.25	N/A	MGD	Continuous	Measured
Biochemical Oxygen Demand (5-Day)	20.9	41.8	10.0	20.0	mg/l	Once/Month	8 Hour Composite
Total Suspended Solids	62.59	125.18	30.0	60.0	mg/l	Once/Month	8 Hour Composite
Ammonia Nitrogen	4.17	8.34	2.0	4.0	mg/l	Once/Month	8 Hour Composite
Fecal Coliform	N/A	N/A	200	400	counts/100ml	Once/Month	Grab
Total Residual Chlorine	N/A	N/A	13.5	27.0	µg/l	Once/Month	Grab
Dissolved Oxygen	Not less than 6.0 mg/l at any given time				mg/l	Once/Month	Grab
Copper, Total Recoverable[1]	Monitor	Monitor	Monitor	Monitor	µg/l	Once/Quarter	8 Hour Composite
Lead, Total Recoverable[1]	Monitor	Monitor	Monitor	Monitor	µg/l	Once/Quarter	8 Hour Composite
Zinc, Total Recoverable[1]	Monitor	Monitor	Monitor	Monitor	µg/l	Once/Quarter	8 Hour Composite

[1]Refer to Section C.12 on Page 7 of 15

The pH shall not be less than 6.0 standard units and not more than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 samples shall be collected at a location immediately preceding disinfection. All other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

MAY.10.2000 4:15PM L A GATES COMPANY NO.260 P.6

..1. **Discharge Limitations and Monitoring Requirements:**
b) Winter Limitations during the period of November 1 through April 30

During the period beginning July 23, 1999 **and lasting through midnight** June 22, 2004 **the permittee is authorized to discharge from Outlet Number(s)** 001 - Discharge from the sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

	Discharge Limitations					Monitoring Requirements	
Effluent Characteristic	(Quantity) lbs/day Avg. Monthly	(Quantity) lbs/day Max. Daily	Other Units (Specify) Avg. Monthly	Other Units (Specify) Max. Daily		Measurement Frequency	Sample Type
Flow	N/A	N/A	0.25	N/A	MGD	Continuous	Measured
Biochemical Oxygen Demand (5-Day)	41.8	83.6	20.0	40.0	mg/l	Once/Month	8 Hour Composite
Total Suspended Solids	62.59	125.18	30.0	60.0	mg/l	Once/Month	8 Hour Composite
Ammonia Nitrogen	8.34	16.68	4.0	8.0	mg/l	Once/Month	8 Hour Composite
Fecal Coliform	N/A	N/A	200	400	counts/100ml	Once/Month	Grab
Total Residual Chlorine	N/A	N/A	13.5	27.0	µg/l	Once/Month	Grab
Dissolved Oxygen	Not less than 6.0 mg/l at any given time				mg/l	Once/Month	Grab
Copper, Total Recoverable[1]	Monitor	Monitor	Monitor	Monitor	µg/l	Once/Quarter	8 Hour Composite
Lead, Total Recoverable[1]	Monitor	Monitor	Monitor	Monitor	µg/l	Once/Quarter	8 Hour Composite
Zinc, Total Recoverable[1]	Monitor	Monitor	Monitor	Monitor	µg/l	Once/Quarter	8 Hour Composite

[1]Refer to Section C.12 on Page 7 of 15

The pH shall not be less than 6.0 standard units and not more than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 samples shall be collected at a location immediately preceding disinfection. All other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

MAY.10.2000 4:16PM L A GATES COMPANY NO.260 P.7

B. SCHEDULE OF COMPLIANCE

1. **The permittee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in this permit in accordance with the following schedule:**

   Effective date of permit.

2. **Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than 14 days following each schedule date.**

C. OTHER REQUIREMENTS

1. The herein described treatment works, structures, electrical, and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level, and operability shall be maintained during the twenty-five (25) year flood level.

2. The entire sewage treatment facility shall be adequately protected by fencing.

3. Continuous maintenance and operation of the listed sewage treatment facility shall be performed by, or supervised by, a certified operator possessing at least a Class II certificate, for Waste Water Treatment Plant Operators, issued by the State of West Virginia.

4. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.

5. The arithmetic mean of values for effluent samples collected in a period of seven (7) consecutive days shall not exceed 15.0 mg/l for five(5) day Biochemical Oxygen Demand (BOD_5), 45.0 mg/l for Total Suspended Solids (TSS) and 3.0 mg/l for Ammonia Nitrogen (NH_3N) during the period of May 1 through October 31 and 30.0 mg/l for BOD_5, 45.0 mg/l TSS and 6.0 mg/l for Ammonia Nitrogen (NH_3N) during the period of November 1 through April 30.

6. The arithmetic mean of the effluent values of the BOD_5 and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of the respective arithmetic mean of the influent values, for this parameter, during the same time period, except as specifically authorized by the permitting authority.

7. The permittee shall not accept any new nondomestic discharges without first obtaining approval from the Chief, of the Office of Water Resources, as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

8. If any existing nondomestic discharge causes, or is suspected of causing, interference or pass through, as defined by 40 CFR Part 403.3, or otherwise violates any provision of 40 CFR Part 403, the permittee shall notify the Chief of such violation, or suspected violation.

9. If any existing nondomestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

10. The permittee shall submit each **month** according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A.1 analytically determined to be in the plant effluent (s). Additional information pertaining to effluent monitoring and reporting can be found in Appendix A, Part III.

11. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

    Chief
    Office of Water Resources
    1201 Greenbrier Street
    Charleston, West Virginia 25311-1088
    Attention: Engineering Branch

C. OTHER REQUIREMENTS (CONTINUED)

12. The analytical test procedures, set forth in 40 CFR Part 136, prescribes colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.

13. The sampling and analyses required, herein, as prescribed in Section A.1, for total residual chlorine, copper, lead, and zinc, shall be conducted in accordance with sample collection, preservation, and analytical procedures specified in 40 CFR Part 136. The permittee shall assure that the test procedure being utilized has an appropriate method detection level (MDL) for the parameters. Analytical test results obtained that are less than the MDL shall, at this time, be reported as less than the MDL on the Discharge Monitoring Reports.

14. The permittee shall perform the analyses of the effluent discharge limitations, as prescribed in Section A.1, for copper, lead, and zinc, for a period of two(2) consecutive years. Thereupon, if compliance with the probable effluent discharge limitations, for these parameters, has been demonstrated, the permittee shall be afforded an opportunity to request a reduction in the measurement frequency for said parameters. Further, if effluent quality is such that pollutants are not potentially present in the effluent in amounts that will violate water quality standards, then the Chief may consider elimination of the prescribed effluent discharge limitation.

15. The permittee shall continue to implement a program to identify and eliminate sources of infiltration and inflow. A written progress report shall be provided on a monthly basis, as an attachment to the Discharge Monitoring Report, detailing what has been performed in relation to the implementation of the infiltration and inflow elimination program. Failure of the permittee to comply with this requirement shall result in subsequent administrative and/or legal action, as may be necessary, in order to obtain the compliance sought herein.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS

1. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

   Chief
   Office of Water Resources
   1201 Greenbrier Street
   Charleston, WV 25311-1088
   Attention: Engineering Branch

2. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

3. The Sewage Sludge Monitoring Report and Land Application Summary forms shall be submitted semiannually. The required reports shall be received no later than 20 days following the end of the reporting period and shall be addressed to the following:

   Chief
   Office of Water Resources
   1201 Greenbrier Street
   Charleston, WV 25311-1088
   Attention: Engineering Branch

   WV Soil Conservation Agency
   Bio-Solids Program
   1900 Kanawha Blvd., East
   Charleston, WV 25305-0193

4. The following method of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

   Land Application: Sewage sludge shall not be applied in a manner or in an amount that would cause the land application site(s) to exceed the annual or lifetime loading rates as listed below. The following site(s) may be used for land application:

Land Application Site(s)	Five(5) Year Cumulative Loading Rate(s) Tons/Acre	Lifetime Loading Rate(s) Tons/Acre
Christine West	2	150

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

5. Sewage sludge shall not be applied to land that has any of the following siting restrictions and/or location standards:

   a) Land that is frozen, snow-covered, or known to be flooded on a regular basis unless the applicant can demonstrate to the Director that the land application will not cause runoff into streams or wetlands.

   b) Land that is within 50 feet of surface water including any streams, springs, ponds, wetlands, or other collection points for surface water.

   c) Land that is within 200 feet of drinking water supply wells or other personal water supply.

   d) Land that is within 200 feet of an occupied dwelling.

   e) Land that is within 50 feet of a federal or state highway.

   f) Land that is within 100 feet of an adjacent property owner's property line.

   g) Land that drains into a sinkhole.

   h) Land that has been tested and determined to have a pH of less than 6.2 SUs, unless the pH is adjusted to 6.2 SUs or greater.

   i) Land that has a slope greater than 15 percent.

   j) Land that has a seasonal high groundwater table less than two(2) feet from the surface.

   k) Land that has less than 6 inches of soil over bedrock or an impervious pan.

   l) Land that contains soil with surface permeability of less than 0.6 inches/hour or greater than 6 inches/hour.

   m) Land that, if sewage sludge was applied, is likely to adversely affect a threatened or endangered species listed under Section 4 of the Endangered Species Act or its designated critical habitat.

6. The following requirements concerning crops grown on land used for application of sewage sludge, the time requirements between application of sewage sludge and the harvesting of crops, and the restrictions on animal grazing and public access shall be met:

   a) Food crops with harvested parts that touch the sewage sludge/soil mixture and are totally above the land surface shall not be harvested for 14 months after application of sewage sludge.

   b) Food crops with harvested parts below the surface of the land shall not be harvested for 20 months after application of sewage sludge when the sewage sludge remains on the land surface for four(4) months or longer prior to incorporation into the soil.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

6. (Continued)

   c) Food crops with harvested parts below the surface of the land shall not be harvested for 38 months after application of sewage sludge when the sewage sludge remains on the land surface for less than four(4) months prior to incorporation into the soil.

   d) Food crops (human consumption), feed crops (animal consumption), and fiber crops shall not be harvested for 30 days after application of sewage sludge.

   e) Animals shall not be allowed to graze on the land for 30 days after application of sewage sludge.

   f) Turf grown on land where sewage sludge is applied shall not be harvested for one(1) year after application of the sewage sludge when the harvested turf is placed on either land with a high potential for public exposure or a lawn, unless otherwise specified by the permitting authority.

   g) Public access to land with a high potential for public exposure shall be restricted for one year after application of sewage sludge.

   h) Public access to land with a low potential for public exposure shall be restricted for 30 days after application of sewage sludge.

