

TOWN OF FALLING SPRING

**Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)**

BOND TRANSCRIPT

Closing Date: July 27, 2009

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TOWN OF FALLING SPRING

**WATER REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA INFRASTRUCTURE FUND);
AND WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

BOND ORDINANCE

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TOWN OF FALLING SPRING

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF FALLING SPRING AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF FALLING SPRING OF NOT MORE THAN \$332,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE); 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 LOAN AGREEMENTS 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 FALLING SPRING:

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 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing public waterworks system of the Issuer, consisting of construction or extension of the municipal water system to serve approximately 117 new customers located generally along U.S. Route 219 between Frankford and Renick, together with all necessary appurtenances (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to 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"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") and the United States Department of Agriculture (the "Purchaser").

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, in the total aggregate principal amount of not more than \$550,000 in two series (collectively, the "Series 2009 Bonds") being the Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund) in the aggregate principal amount of not more than \$400,000 (the "Series 2009 A Bonds") and the Water Revenue Bonds, Series 2009 B (United States Department of Agriculture) in the aggregate principal amount of not more than \$150,000 (the "Series 2009 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such 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 2009 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority; discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2009 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer, and its Series 2009 B Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined).

G. There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Series 2009 Bonds as to liens, pledge and source of and security for payment.

H. 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, the principal of and interest, if any, on the Series 2009 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2009 A Bonds and the Series 2009 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the 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 2009 A Bonds and the Series 2009 B Bonds or such final order will not be subject to appeal.

J. The Project has been reviewed and determined to be technically and financially feasible by the 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 the Series 2009 A Bonds and the Series 2009 B Bonds by 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 Bondholders of any and all of such Series 2009 A Bonds and the Series 2009 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one

Bond and any other Bonds and 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 19 and Chapter 31, Article 15A 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 2009 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"Authorized Officer" means the 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.

"Bonds" means, collectively, the Series 2009 A Bonds, the Series 2009 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for all or a portion of the proceeds of the Series 2009 A Bonds from the Authority and the Council and for all or a portion of the proceeds of the Series 2009 B Bonds from the Purchaser.

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

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

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

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

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

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

"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 Town 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.

"Grants" means, collectively, all grant moneys received by the Issuer for the Project.

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 15, 2004 and all amendments thereto, providing for the purchase of the Series 2009 B Bonds from the Issuer by the Purchaser.

"Loan Agreement" means, the Loan Agreement heretofore entered, or to be entered into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2009 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 A Bonds and the Series 2009 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account, respectively. 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 2009 A Bonds and the Series 2009 B 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.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as herein defined), payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided,

that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2009 A Bonds by the Issuer in the Supplemental Resolution.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2009 B Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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, 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 federal income taxation, 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 thereto.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.02 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2009 A Bonds and the Series 2009 B Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Series 2009 A Bonds and the Series 2009 B Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.02 hereof.

"Series 2009 A Bonds" means the Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established in Section 5.02 hereof.

"Series 2009 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 B Bonds" means the Water Revenue Bonds, Series 2009 B (United States Department of Agriculture), of the Issuer, authorized by this Bond Legislation.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established in Section 5.02 hereof.

"Series 2009 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year.

"Series 2009 Bonds" means, collectively, the Series 2009 A Bonds and the Series 2009 B Bonds.

"Series 2009 Bonds Construction Trust Fund" means the Series 2009 Bonds Construction Trust Fund established by Section 5.01 hereof.

"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 2009 A Bonds and the Series 2009 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 A Bonds and the Series 2009 B 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 Renewal and Replacement Fund, the Sinking Fund and the Reserve Accounts.

"System" means the existing waterworks system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after the completion of the Project.

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

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

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 not to exceed \$2,857,000, and ordered 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 2009 A Bonds and the Series 2009 B Bonds 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 Purchaser, Council and the Authority.

The cost of the Project is estimated not to exceed \$2,857,000 of which \$332,000 will be obtained from proceeds of the Series 2009 A Bonds, \$100,000 will be obtained from proceeds of the Series 2009 B Bonds, \$332,000 will be obtained from proceeds of a grant from the Council, \$563,000 will be obtained from proceeds of a grant from the Purchaser, \$1,500,000 will be obtained from a Small Cities Block Grant; and \$30,000 will be obtained as a grant from the City of Lewisburg.

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 2009 A Bonds and the Series 2009 B Bonds, if any, funding a reserve account for the Series 2009 A Bonds and the Series 2009 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 A Bonds and the Series 2009 B 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 the negotiable Series 2009 A Bonds and the Series 2009 B Bonds of the Issuer. The Series 2009 Bonds shall be issued in two series each as a single bond, designated respectively as "Water Revenue Bonds, Series 2009 A" (West Virginia Infrastructure Fund) in the principal amount of \$332,000, and "Water Revenue Bonds, Series 2009 B" (United States Department of Agriculture), in the principal amount of \$100,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds remaining after funding of the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2009 Bonds Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. A. The Series 2009 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2009 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2009 A 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.

B. The Series 2009 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly 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 the Supplemental Resolution or as specifically provided in the Series 2009 B Bond.