7. Sewage sludge shall not be stored at a land application site for a period longer than one week; except, storage can be allowed for a period not to exceed three months when provisions, approved by the Chief of the Office of Water Resources of the Division, are made to prevent leachate runoff to the surface water and/or groundwater.

8. Sewage sludge shall only be land applied during the hours of daylight.

9. Sewage sludge which is land applied shall not contain excessive amounts of other solid waste materials, as defined in Title 33, Series 2, Section 2.34 of the Legislative Rules.

10. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

11. The land application site(s) shall maintain the soil pH at a minimum of 6.2 SUs for at least five(5) years from the date of application. The soil pH and soil nutrients shall be monitored once per year by obtaining a composite sample of each land application site(s). The composite samples shall be made up of a minimum of four(4) aliquots taken at locations equally spaced through the land application site(s). The samples may be analyzed through the WVU Extension Service or by other certified laboratories.

12. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods and pH may be analyzed using EPA Method 9045A. Additionally, Fecal Coliform samples shall be prepared for analysis by using the method described in EPA 625R-92/013, Appendix F.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

13. The following primary method for pathogen reduction shall apply to the sewage sludge or sewage sludge products:

    a) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for at least two(2) hours after the lime addition. The permittee shall record the pH of the sewage sludge at least twice, once upon addition of lime and once two(2) hours after addition.

    b) If compliance cannot be achieved using the primary method for pathogen reduction, then the permittee must obtain approval from the Chief prior to use of a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary pathogen reduction method is granted. The following secondary method for pathogen reduction shall apply to the sewage sludge or sewage sludge products.

    pH Adjustment - Caustic soda is added to maintain the sewage sludge pH above 12.0 SUs for at least two(2) hours after the caustic soda addition. The permittee shall record the pH of the sewage sludge at least twice, once upon addition of caustic soda and once two(2) hours after addition.

14. The following primary method for vector attraction reduction shall apply to the sewage sludge or sewage sludge products:

    a) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for two(2) hours and above 11.5 SUs for 24 hours after the lime addition. The permittee shall record the pH of the sewage sludge at the 0, 2, and 24 hour intervals of treatment, and record the duration of time (hours) that the pH is maintained at or above the specified minimum levels.

    b) If compliance cannot be achieved using the primary method for vector attraction reduction, then the permittee must obtain approval from the Chief prior to using a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary vector attraction method is granted. The following secondary method for vector attraction reduction shall apply to the sewage sludge or sewage sludge products.

    pH Adjustment - Caustic soda is added to maintain the sewage sludge pH above 12.0 SUs for two(2) hours and above 11.5 SUs for 24 hours after the caustic soda addition. The permittee shall record the pH of the sewage sludge at the 0, 2, and 24 hour intervals of treatment, and record the duration of time (hours) that the pH is maintained at or above the specified minimum levels.

15. The permittee shall maintain all records and reports of all monitoring required by Section D of this permit for five(5) years after the date of monitoring or reporting. Records should include all sample results, including pathogen and vector attraction reduction monitoring; land application records, including site maps, the landowner agreement, soil sample results, daily and cumulative sludge loading rate information; copies of all required reports; and records of all data used to complete these reports.

D. - SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

16. The following limitations and monitoring requirements shall apply to the sewage sludge or sewage sludge products:

Parameter	Maximum Allowable Limitations (mg/kg)	Monitoring Frequency	*Sample Type
Arsenic	41	1/6 Months	One Week Comp.
Cadmium	10	1/6 Months	One Week Comp.
Chromium	1000	1/6 Months	One Week Comp.
Copper	1000	1/6 Months	One Week Comp.
Lead	250	1/6 Months	One Week Comp.
Mercury	10	1/6 Months	One Week Comp.
Molybdenum	18	1/6 Months	One Week Comp.
Nickel	200	1/6 Months	One Week Comp.
Selenium	36	1/6 Months	One Week Comp.
Zinc	2500	1/6 Months	One Week Comp.
pH	Monitor	1/6 Months	Grab
Percent Solids	Monitor	1/6 Months	One Week Comp.
Magnesium	Monitor	1/6 Months	One Week Comp.
Potassium	Monitor	1/6 Months	One Week Comp.
Phosphorus	Monitor	1/6 Months	One Week Comp.
Calcium	Monitor	1/6 Months	One Week Comp.
Organic Nitrogen	Monitor	1/6 Months	One Week Comp.
Ammonia Nitrogen	Monitor	1/6 Months	One Week Comp.
Total Nitrogen	Monitor	1/6 Months	One Week Comp.
Fecal Coliform	Monitor	1/6 Months	Grab

* The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

Belt Press or Vacuum Filter - During the week that the composite sample is obtained, the permittee shall take a minimum of three(3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

Liquid Sludge - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

Sewage Sludge Drying Beds - During the week that the composite sample is obtained, the permittee shall take a minimum of four(4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

Composting or Stock Piles - The permittee shall obtain a minimum of eight(8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

17. No single instantaneous grab sample of the final sewage sludge product shall exceed the values listed in Table 2 of the West Virginia Sewage Sludge Management Regulations (Title 33, Series 2).

18. Sewage sludge shall not be land applied in a manner or in an amount that will cause the land application site(s) to exceed the maximum soil concentrations for the following heavy metals:

Parameter	Maximum Allowable Limitations For Soils (mg/kg)
Arsenic	18.0
Cadmium	5.0
Chromium	300.0
Copper	300.0
Lead	70.0
Mercury	2.0
Molybdenum	4.0
Nickel	74.0
Selenium	7.0
Zinc	500.0

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0020338, dated the 8th day of December, 1994; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0020338, dated the 8th day of December, 1994; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Articles 11 and 12 and/or 15 of the Code of West Virginia and is transferable under the terms of Section 11 of Article 11.

By: Barbara E. Taylor
Chief

BST/rlp

AN ORDINANCE PROVIDING FOR THE CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE SYSTEM OF THE TOWN OF ATHENS, WEST VIRGINIA, AND PROVIDING FOR THE ISSUANCE OF A SERIES A REVENUE BOND IN THE PRINCIPAL AMOUNT OF $160,000.00 AND A SERIES B REVENUE BOND IN THE PRINCIPAL AMOUNT OF $57,000.00, OF EQUAL PARITY; SETTING FORTH THE TERMS AND CONDITIONS OF THE BONDS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND INTEREST THEREON FROM THE REVENUES OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF SAID TOWN; AND FOR OTHER PURPOSES

WHEREAS, the Town of Athens, in Mercer County, West Virginia, presently owns and operates a combined waterworks and sewerage system works and facilities (hereinafter in this ordinance sometimes referred to as the "System") supplying water and sewerage service in and to said Town and surrounding territory; and

WHEREAS, the Council of the Town of Athens (hereinafter in this ordinance sometimes referred to as the "Council") has deemed and declared it advisable and necessary in the public interest that said Town construct improvements and extensions to the municipal sewerage system, together with appurtenances necessary or useful in connection therewith, all as contemplated and provided by the report dated February 17, 1965, of Holley, Kenney, Schott, Inc., Consulting Engineers, of Beckley, West Virginia, retained by the Council and generally described as follows:

Construction of interceptor sewers, manholes, pumping station and complete treatment plant with chlorination.

WHEREAS, a grant of $80,000.00 by the Farmers Home Administration, United States Department of Agriculture, and a grant of approximately $101,000.00 by Federal Water Pollution Control of the Department of Interior to be applied toward the cost of construction of improvements and extensions to the said sewerage system have been accepted by the Council; and

WHEREAS, under the provisions of Chapter 8, Article 13 of the West Virginia Code, as amended, the Town of Athens is authorized to construct, improve, and make extensions to its sewerage system, including the acquisition of the necessary land therefor, and is authorized and permitted to issue revenue bonds payable from the revenues of the combined water and sewerage system for the purpose of providing funds to carry out the required construction and acquisition; and

WHEREAS, said Town now has no bonds or other obligations outstanding which are payable from the revenues of the System except the water and sewer bonds issued pursuant to the ordinance adopted by said Town on November 16, 1951.

WHEREAS, it has been demonstrated that the Town is unable to obtain sufficient credit elsewhere to finance its share of the cost in the amount of $237,000.00, taking into consideration prevailing private and cooperative rates and terms currently available, and the Council has determined to issue the Series A bond and the Series B bond hereinafter described to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (hereinafter called the "Government"), as evidence of loans made or insured by the Government pursuant to the provisions of the Consolidated Farmers Home Administration Act of 1961.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF ATHENS, WEST VIRGINIA:

SECTION 1. That all action heretofore taken (not inconsistent with the provisions of this ordinance) by the Council directed toward the construction of the improvements and extensions of the sewerage system and toward the issuance of the Town's two revenue bonds for that purpose be and the same is ratified, approved, and confirmed.

SECTION 2. That the construction of the improvements and extensions to the sewerage system referred to in the preamble of this ordinance together with all appurtenances and acquisitions is hereby ordered at a total cost not to exceed $401,000.00 to be defrayed in part with the proceeds of the Town's two revenue bonds issued pursuant to this ordinance.

SECTION 3. Acting pursuant to Section 4, Article 13, Chapter 8, West Virginia Code, the Council has ascertained and hereby determines that the probable period of usefulness of the contemplated project is a period of 50 years.

SECTION 4. For the purpose of defraying the cost of said improvements and extensions it is hereby declared necessary that the Council make and issue, and there is hereby authorized to be issued, pursuant

to the applicable provisions of Article 13, Chapter 8, West Virginia Code, as amended, two bonds of equal parity, without priority one over the other, as follows:

a. One fully registered amortized Series A bond, without coupons, in the principal amount of $180,000.00, bearing interest at a rate not to exceed 3.75% payable annually. The Series A bond shall be in substantially the form set forth below and shall be payable over a period of 40 years from the date thereof. Prepayments of scheduled installments, or any portion thereof, shall not be made during the first 5 years from the date of the bond. Thereafter, the Town shall have the right to make prepayments at any time.

b. One fully registered amortized Series B bond, without coupons, in the principal amount of $57,000.00, bearing interest at a rate not to exceed 3.75 % payable annually. The Series B bond shall be in substantially the form set forth below and shall be payable over a period of 40 years from the date thereof. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Town.

SECTION 5. The Series A bond and the Series B bond, together with interest thereon, shall be payable solely out of the income and revenue to be derived from the operation of said combined water and sewerage system, a sufficient portion of which, to pay such principal and interest as and when the same shall become due, and reasonable reserves therefor, is pledged and shall be set aside for that purpose as hereinafter more specifically provided for; and in no event shall said bonds be general obligations of said Town nor constitute an indebtedness of said Town within the meaning of the constitutional provisions or limitations.

SECTION 6. The bonds are fully negotiable but shall be registered in the name of the holder in books maintained for that purpose in the office of the recorder for the Town, such registration being noted thereon by the Town Recorder as Bond Registrar, after which no transfer shall be valid unless made on said books and similarly noted on the bonds. No charge shall be made for registration.

SECTION 7. The said bonds shall be executed by the Mayor and sealed with the corporate seal of the Town and attested by the Town Recorder.

SECTION 8. The Series A bond issued pursuant to this ordinance shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF MERCER

TOWN OF ATHENS

WATER AND SEWER REVENUE BOND

SERIES A

$180,000.00

The Town of Athens in the County of Mercer and State of West Virginia, for value received, hereby promises to pay to the registered holder hereof the principal sum of ONE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS ($180,000.00) plus interest on the unpaid principal balance at the rate of three and seventy-five hundredths percent (3.75%) per annum. Principal and interest shall be payable in the following installments on or before the following dates: $_____ January 1, 19____, $_____ January 1, 19____, and $_____ annually thereafter on the first day of January until the principal and interest are fully paid except that the final installment of the indebtedness, if not sooner paid, shall be due and payable forty (40) years from the date of this bond.

Every payment made on this bond shall be applied first to interest computed to the effective date of payment and then to principal.

For so long as payment of this bond is insured by the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government"), for the benefit of the registered holder, payment of the principal and interest shall be made through the Government as collection agent for the registered holder at the Office of the County Supervisor, Farmers Home Administration,

United States Department of Agriculture, serving Mercer County, West Virginia, or at such other place as may be designated by the Government by written notice addressed and mailed to the Town by certified mail at least forty (40) days prior to an installment date date.

Prepayments of scheduled installments, or any portion thereof, shall not be made during the first five (5) years from the date of this bond. Thereafter, the Town shall have the right to make prepayments of scheduled installments, or any portion thereof, at any time. So long as the bond is insured by the Government prepayments made by the Town may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by the Town, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by the Town, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

If and for so long as payment of principal and interest of this bond is insured by the Government, each successive holder of this bond shall be conclusively presumed to have appointed and accepted the Government as the collection agent to receive, and receipt in the Government's name for, payments of interest on and principal of this bond. As between the holder and the Town, for the purposes of the provisions of this bond and the authorizing ordinance, such insurance by the Government shall be conclusively presumed to be and remain in effect so long as a notice of insurance endorsement, executed by the Government, appears on the back of this bond, or until a designated effective date of cancellation of such insurance specified in a cancellation endorsement executed by the Government.

This bond is exempt from taxation by the State of West Virginia and other taxing bodies of the State.

This bond is transferrable as provided in the ordinance by the registered holder hereof only upon books kept by the Bond Registrar.

This bond is issued for the purpose of paying the cost of the improvements and extensions of the sewerage system of the Town under authority of Article 13, Chapter 8 of the Code of West Virginia, as amended, and pursuant to ordinance of said Town duly adopted on the 11th day of September, 19[illegible], and shall be payable solely from the revenues derived from the combined waterworks and sewerage system of the Town and not otherwise and does not constitute an indebtedness of said Town within any constitutional or statutory limitation.

This bond is issued on equal parity with a fully registered revenue bond, designated Series B Water and Sewer Revenue Bond, of even date herewith in the amount of $57,000.00 sold to the Government.

The Town hereby covenants that it will perform all duties required by law and by the ordinance which authorized this bond; that it will construct the improvements and extensions to the sewerage system; that it will fix and maintain rates for the services of the combined waterworks and sewerage system and will collect and account for revenues therefrom sufficient at all times to provide for the payment of principal upon this bond as and when the same become due, and reasonable reserves therefor, and to provide for the operation and maintenance of the combined waterworks and sewerage system and to provide an adequate depreciation fund.

A statutory mortgage lien upon said combined waterworks and sewerage system and all properties connected therewith and extensions thereof is created by Article 13 of Chapter 8 of the West Virginia Code, as amended, in favor of the holder of this bond and said statutory lien is hereby recognized as valid and binding and the combined waterworks and sewerage

system shall remain subject to such statutory mortgage lien until payment in full of the principal and interest of this bond.

It is hereby certified, recited, and represented that all acts, conditions, and things required to exist, to happen, and to be performed precedent to and in the issuance of this bond in order to make the same a valid and binding obligation of said Town do exist, have happened, and have been performed in regular and due time, form, and manner as required by law and for the prompt payment of this bond both as to principal and interest and for the performance in apt time and manner of every official act necessary therefor the full faith and diligence of said Town is hereby irrevocably pledged.

IN WITNESS WHEREOF, the Town of Athens in the State of West Virginia has caused this bond to be signed by its Mayor, its corporate seal to be hereunto affixed and attested by its Town Recorder this _____ day of _____, 19____.

_____
Mayor

(CORPORATE SEAL)

ATTEST:

_____
Town Recorder

(End of Form of Bond)

(Form of notice of insurance to appear on back of bond)

NOTICE OF INSURANCE BY THE UNITED STATES OF AMERICA

Payment of interest on and principal of this bond is insured by the United States of America, acting through the Farmers Home Administraton, United States Department of Agriculture, as evidenced by and in accordance with the terms of a contract of insurance executed by the United States of America on the same date as this notice of insurance. Executed by the United States of America through its undersigned duly authorized officer, this _____ day of _____, 19____.

_____

(Form of notice of registration to appear on back of bond)

REGISTRATION

(No writing hereon except by the Bond Registrar)

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

SECTION 9: The Series B bond issued pursuant to this ordinance shall be in substantially the following form:

Athens, West Virginia

November 26, 1951

The Council of the Town of Athens, West Virginia, met in regular adjourned session at the City Hall in said town, at 7:00 o'clock P.M. The meeting was called to order and there were present R. R. Cook, Mayor, presiding, and the following named Councilmen: Elaine Jennings, D. M. Lytton and A. A. Holden, also A. A. Hurlburt, Recorder.

Absent: W. D. Robertson and H. C. Tin

* * * *

Councilman A. A. Holden introduced and caused to be read in full a proposed ordinance entitled:

> "AN ORDINANCE providing for the acquisition of a waterworks and sewerage system by the Town of Athens, West Virginia; consolidating and combining the waterworks and sewerage systems of said town and constructing extensions and improvements thereto, and providing for the issuance of Water and Sewer Revenue Bonds to the amount of $[illegible]; setting forth the terms and conditions upon which such bonds and any additional bonds payable from the revenues of said consolidated and combined works and system shall be issued and outstanding, and providing for the payment of such bonds and interest thereon from such revenues."

It was moved by Councilman Elaine Jennings; seconded by Councilman D. M. Lytton that all rules be suspended and that said Ordinance be adopted. The Mayor put the question on the motion, and the roll being called thereon, the following voted:

Aye: Elaine Jennings, D. M. Lytton, A. A. Holden

Nay: None.

Thereupon the Mayor declared the motion duly carried and said ordinance duly adopted.

* * * *

On motion and vote the meeting adjourned.

Mayor

Attest:

Recorder

31B

AN ORDINANCE providing for the acquisition of a waterworks and sewerage system by the Town of Athens, West Virginia; consolidating and combining the waterworks and sewerage systems of said Town and constructing extensions and improvements thereto, and providing for the issuance of Water and Sewer Revenue Bonds to the amount of $116,000; setting forth the terms and conditions upon which such bonds and any additional bonds payable from the revenues of said consolidated and combined works and system shall be issued and outstanding, and providing for the payment of such bonds and interest thereon from such revenues.

WHEREAS pursuant to a contract heretofore entered into between the West Virginia Board of Education and the Town of Athens, West Virginia, said town has contracted to acquire by purchase the waterworks and sewerage system now supplying water and sewage treatment service in and to said town and vicinity for public, domestic, commercial and industrial purposes; and

WHEREAS under the provisions of Article 18 of Chapter 8 of the West Virginia Code, as amended, said town is authorized and empowered to acquire said waterworks and sewerage system and thereafter to consolidate and combine the waterworks and sewerage systems of said town and to issue revenue bonds payable as hereinafter provided from the revenues derived from the operation of the consolidated and combined works and system for the purpose of providing funds for such acquisition and to construct extensions and improvements thereto; and

WHEREAS it is the desire and intent that provisions be made in and by this ordinance for confirming the acquisition of such waterworks and sewerage system and consolidating and combining the waterworks and sewerage systems of said town and for the issuance of such revenue bonds of said town in the amount of $116,000 for acquiring said waterworks and sewerage system and thereafter to construct extensions and improvements to the consolidated and combined waterworks and sewerage system, and to provide for the payment of said bonds and interest thereon from the revenues to be derived from

the operation of said consolidated and combined works and system:

NOW, THEREFORE, Be It and It Is Hereby Ordained by the Council of the Town of Athens, West Virginia, as follows:

Section 1. That all proceedings and action heretofore taken whereby the Town of Athens, West Virginia, will acquire the waterworks and sewerage system now supplying water and sewage treatment service in and to said town, and vicinity, for public, domestic, commercial and industrial purposes, is hereby ratified and confirmed, and that after said acquisition, the waterworks and sewerage systems of said town be and the same are hereby included in a consolidated and combined waterworks and sewerage system, all pursuant to and under authority of the provisions of Article 13 of Chapter 8 of the West Virginia Code, as amended. That the waterworks and sewerage system to be acquired as aforesaid is generally described as consisting of the entire waterworks plant and sewage treatment plant presently owned and operated by the West Virginia Board of Education, as detailed in the report dated March 7, 1951, of The Chester Engineers now on file with the Recorder, including an elevated tank of 50,000 gallons capacity, well houses and pumping equipment, transmission main, land on which wells are located, source of supply and water rights, sewage treatment plant and land on which it is located, and 3,400 feet of 8 inch interceptor. The contemplated extensions and improvements to the consolidated and combined waterworks and sewerage system of said town are generally described in a report dated August, 1951 of The Chester Engineers, now on file with the Recorder, as involving the rehabilitation of a 75,000 gallon reservoir, repairs to the pump station, installation of a high service pump, deep well turbine pump and electrical controls and the laying of 4,425 feet of 6 inch C.I. pumping main. The estimated cost of the waterworks and sewerage system to be acquired as aforesaid including engineering, financing, legal and other pertinent costs is $37,900; the estimated cost of said contemplated extensions and improvements

to the consolidated and combined waterworks and sewerage system of said town, including engineering, financing, legal and other pertinent costs in $70,000; thus making the total estimated cost of $116,000 for acquiring said waterworks and sewerage system and constructing said extensions and improvements to said consolidated and combined waterworks and sewerage system. The period of usefulness of the contemplated project is hereby determined and fixed to be not less than thirty-five (35) years.

Section 2. That for the purpose of acquiring the waterworks and sewerage system as aforesaid, and thereafter constructing extensions and improvements to the consolidated and combined waterworks and sewerage system of said town, there are hereby authorized to be issued under the provisions of the Constitution and laws of the State of West Virginia, including Article 13 of Chapter 8 of the West Virginia Code, as amended, Water and Sewer Revenue Bonds of said town in the principal amount of $116,000, dated December 1, 1951, consisting of 116 bonds numbered consecutively from 1 to 116, inclusive, of the denomination of $1,000, bearing interest at the rate of three and three-quarters per cent (3-3/4%) per annum, payable semi-annually on June 1 and December 1 of each year, and maturing in numerical order on December 1 of the respective years as follows:

Year	Amount	Year	Amount
1958	$[illegible]	1967	$4,000
1959	[illegible]	1968	4,000
1960	[illegible]	1969	4,000
1961	[illegible]	1970	4,000
1962	[illegible]	1971	4,000
1963	[illegible]	1972	[illegible]
1964	[illegible]	1973	[illegible]
1965	[illegible]	1974	[illegible]
1966	[illegible]	1975	[illegible]
1967	[illegible]	1976	[illegible]
1968	[illegible]	1977	[illegible]
1969	[illegible]	1978	[illegible]
1970	[illegible]	1979	[illegible]
1971	[illegible]	1980	[illegible]
1972	[illegible]	1981	[illegible]
1973	[illegible]	1982	[illegible]
1974	[illegible]	1983	[illegible]
1975	[illegible]	1984	[illegible]
1976	[illegible]	1985	[illegible]

provided, that said bonds numbered 86 to 116, inclusive, maturing in the years 1993 to 2016, inclusive, will be optional for redemption by said

term, on any interest payment date prior to maturity on or after December 1, 1981, in whole, or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot), upon payment of par and accrued interest, plus a premium of three per cent (3%) of the principal amount thereof if called for redemption on or before December 1, 1976; two per cent (2%) of the principal amount thereof if called for redemption thereafter and on or before December 1, 1979; and one per cent (1%) of the principal amount thereof if called for redemption thereafter and prior to final maturity. Redemption as aforesaid of any or all of said bonds shall be effective upon notice identifying the bonds to be redeemed having been published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York.

Both principal and semi-annual interest shall be payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder of the respective bonds and interest coupons at the principal office of The National City Bank of New York in the City of New York, New York. Said bonds shall be signed by the Mayor and sealed with the corporate seal of said Town and attested by the Town Recorder, and the interest coupons attached to said bonds shall be executed with the facsimile signatures of said Mayor and said Recorder, and said officials, by the execution of said bonds, shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons. All of said bonds, together with the interest thereon, and any additional bonds ranking on a parity therewith that may be hereafter issued under the conditions and restrictions hereinafter set forth, shall be payable only out of the Water and Sewer Revenue Bond and Interest Sinking Fund hereinafter created and shall be a valid claim of the holder thereof only against said fund and the fixed portion or

amount of the revenues of the consolidated and combined waterworks and sewerage system pledged to such fund. The Town of Athens as a municipality shall not be obligated to pay any of said bonds hereby authorized or any interest thereon, except from said fund.

Section 3. That upon presentation at the office of the Recorder of said town of any of said bonds same may be registered as to principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by the Recorder, and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder or back to bearer only upon presentation to the Town Recorder with a legal assignment duly acknowledged or proved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached but such coupons shall be transferable by delivery merely.

Section 4. That said bonds and coupons and provisions for registration shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF MERCER

TOWN OF ATHENS

WATER AND SEWER REVENUE BOND

Number _____ $1,000.

KNOW ALL MEN BY THESE PRESENTS That the Town of Athens, in the County of Mercer and State of West Virginia, for value received, hereby promises to pay to bearer or, if this bond be registered, to the registered holder hereof, as hereinafter provided, out of the special fund hereinafter pledged to, the sum of One Thousand Dollars ($1,000) on the first day of December, 19__, and in like manner to

payable said fund interest on said sum from the date hereof until paid at the rate of three and three-quarters per cent (3-3/4%) per annum, payable semi-annually on the first days of June and December in each year, except as the provisions hereinafter set forth with respect to redemption of bonds prior to maturity may be and become applicable hereto; all such interest accruing on and prior to the maturity date of this bond to be paid upon presentation and surrender of the annexed interest coupons as the same severally mature, both principal and interest being payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder hereof at the principal office of The National City Bank of New York, in the City of New York, New York.

This bond is one of an authorized series numbered 1 to 116, inclusive, in the aggregate principal amount of One Hundred Sixteen Thousand Dollars ($116,000) authorized by ordinance adopted by the Council of said town, for the purpose of acquiring a waterworks and sewerage system for said town, and for the purpose of constructing extensions and improvements to the consolidated and combined waterworks and sewerage system of said town, and this bond has been issued pursuant to and in accordance with the laws of the State of West Virginia including, among others, Article 12 of Chapter 8 of the West Virginia Code, as amended.

The bonds of said series numbered 26 to 116, inclusive, shall be optional for redemption by said town on any interest payment date prior to maturity on or after December 1, 1961, in whole, or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot), upon terms of par and accrued interest, plus a premium of three per cent (3%) of the principal amount thereof if called for redemption on or before December 1, 1966; two per cent (2%) of the principal amount

thereof if called for redemption thereafter and on or before December 1, 1974; and one per cent (1%) of the principal amount thereof if called for redemption thereafter and prior to final maturity. In order to effect such redemption notice thereof identifying the bonds to be redeemed will be published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York. Each and all of said bonds when so called for redemption shall cease to bear interest on such redemption date, provided funds for redeeming such bonds and paying the premium and accrued interest shall have been duly provided.

This bond and the issue of which it forms a part, and including interest thereon, together with any additional bonds ranking on a parity therewith that may be issued under the conditions and restrictions set forth in said ordinance, are payable only from a special fund for that purpose identified as the "Water and Sewer Revenue Bond and Interest Sinking Fund", derived from and secured by a lien upon the revenues of the consolidated and combined waterworks and sewerage system of said town, and this bond does not constitute an indebtedness of the Town of Athens within the meaning of any constitutional or statutory limitation, nor shall said town be obligated to pay said bonds except from said revenues. Said town covenants and recognizes its legal obligation to fix such rates for service of said consolidated and combined waterworks and sewerage system and account for income and revenues therefrom sufficient to promptly pay this bond and the issue of which it forms a part and interest thereon as the same become due.

This bond shall be fully negotiable but may be registered as to principal only in the name of the holder on the books of said

town in the office of its Recorder, such registration being noted hereon by the Recorder, after which no transfer shall be valid unless made on said books and similarly noted on the bond, but may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery but may again be registered as before. The registration of this bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

A statutory mortgage lien upon said consolidated and combined waterworks and sewerage system and all properties connected therewith and extensions thereof and belonging thereto is created by said Article 13 of Chapter 8 of the West Virginia Code, as amended, to and in favor of the holder or holders of the series of bonds of which this bond is one that may be outstanding from time to time, and same is hereby recognized as valid and binding and said properties shall remain subject to such statutory mortgage lien until payment in full of the interest on and principal of all of said bonds.

This bond is exempt from taxation by the State of West Virginia and any county or municipality therein.

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 said town, does not exceed any limit prescribed by the Constitution or Statutes of the State of West Virginia, and that a sufficient portion of the revenues of said consolidated and combined waterworks and sewerage system has been pledged to and will be set aside into said special fund by said town for the payment of this bond and the issue of which it forms

a part and interest thereon as the same become due.

IN WITNESS WHEREOF said Town of Athens, in the State of West Virginia, has caused this bond to be signed by its Mayor and its corporate seal to be hereunto affixed, attested by its Recorder, and the coupons hereto attached to be executed with the facsimile signatures of said Mayor and said Recorder, which officials by the execution of this bond do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, and this bond to be dated the first day of December, 1951.

_____
Mayor

Attest:

_____
Recorder.

(Form of Coupon)

Number __ $_____

On the first day of _____, 19__, the Town of Athens, West Virginia, will pay to bearer _____ Dollars ($_____) out of its "Water and Sewer Revenue Bond and Interest Sinking Fund" at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder, at the principal office of The National City Bank of New York, in the City of New York, New York, as provided in and being interest then due on its Water and Sewer Revenue Bond dated December 1, 1951, Number ___.

_____
Mayor

Attest:

_____
Recorder

(Form of Registration Certificate)

Date of Registration	In Whose Name Registered	Signature of Town Recorder

Section 5. That the bonds hereby authorized be executed as herein provided as soon after the adoption of this ordinance as may be and shall thereupon be sold and delivered to The W. C. Thornburgh Co. of Cincinnati, Ohio, pursuant to the agreement entered into under date of March 9, 19[illegible], for the purchase of said bonds, the terms and conditions of which agreement are in all respects hereby ratified and confirmed and found to be for the best interest of said town and to represent a sale of said bonds upon a net interest cost basis of less than the statutory maximum of six per cent per annum. Simultaneously with the issuance of said bonds a sufficient portion of the proceeds therefrom, exclusive of accrued interest, shall be applied in paying the purchase price and cost of purchasing the waterworks and sewerage system from the West Virginia Board of Education, and the balance of the proceeds of the bonds hereby authorized, exclusive of accrued interest and except as hereinafter otherwise provided, shall be applied to the extent necessary in paying the cost of constructing extensions and improvements to the consolidated and combined waterworks and sewerage system of said town; provided that interest accruing on said bonds during such construction shall be deemed an item of construction cost and to the extent such interest is not paid from revenues it shall be paid from the proceeds of said bonds. All sums received as accrued interest shall be deposited in the Water and Sewer Revenue Fund and Interest Sinking Fund.

Section 6. From and after the delivery of any bonds issued under the provisions of this ordinance the consolidated and combined waterworks and sewerage system of said town shall be continuously operated as a revenue producing undertaking and the income and revenues from such operation shall be set aside into a separate and special fund hereby created and designated as the "Water and Sewer Revenue Fund" and shall be used and apportioned as follows:

There is hereby created, and so long as any of the bonds hereby authorized are outstanding, there shall be maintained a special fund to be known as the "Water and Sewer Revenue Bond Interest and Sinking Fund" (sometimes hereinafter referred to as the "sinking fund") into which there shall be set aside from said income and revenues in equal monthly installments such portion thereof as will be sufficient to pay the principal of and interest on the bonds issued hereunder, and any additional bonds ranking on a parity therewith as may be issued and outstanding under the conditions and provisions of said ordinance, and to create a margin of safety. It is hereby determined and agreed that commencing as of December 1, 1951 there shall be so set aside and paid into the sinking fund on or before the tenth day of each month out of said Water and Sewer Revenue Fund an amount equal to at least (1) one-sixth of the amount of interest becoming due on the next succeeding interest payment date; provided that commencing December 1, 1952 there shall be so set aside and paid into said sinking fund each month out of said Water and Sewer Revenue Fund an amount equal to at least (1) one-fifth of the amount of interest becoming due on said bonds on the next succeeding interest payment date, plus (2) one-tenth of the amount of principal of said bonds becoming due during the next succeeding twelve months; provided, that when

and so long as there has been accumulated and is retained in said sinking fund sufficient moneys to pay the amount of interest and principal becoming due on said bonds during the next succeeding twenty-four months then the amount to be so set aside and paid into said sinking fund may be reduced to one-sixth of the amount of interest and one-twelfth of the amount of principal respectively, as hereinbefore otherwise provided. No further payments need be made into said sinking fund after and so long as such amount of the bonds shall have been retired that the amount then held in said sinking fund is equal to the entire amount required for retirement of said bonds and to pay all interest that will have accrued and become due at the time of such retirement.

The undertaking to transfer and pay the prescribed amounts from said Water and Sewer Revenue Fund into said sinking fund shall be cumulative so that in the event the income and revenues during any month are inadequate to make the required transfer and payment, or if for any other reason there be a failure to make such transfer and payment, the deficiency shall be made up from the first available income and revenues thereafter received and the same shall be in addition to the amounts otherwise provided to be transferred and paid into said sinking fund.

Said sinking fund shall be used solely and only and is hereby pledged for the purpose of paying the interest on and accomplishing the retirement of the bonds herein authorized. As and when funds are so set aside and paid into said sinking fund they shall be remitted to the State Sinking Fund Commission of West Virginia with appropriate instructions as to the use and application thereof.

There shall be and there is hereby created, and there shall be maintained, a special fund to be known as the "Water and

Sewer Maintenance and Operation Fund" into which there shall be next transferred and paid from said Water and Sewer Revenue Fund each month an amount sufficient to pay all reasonable and proper expenses of operation, repair and maintenance of said consolidated and combined waterworks and sewerage system for such month and from which disbursements shall be made only for that purpose. If in any month for any reason there is a failure to transfer and pay the required amount into said maintenance and operation fund then the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into said fund in the next succeeding month. Final annual charges, such as insurance and the cost of major repair and maintenance expenses, may be computed and set up on an annual basis and one-twelfth of the amount thereof may be accumulated in said maintenance and operation fund each month. Disbursements from said operation and maintenance fund shall include salaries, wages, cost of maintenance, repair and operation, materials and supplies, pumping costs, and insurance.

There is hereby created a special fund to be designated "Depreciation Fund", and whenever there shall remain in said Water and Sewer Revenue Fund after making the transfers and payments hereinbefore specified into the sinking fund and maintenance and operation fund a balance in excess of the amount estimated to be in like manner transferred and paid into said funds during the succeeding three months such excess shall be transferred and paid into said Depreciation Fund until the amount in said fund shall aggregate $[illegible],000, and whenever withdrawals are made from said fund so as to reduce the balance therein to less than $[illegible],000 the transfers and payments shall continue so as to restore the amount therein to at least $[illegible],000. All funds in said Depreciation Fund shall be kept apart from all other municipal funds, or all or any part of said fund may be invested in bonds or other direct or fully

guaranteed obligations of the United States of America maturing or being subject to retirement at the option of the holder within not more than ten years from the date of such investment. Withdrawals and disbursements may be made from said Depreciation Fund for renewals or replacements to the waterworks or for improvements, betterments or extensions thereof.

Whenever all of the required and provided transfers and payments from said Water and Sewer Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Water and Sewer Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into said special funds during the succeeding three months, such excess may be withdrawn and used for the purchase or retirement of bonds in advance of maturity, or shall be subject to withdrawal and disbursement on order of the Council of said town for any lawful purpose.

Section 7. While any of the bonds authorized hereunder remain outstanding and unpaid it is further covenanted and agreed by said town with the holders thereof that it will perform all duties with reference to said consolidated and combined system required hereunder and by the Constitution and the Statutes of the State of West Virginia, and said town hereby irrevocably covenants, binds and obligates itself not to sell, lease, or in any manner dispose of said system or charter the same until all the bonds issued hereunder shall have been paid in full, both principal and interest, or unless and until provision shall have been made for the payment of said bonds and the interest thereon in full, and said town further covenants and agrees with the holders of said bonds to maintain in good condition and to operate said system and establish and maintain such and equitable rates or charges for the use and service rendered thereby, so that the aggregate of such

rates and charges shall always be sufficient at all times to meet the payments provided for in section 6 hereof.

Section 8. The bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of said consolidated and combined system, regardless of the time or times of their issuance, it being the intention of the Council that there shall be no priority among the bonds authorized to be issued under the provisions of this ordinance, regardless of the fact that they may be actually issued and delivered at different times, and that the lien and security of and for any other bonds or obligations hereafter issued that are payable from said income or revenues shall be subject to the priority of the bonds hereby authorized as may from time to time be outstanding; provided, however, said town hereby reserves the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said consolidated and combined system ranking on a parity with the bonds herein authorized in order to pay the costs of extensions, improvements and betterments to said system, but before any such additional bonds ranking on a parity may be so issued there shall have been prepared and filed with the Town Recorder a statement by an independent certified public accountant not in the regular employ of the town, resulting the conclusion based upon the necessary investigation that the net annual income and revenues of said system for the preceding calendar year was equal to at least one and one-third times the maximum amount that will become due in any calendar year for both principal and interest on the bonds then outstanding and the parity bonds then proposed to be issued; provided also, that the foregoing notwithstanding, such parity bonds shall be contractually as to Item 1 and Item 2 of each year, and the subsch-

pal maturities of any such additional bonds shall be on December 1 of the year in which any such principal is scheduled to become due. The term "net annual income and revenues," hereinbefore used, is hereby defined as gross income and revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs, and insurance, as well as all other items which are normally and regularly included under operating expenses by recognized accounting practices.

Section 2. So long as any of the bonds shall remain outstanding the town shall:

(a) Keep proper records and accounts (separate from all other records and accounts), in which complete and correct entries shall be made of all transactions relating to said system. The town shall furnish to any holder of any of the bonds at the written request of such holder, not more than thirty days after the close of each six months' fiscal period, complete operating and income statements, in reasonable detail, covering such six months' period and not more than sixty days after the close of each fiscal year a complete financial statement in reasonable detail covering such fiscal year, certified by the Recorder; and

(b) Grant to any holder or holders of any of said bonds the right, at all reasonable times, to inspect all records, accounts and data of the said town relating to said system, and any other information which may be reasonably requested; and

(c) Keep the operation of the system and the property constituting it insured in responsible insurance companies to the extent similar insurance would ordinarily be carried if the system and property was privately owned. All expenses and costs of insurance shall be an expense of operation and maintenance.

Section 10. While the bonds authorized hereunder or any of them remain outstanding and unpaid the rates for all services rendered by the said consolidated and combined waterworks and sewerage system to said town and to its citizens, corporations or others whose property is connected thereto, shall be reasonable and just, taking into account and consideration the cost and value of said system and the cost of maintaining and operating the same and the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all bonds and the accruing interest on all such bonds, and there shall be charged against all such citizens, corporations and others and including said town, such rates and amounts for water and for sewer service as shall be adequate to meet the requirements of this and the preceding sections hereof. Compensation for any services rendered to said town shall be charged against the town and payment for same from the corporate funds shall be made monthly into the special fund created by this ordinance as other income and revenues, and shall be apportioned to operation and maintenance, depreciation and bond and interest sinking funds as such other income and revenues.

Section 11. That for the further protection of the holders of the bonds herein authorized to be issued and the coupons thereto attached, a statutory mortgage lien upon said combined waterworks and sewerage system and all properties connected therewith and extensions thereof and belonging thereto is created and created by Article 14 of Chapter 2 of the Code [illegible], as amended, which said statutory mortgage lien is hereby recognized and declared to be valid and binding upon the Town of Athens, and all the property constituting the consolidated and combined waterworks and sewerage system of said town as provided by law, and

shall take effect immediately upon the delivery of any bonds authorized to be issued under the provisions of this ordinance. Any holder of said bonds or of any of the coupons may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect the statutory mortgage lien hereby conferred, and may by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required by law and this ordinance, including the making and collecting of sufficient rates and segregation of the income and revenues and the application thereof.

If there be any default in the payment of the principal of or interest on any of said bonds then, upon the filing of suit by any holder of said bonds or of any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer said system on behalf of the town with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against said system, and for the payment of the operating expenses, and to apply the income and revenues in conformity with this ordinance and the provisions of said statutory laws of West Virginia aforesaid.

Section 12. The provisions of this ordinance shall constitute a contract between the town and the holders of the bonds herein authorized to be issued, and after the issuance of any of the bonds no change, variation or alteration of any kind of the provisions of this ordinance shall be made in any manner except as herein provided until such time as all of said bonds issued hereunder and the interest thereon have been paid in full.

Section 13. That all acts heretofore performed and proceedings heretofore taken not inconsistent with the provisions of this ordinance with respect to the operation of the system as a

establishing and operating municipal public works and enterprise, with regard to the establishment and maintenance of a schedule of current rates and charges for the use and services of said system and for the collection annually of adequate rates and charges aforesaid are hereby ratified and confirmed as applicable to the bonds hereby authorized, and it is certified that all acts required to be performed and proceedings required to be taken for the issuance and delivery of bonds as herein contemplated, have been duly and legally performed and taken in the manner and form required by law, and particularly Article 13 of Chapter 8 of the West Virginia Code, as amended. All provisions of law and proceedings of the Council of said town pertaining to the security and to the source and enforcement of payment of the bonds hereby authorized shall prevail and be applicable to said bonds although such provisions are not set within this ordinance.

Section 9. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 10. All ordinances, resolutions and orders, or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 11. Inasmuch as there is no newspaper published in the Town of Athens, the Recorder is hereby authorized and directed to cause this ordinance to be posted in at least three (3) public places in said town, and this ordinance shall be in full force and effect ten (10) days after such posting.

Adopted and approved, _____, 1984.

_____

Attest:

_____

TOWN OF ATHENS

$1,376,000 Water and Sewer Revenue Bond,
Series 1975

BOND ORDINANCE

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TOWN OF ATHENS

ORDINANCE AUTHORIZING THE ISSUANCE OF A $1,376,000 WATER AND SEWER REVENUE BOND, SERIES 1975, OF THE TOWN OF ATHENS TO FINANCE IMPROVEMENT OF AN EXISTING WATERWORKS OF THE TOWN; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR RATES FOR THE SERVICES OF THE WATERWORKS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF ATHENS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is enacted pursuant to the provisions of Article 20, Chapter 8 of the West Virginia Code and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Town of Athens (herein called the "Town"), in the County of Mercer, State of West Virginia, now owns a public waterworks, but the waterworks is inadequate to meet the needs of the public served by it.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Town and, accordingly, it is hereby ordered that the Town construct and acquire improvements and additions to the waterworks consisting of water storage and distribution facilities, with all necessary appurtenant facilities (such improvements and additions to the waterworks being called the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder.

(C) It is necessary for the Town to issue its revenue bond in the principal amount of $1,376,000 to finance the costs of acquisition and construction of the Project, in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is $2,856,500, of which $1,376,000 will be obtained from the proceeds of sale of the Bond herein authorized, $1,180,500 from a grant by the Economic Development Administration of the United States Department of Commerce and the balance of $300,000 from a grant by Appalachian Regional Commission.

(E) The costs of such acquisition and construction of the Project shall be deemed to include, without being limited to, the construction and acquisition of the additions, extensions and improvements for the existing waterworks; the acquisition of any necessary additional property, real or personal, or interest therein; interest on the 1957 Bond during and for six months after the estimated completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

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

(G) There are outstanding on the date of enactment hereof the Water and Sewer Revenue Bonds of the Town, dated as of the first day of December, 1951, in the aggregate principal amount of $39,000, maturing December 1 in years 1975 to 1981, inclusive (herein called the "1951 Bonds"). The 1951 Bonds will have priority over the 1975 Bond as to lien and source of and security for payment. There are also outstanding on said date an issue of Water and Sewer Revenue Bonds of the Town dated the

15th day of November, 1967 (herein called the "1967 Bonds"), Series A of such issue in the original aggregate principal amount of $180,000 and Series B of such issue in the original aggregate principal amount of $57,000. The 1975 Bond will be on a parity in all respects with the 1967 Bonds, Series A and Series B. Farmers Home Administration is the holder or insurer of the 1967 Bonds, Series A and Series B, and has consented to the issuance of the 1975 Bond on a parity with the 1967 Bonds and to the enactment of this Ordinance, a copy of which has been seen by Farmers Home Administration prior to the enactment hereof.

(H) The Town, by the 1951 Ordinance, combined the waterworks and sewerage systems, which were acquired and improved with the proceeds of sale of the 1951 Bonds, into a combined waterworks and sewerage system (herein called the "System") pursuant to the Act. The 1951 Bonds and the 1967 Bonds outstanding, together with the 1975 Bond, will be payable from the revenues of the System as in the 1951 and 1967 Ordinances and herein provided, the 1951 Bonds being senior to the 1967 Bonds and the 1975 Bond.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the holder thereof from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholder, and the covenants and agreements herein set forth to be performed by the Town shall be for the benefit, protection and security of the legal holder of the Bond.

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

"Act" means Article 20, Chapter 8 of the West Virginia Code.

"Bond" means the $1,376,000 Water Revenue Bond, Series 1975, originally authorized to be issued pursuant to this Ordinance, and also includes any additional Bonds hereafter issued on a parity with the

1975 Bond within the terms, restrictions and conditions contained in this Ordinance, and the interest coupons appertaining to such additional parity Bonds.

"Bonds", without other description, means the 1951, 1967 and 1975 Bonds and any additional bonds issued pursuant hereto.

"1975 Bond" means the Bond hereby authorized to be issued initially.

"1951 Bonds" and "1967 Bonds" shall have the meanings set forth in Section 1.02(G) hereof.

"Consulting Engineer" means Holley, Kenney, Schott, Inc., Beckley, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineer for the System.

"Facilities" means all the facilities of the System initially consisting of the existing waterworks as expanded by the Project, and the sewerage facilities and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Herein" means in this Ordinance.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer, or of any coupons representing interest accrued or to accrue on said Bonds.

"Mayor" means the Mayor of the Town.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Town relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"1951 Ordinance" means the Ordinance enacted by the Town on November 16, 1951, authorizing issuance of the 1951 Bonds in the original aggregate principal amount of $116,000.

"1967 Ordinance" means the Ordinance enacted by the Town on the 11th day of September, 1967, providing for issuance of the 1967 Bonds, Series A in the original aggregate principal amount of $180,000, and Series B in the original aggregate principal amount of $57,000.

"Original Purchaser" means the purchaser, directly from the Town, of any series of Bonds issued pursuant hereto, or any part of any such series.

"Project" shall have the meaning stated above in Section 1.02(B).

"Recorder" means the Recorder of the Town.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Town, or accrued to the Town, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"System" means the combined waterworks and sewerage system of the Town, including all water and sewerage facilities owned by the Town and as expanded and improved by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

"Town" means the Town of Athens in Mercer County, West Virginia, and, where appropriate, also means the Common Council thereof and any department, board, agency or instrumentality thereof in control of the management and operation of the System.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of 1975 Bond. Subject and pursuant to the provisions hereof, the Bond of the Town to be known as "Water and Sewer Revenue Bond, Series 1975" is hereby authorized to be issued in the principal amount of not exceeding One Million Three Hundred Seventy-Six Thousand Dollars ($1,376,000) for the purpose of financing the costs of the construction and acquisition of the Project.

Section 2.02. Description of 1975 Bond. The 1975 Bond shall be issued in single form, shall be dated on the date of delivery thereof, and shall bear interest from date of delivery at the rate of five per centum (5%) per annum. The price for the 1975 Bond shall be the par value thereof.

The 1975 Bond shall be payable in monthly installments covering principal and interest in accordance with and as shown in the form hereinafter set forth.

The 1975 Bond shall be payable in advance in whole or in part, without premium, at any time, at the option of the Town.

The 1975 Bond shall be payable with respect to both principal and interest in lawful money of the United States of America at the National Finance Office of the Farmers Home Administration, United States Department of Agriculture, St. Louis, Missouri 63103, or at such other place as the Government may designate in writing.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Town by the Mayor and the corporate seal of the Town shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer before the Bond so signed and sealed shall have been actually sold and delivered, such Bond may nevertheless be sold and

delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. The Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, Stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and (except as to the Government) upon the holder's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may require. Any Bond so surrendered shall be canceled and held for the account of the Town. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues and Statutory Mortgage Lien. The payment of the debt service of the Bond shall be secured forthwith equally and ratably, in addition to the statutory mortgage lien provided by the Act, by a lien on the revenues derived from the System, which lien shall be subject to the prior and superior lien for the 1951 Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments into the Sinking Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided and subject to such priority for the 1951 Bonds. The 1967 Bonds and the 1975

Bond are on a parity as to liens and source of and security for payment.

A statutory mortgage lien is granted by the Act and the 1975 Bond and the 1967 Bonds shall be additionally secured thereby, on a parity, and subject to the priority for the 1951 Bonds.

Section 2.06. Form of 1975 Bond. Subject to the provisions hereof, the text of the 1975 Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Ordinance or any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

(Form of Bond)

TOWN OF ATHENS

WATER AND SEWER REVENUE BOND
SERIES 1975

No. 1

$1,376,000 Date: _____

FOR VALUE RECEIVED, the TOWN OF ATHENS (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million Three Hundred Seventy-Six Thousand Dollars ($1,376,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $6,742 covering principal and interest, on the first day of each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate

as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions to the waterworks of the Borrower is payable solely from the revenues to be derived from the operation of the waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act"), and represents the entire Series 1975.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made

or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens and source of and security for payment with the Water and Sewer Revenue Bonds of the Town, Series A and Series B, dated the 15th day of November, 1967 (the "1967 Bonds"), and this Bond and the 1967 Bonds are junior and subordinate, as to liens security and in all other respects, to the outstanding Water and Sewer Revenue Bonds of the Town dated as of the first day of December, 1951.

[CORPORATE SEAL]

TOWN OF ATHENS
(Name of Borrower)

ATTEST:

(Signature of Executive Official)

Mayor
(Title of Executive Official)

(Signature of Attesting Official)

Municipal Building
(Post Office Box No. or Street Address)

Recorder
(Title of Attesting Official)

Athens, West Virginia 24712
(City, State and Zip Code)

RECORD OF ADVANCES

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

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

1975 BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. 1975 Bond Proceeds; Project Construction Account. All moneys received from the sale of the 1975 Bond and all moneys received under any construction loan or grant, except as may be otherwise provided in this Section, shall be deposited on receipt by the Town in Bank of Athens, Athens, West Virginia (the "Bank"), a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "Town of Athens Waterworks Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Town solely for the purchase of the existing waterworks and payment of the costs of the Project as provided herein.

Until completion of construction of the Project, the Town will transfer from the Project Construction Account and deposit in the Sinking Fund monthly such sums as shall be from time to time required to pay the monthly interest installments on the 1975 Bond as herein and in the Bond provided.

If the Town shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Town may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be promptly transferred to and deposited in the Reserve Account with directions that such funds be used immediately to the extent feasible to prepay the latest maturing installments on the 1975 Bond and any residue shall be deposited in the Sinking Fund.

Section 3.02. Covenants as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account, hereinafter established, a sum sufficient to pay, when due or at the earliest practical redemption date, the entire principal of the Bonds remaining unpaid together with interest accrued and to accrue thereon, the Town further covenants with the holders of any and all Bonds issued pursuant hereto as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, except as otherwise provided herein, shall be deposited as collected by the Town in a special fund known as the "Water and Sewer Revenue Fund" (the "Revenue Fund"), established with the said Bank by the 1951 Ordinance. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Town and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) So long as any of the 1951 Bonds remain outstanding and unpaid or until provision for payment of the 1951 Bonds and the interest thereon and any applicable redemption premiums has been made in full by

deposit of the necessary funds with the State Sinking Fund Commission, the Town shall first dispose of revenues on deposit in the Revenue Fund as provided in this subsection (1) below:

Prior to the date of enactment of this Ordinance the Town has deposited in the Water and Sewer Revenue Bond Interest and Sinking Fund (herein called the "1951 Sinking Fund") established by the 1951 Ordinance with the State Sinking Fund Commission a sum equal to the amount of interest and principal becoming due on the 1951 Bonds during the next succeeding twenty-four months. In the event that moneys retained and maintained in the 1951 Sinking Fund should at any time be less than a sum sufficient to pay the amount of interest and principal becoming due on the 1951 Bonds during the next succeeding twenty-four months, the Town shall deposit from the Revenue Fund from the first moneys available the funds necessary to restore such sum to be retained and maintained in the 1951 Sinking Fund.

(2) The Town shall first, each month, subject to the provisions of subsection (1) above, transfer from the Revenue Fund for transmittal to the State Sinking Fund Commission for deposit into the 1951 Sinking Fund one-sixth of the amount required to pay the interest becoming due on the 1951 Bonds on the next interest payment date therefor and one-twelfth of the amount required to pay the principal maturing on the 1951 Bonds on the next December 1. The Town shall also, each month, and at the same time as the transfers above described in this subsection (2) are made, transfer from the Revenue Fund to the Sinking Fund, hereby established with said Bank for payment of principal of and interest on the 1975 Bond and the 1967 Bonds, the moneys required to be paid from the Sinking Fund to the National Finance Office referred to in the 1975 Bond pursuant to this subsection (2). Payments from the Sinking Fund to the National Finance Office for the 1967 Bonds shall be in accordance with the provisions of the 1967 Bonds and later instructions of the Government. For the first twenty-four months after the date of the 1975 Bond, the

Town shall also transfer from the Sinking Fund and remit to the said National Finance Office the monthly interest amortization installment on the 1975 Bond, and thereafter, for the 1975 Bond, the Town shall remit to said National Finance Office from the Sinking Fund on the first day of each month the amount provided in the 1975 Bond to pay the interest on and the principal of the 1975 Bond. Payment of principal of and interest on the 1951 Bonds shall have priority over any payment upon the 1967 Bonds and the 1975 Bond and any additional parity Bonds issued pursuant hereto.

The Town shall also remit to the State Sinking Fund Commission and said Bank from time to time such amounts as shall be required to pay the fiscal charges due to Paying Agents for paying any of the Bonds and the interest thereon.

(3) The Town shall next, each month, transfer from the Revenue Fund and deposit into the Water and Sewer Maintenance and Operation Fund (herein called the "Operation Fund") established by the 1951 Ordinance and maintained in said Bank, an amount sufficient to pay all reasonable and proper expenses of operation, repair and maintenance of the System for such month. Fixed annual charges, such as insurance and the cost of major repairs and maintenance expenses, may be computed and set up on an annual basis and one-twelfth of the amount thereof may be accumulated in the Operation Fund each month, as permitted in the 1951 Ordinance.

(4) The Town shall next, each month, transfer from the Revenue Fund and deposit into the Reserve Account hereby established in the Sinking Fund one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1967 and 1975 Bonds outstanding ($674 monthly for the 1975 Bond and $150 monthly for the 1967 Bonds), until the amount in the Reserve Account equals such maximum annual aggregate amount of principal and interest. After such amount has been accumulated in the Reserve Account the Town shall monthly transfer to the

Reserve Account such part of the moneys remaining in the Revenue Fund after provision for payment for maturing interest of and principal on the 1967 and 1975 Bonds as shall be required to maintain such amount in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund for payment of the principal of and interest on the 1967 and 1975 Bonds as the same shall mature and become due, or for mandatory redemption as hereinafter provided, and for no other purpose.

(5) The Town shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Fund established by the 1951 Ordinance and now maintained with said Bank the excess remaining in the Revenue Fund above the amounts required to be paid over to the State Sinking Fund Commission and into the Sinking Fund, the Reserve Account therein and the Operation Fund during the succeeding three months until there has been accumulated in the Depreciation Fund the sum of at least $90,000. Whenever withdrawals are made from the Depreciation Fund to reduce the balance therein below $90,000, the Town shall, each month, deposit such excess remaining in the Revenue Fund into the Depreciation Fund until the amount therein has been restored to the sum of at least $90,000. Moneys in the Depreciation Fund shall first be used to make up any deficiency in the 1951 Sinking Fund or the Sinking Fund or the Reserve Account therein, and next may be used for renewals or replacements to the System or for improvements, betterments and extensions thereof.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein in excess of the amount permitted to be retained therein, may be used to redeem Bonds outstanding, the 1951 Bonds to be first redeemed, or for any lawful purpose.

Whenever the moneys in the Sinking Fund and in the Reserve Account shall be sufficient to pay all 1975 and 1967 Bonds outstanding, it shall be the mandatory duty of the Town, anything to the contrary in this

Ordinance notwithstanding, to direct the Recorder to arrange payment of all outstanding 1975 and 1967 Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank of Athens is hereby designated as the Fiscal Agent for the administration of the Sinking Fund and the Reserve Account as herein provided, and all amounts required therefor will be transferred to the Sinking Fund from the Revenue Fund by the Town at the times provided herein.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Bondholders shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Sinking Fund, the Reserve Account and the Depreciation Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

The Town shall keep the moneys in the Reserve Account and the Depreciation Fund invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

(C) Initial Deposit in Revenue Fund. Prior to issuance of the 1975 Bonds, the Town shall have signed agreements with at least 74 bona fide new users and shall collect as connection fees at $25 each the aggregate sum of not less than $1,850, which sum shall be deposited in the Revenue Fund.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account a sum sufficient to pay when due, or redeem or purchase prior to maturity, the entire principal of the 1967 and 1975 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Town and the Bondholders.

Section 4.02. Rates. The Town will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on all Bonds outstanding and to make the payments required herein to be made into the Sinking Fund, the Reserve Account and the Depreciation Fund, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government, which consent will cover use of any proceeds of such disposition.

Section 4.04. Covenant Against Encumbrances. The Town will not issue any obligations whatsoever, except additional parity Bonds hereinafter provided for, 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 1967 and 1975 Bonds; and all obligations hereafter issued by the Town 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 1967 and 1975 Bonds. The Town will not issue any bonds on a parity with the 1951 Bonds.

Except as herein provided as to additional parity Bonds, the Town will 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 1967 and 1975 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged hereby as security therefor, or upon the System or any part thereof.

Section 4.05. Issuance of Additional Parity Bonds. No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant hereto, except under the conditions and in the manner herein provided.

(A) No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions and improvements to the System or refunding Bonds issued hereunder, except as provided in subsection (G) of this Section.

(B) No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written certification by a certified public accountant not in the regular employ of the Town based upon the necessary investigation, reciting the conclusion that the net revenues, as defined herein, actually derived from the System during the fiscal year immediately preceding the date of the issuance of such additional parity Bonds, shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bonds

then outstanding and on the additional parity Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each Series of the then outstanding Bonds issued pursuant hereto.

(C) Prior to the issuance of any such additional parity Bonds, the Town shall have entered into written contracts for the immediate acquisition or construction of such additions, extensions or improvements to the System which are to be financed by such additional parity Bonds.

(D) The term "additional parity Bonds", as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the revenues of the System on a parity with the 1975 and the 1967 Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holder of the 1967 and 1975 Bonds and the holders of any additional parity Bonds subsequently issued within the limitations of and in compliance with this Section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System, and their source of and security for payment from said revenues, without preference of any Bond or coupon over any other. The Town shall comply fully with all the increased payments into the various funds created herein required for such additional parity Bonds, in addition to the payments required for Bonds originally issued hereunder. Redemption of Bonds prior to maturity in the event that the 1967 and the 1975 Bonds and additional parity Bonds hereby authorized are outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each issue.

(E) No additional parity Bonds shall be issued at any time unless all the payments into the respective Funds provided for herein

on Bonds then outstanding and all other payments provided for herein shall have been made or paid up as required to the date of issuance of the additional parity Bonds and the Town shall have fully complied with all the covenants, agreements and terms hereof or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of the Government and anything to the contrary in subsections (A), (B) and (C) of this Section notwithstanding, additional parity Bonds may be authorized and issued by the Town pursuant to supplemental ordinance in the event that the 1975 Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction of the Project. Any such additional parity Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such additional parity Bonds shall be in years and amounts suggested by the Government.

Section 4.06. Insurance and Bonds. The Town hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Town will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Town will itself, or will require each contractor contracting directly with the Town to, obtain and maintain builder's risk insurance to protect the interests of the Town during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the Town from claims for bodily injury and/or death and not less than $50,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Town is operated for the benefit of the Town with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the Town from claims for bodily injury and/or death, and not less than $50,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of or for the System Eligible Therefor; and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Town ("prime contractor") and such payment bonds will be filed with the Clerk of the County Court of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund 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, and initially in the amount of $5,000 upon the Recorder, provided, however, that no bond shall be required insofar as custody of the Project Construction

Account is concerned.

Flood Insurance, if National Flood Insurance is available, must be purchased with coverage to the extent available.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds any of the Bonds, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Town and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or by proceedings for redemption or otherwise;

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Town in the Bonds or herein, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation excluding those covered in (A) and (B) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the Town by any Bondholder specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by

an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the Town and the System. The receiver so appointed shall administer the System on behalf of the Town, shall exercise all the rights and powers of the Town with respect to the System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. No Priority Between 1967 and 1975 Bonds. The 1967 and the 1975 Bonds shall not be entitled to priority one over the other in the application of the revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention hereof that there shall be no priority among such 1967 and 1975 Bonds. The 1951 Bonds are entitled to priority in all respects over the 1967 and 1975 Bonds.

Section 4.10. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Town agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Council. Copies of each Annual Budget shall be delivered to the Government, by the beginning of each fiscal year and shall be mailed

to those Bondholders who shall have filed their names and addresses with the Recorder for such purpose.

If for any reason the Town shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Town. Each such Budget of Current Expenses shall be delivered and mailed immediately as in the case of the Annual Budget.

Section 4.11. Covenant to Proceed and Complete. The Town hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of enactment hereof, subject to permitted changes.

Section 4.12. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Town relating thereto.

The Town shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and shall make available the report of said accountants at all reasonable times to any holder or

holders of the Bonds, or any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder, Bondholders or customer. The Government, so long as it holds all the 1967 and 1975 Bonds, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of annual audit report by a certified public accountant after all the 1951 Bonds have been paid.

Section 4.13. Maintenance of the System. The Town covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the Bonds are outstanding.

Section 4.14. No Competition. The Town will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Town or within the territory served by the System.

Section 4.15. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the 1975 Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended. The fiscal agent is hereby expressly instructed not to violate such rules in investing such proceeds.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES FOR WATER USED PER MONTH

First	2,000 gallons	$ 3.40 per 1,000 gallons
Next	3,000 gallons	3.00 per 1,000 gallons
Next	5,000 gallons	2.70 per 1,000 gallons
Next	15,000 gallons	2.40 per 1,000 gallons
Next	75,000 gallons	2.10 per 1,000 gallons
All over	100,000 gallons	1.80 per 1,000 gallons

MINIMUM CHARGE

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

5/8" Meter	$ 6.80 per month
3/4" Meter	9.80 per month
1" Meter	17.40 per month
1 1/4" Meter	27.20 per month
1 1/2" Meter	39.20 per month
2" Meter	69.60 per month
3" Meter	156.70 per month
4" Meter	278.60 per month
6" Meter	626.70 per month

DELAYED PAYMENT PENALTY AND RECONNECT CHARGE

Water bills are payable when rendered. On all accounts not paid in full within twenty days of date of bill, 10% will be added to the net amount shown. If any bill is not paid within thirty days after date, water service to the customer will be discontinued and will not be restored until all past due water bills have been paid in full and all accrued penalties, plus a reconnection charge, have been paid. Discontinuance of service will be only upon twenty-four hours' written notice after diligent effort to induce the customer to pay has failed and otherwise in accordance with rules and regulations of the Public Service Commission of West Virginia.

CONNECTION CHARGE (TAP FEES)

The tap fee for new customers shall be $150 after completion of construction contract. Prior to such completion, the tap fee shall be $25.

RECONNECTION CHARGE

A reconnection charge of $10 shall be made to restore discontinued service.

MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a 5/8" meter. Motels and hotels shall pay according to the size of the meter installed.

TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than the following:

$6.12 multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other domestic or commercial unit.

B. The Town will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Town or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

C. The Town may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

D. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

E. The Town shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

F. In case of emergency, the Town shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Town.

G. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the Town shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not lless than 110% of the average annual debt service on all Bonds outstanding.

H. The Town will not accept payment of a water or a sewer bill separately, when the customer concerned owes for both water and sewer services. For non-payment of charges for water or sewer services, or both, the Town, after notice of discontinuance in accordance with the applicable Public Service Commission rules and regulations, will shut off water service and lock the meter, and will restore service only upon payment of all water and sewer charges, accrued penalties and reconnect charge.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, or sooner, the Town shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of said County.

Section 6.02. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of each series of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the Town to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications, and for consent of 75% of the holders of each Series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity Bonds contained in Section 4.05B.

Section 6.03. Award of 1975 Bond. The 1975 Bond is hereby awarded in its entirety to the Government, the 1975 Bond to bear interest at the rate of 5% per annum; provided, that if, prior to delivery of the 1975 Bond, the Government requires public sale thereof, then this award shall be and become void.

Section 6.04. Refunding of Bonds Permitted. The Town reserves the right to refund the Bonds, subject to applicable provisions of West Virginia law, when in its judgment it would be to the best interests of the Town and of its inhabitants so to do. Upon payment of all the Bonds outstanding, prior to or simultaneously with the issuance of any refunding bonds or of an issue of bonds for the purposes of refunding the Bonds then outstanding and providing funds for additions, extensions and improvements to the System, or upon provision for such payment by deposit irrevocably in trust, with the aforesaid Bank, or other lawfully designated paying agent, of a sum equal to the principal amount of the Bonds outstanding, plus an amount equal to all interest accrued and to accrue to the date of payment or redemption of such Bonds, and plus an amount sufficient to pay all applicable redemption premiums on the earliest practical redemption date, the security, pledge and any lien applicable to the Bonds then outstanding shall immediately cease. The sum so deposited in trust shall be used solely to pay at the earliest practical redemption date the principal amount of the Bonds and all interest thereon to the date of redemption and the applicable redemption premiums, or to purchase Bonds at not to exceed the par value of the Bonds plus interest accrued to date of purchase. The moneys so deposited may be invested by the Bank or such paying agent in direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by the United States of America, having maturities not later than the dates on which the moneys shall be required to be used for such redemption.

Section 6.05. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or

against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions hereof or the Bonds or coupons appertaining thereto.

Section 6.06. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided, that this Ordinance shall not affect the 1951 Ordinance.

Section 6.07. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.08. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 6.09. Statutory Notice and Public Hearing. Upon enactment hereof, an abstract of this Ordinance determined by the Council to contain sufficient information to give notice of the contents of this Ordinance, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in Bluefield Daily Telegraph, a newspaper published and of general circulation in the said County, no newspaper being published in the Town, publication of which abstract of this Ordinance shall be together with a notice stating that this Ordinance has been enacted and that a certified copy of this Ordinance is on file with the Council in the office of the Recorder for review by interested persons during office hours of the Recorder, and that the Town contemplates the issuance of the 1975 Bond, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the second publication of the

said abstract and notice, and present protests. At such hearing, all objections and suggestions shall be heard, and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading _____

Passed on Final Reading _____

Effective following public hearing held on the date of Final Reading stated above.

_____
Mayor

_____
Recorder

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-5941

May 10, 2000

Town of Athens
Combined Waterworks and Sewerage System Revenue Bonds, Series 2000
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Series 1967 Bonds and the Series 1975 Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program) (the "Bonds"), in the original aggregate principal amount of not to exceed $750,000, by the Town of Athens (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water and Sewer Revenue Bonds of 1967, Series A, and Water and Sewer Revenue Bonds of 1967, Series B, both issued on November 15, 1967, (collectively, the "Series 1967 Bonds"), and the Water and Sewer Revenue Bonds, Series 1975 dated April 14, 1976 (the "Series 1975 Bonds").

Robert D. Lewis
State Director

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

PRINTED WITH SOY INK

MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **May 4, 2000**

Re: **Revised Closing Memo - Town of Athens Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 (West Virginia SRF Program)**

1. DISBURSEMENTS TO TOWN

Payor:	West Virginia Division of Environmental Protection (West Virginia SRF Program)
Amount:	$112,464.00
Form:	Check
Payee:	Town of Athens
Contact:	Rosalie Brodersen

2. DISBURSEMENTS BY TOWN OF ATHENS FROM BOND PROCEEDS

Source:	Series 2000 Bond Proceeds (West Virginia SRF Program)
Amount:	$43,279.00
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Memo:	Series 2000 Bonds Reserve Account

05/04/00
032320/99001