Unless otherwise provided by the Supplemental Resolution, the Series 2009 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority,

with a record of advances attached, representing the aggregate principal amount of the Series 2009 A Bonds. The Series 2009 B Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2009 B Bonds, all as provided in the Supplemental Resolution. The Series 2009 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 neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds shall cease to be such officer of the Issuer before the Series 2009 A Bonds and the Series 2009 B 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 such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. A. The Bond Registrar with respect to the Series 2009 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the 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 Series 2009 A Bonds shall be conclusive evidence that such Series 2009 A Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2009 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2009 A Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2009 B Bonds, notwithstanding anything herein to the contrary.

B. The Issuer shall be the Bond Registrar with respect to the Series 2009 B Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2009 B Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 B Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 B Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 B Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2009 B Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2009 B Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B 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 2009 Bonds remain outstanding, the Bond Registrar for the Series 2009 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2009 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 2009 A Bonds and the Series 2009 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 A Bond and Series 2009 B Bonds 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 2009 A Bonds and Series 2009 B Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2009 A Bonds and Series 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 A Bonds and Series 2009 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service on the Series 2009 A Bonds and the Series 2009 B Bonds shall be secured by a first lien on the Gross Revenues derived from the System. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 A Bonds and the Series 2009 B Bonds and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2009 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 A Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2009 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 A Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2009 A Bonds.

B. With respect to the Series 2009 B Bonds, the Mayor is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery.

Section 3.10. Form of Bonds. The text of the Series 2009 A Bonds and the Series 2009 B 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 2009 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FALLING SPRING
WATER REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$332,000

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2009, the TOWN OF FALLING SPRING, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier 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 THREE HUNDRED THIRTY TWO THOUSAND DOLLARS (\$332,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond at the rate per annum, shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__ to and including _____ 1, 20__, as set forth on said EXHIBIT B.

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 The Huntington National Bank, 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 Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks 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 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (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 WATER REVENUE BOND, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2009, ISSUED SIMULTANEOUSLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$100,000 (THE "SERIES 2009 B 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 Revenue in favor of the Holders of the Series 2009 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2009 B Bonds; provided however, that so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or

succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2009 B 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 (as defined in the Bond Legislation) 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 described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 FALLING SPRING 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 as of the day and year first written above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(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: _____, 20____.

In the presence of:

(FORM OF 2009 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FALLING SPRING
WATER REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$100,000

FOR VALUE RECEIVED, the TOWN OF FALLING SPRING (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000) plus interest on the unpaid principal balance at the rate of _____ % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing a portion of the funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Bond Legislation. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Bond Legislation and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 2009, and a Supplemental Resolution of the Borrower duly adopted on _____, 2009, authorizing issuance of this Bond (collectively, the "Bond Legislation").

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 Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$332,000(THE "SERIES 2009 A BONDS").

In accordance with the requirements of the United States Department of Agriculture, 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF FALLING SPRING 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 as of the day and year first written above.

TOWN OF FALLING SPRING

[CORPORATE SEAL]

Mayor
Post Office Box 116
Renick, West Virginia 24966

ATTEST:

Recorder

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. A. The Series 2009 A 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, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2009 B Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule A" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the Council a schedule the form of which will be provided by the Purchaser, the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Series 2009 Bonds 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 or the Issuer and from each other:

- (1) Series 2009 A Bonds Sinking Fund;
- (2) Series 2009 A Bonds Reserve Account; and
- (3) Series 2009 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof 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. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

- (1) The Issuer shall first, each month, on or before the due date thereof, transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2009 B Bonds.

(2) The Issuer shall next, each month on or before the due date, transfer from the Revenue Fund and simultaneously: (i) on or before the due date thereof, remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds for deposit in the Series 2009 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 B Bonds, the amount required to amortize the principal of the Series 2009 B Bonds over the life of the bond issue.

(3) The Issuer shall next, each month transfer from the Revenue Fund an amount sufficient to pay all current Operating Expenses of the System.

(4) The Issuer shall next on the first day of the month transfer from the Revenue Fund and simultaneously (i) commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, remit an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 A Bonds Reserve Requirement and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, thereafter, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2009 B Bonds Reserve Account equals the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the

Issuer or of the Depository Bank and shall be invested and reinvested in as provided herein. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2009 A Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 A Bonds as the same shall become due. Monies in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 A Bonds as the same shall come due, when other monies in the Series 2009 A Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2009 A Bonds and accrued interest, if any, thereon to such prepayment date.

Monies in the Series 2009 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009 B Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2009 B Bonds Reserve Account shall be sufficient to prepay the Series 2009 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2009 B Bonds, together with accrued interest thereon to such prepayment date.

All investment earnings on monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2009 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2009 A Bonds and the Series 2009 B Bonds, respectively and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account which result in a reduction in the balance of the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account to below the Series 2009 A Bonds Reserve Requirement or the Series 2009 B Bonds Reserve Requirement, respectively

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 Series 2009 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 respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 A Bonds and the Series 2009 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2009 A Bonds and the Series 2009 B Bonds, in accordance with the principal amounts then outstanding.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser, the Council and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account and the Series 2009 B 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. 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.

Monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be used solely and only for, and

are hereby pledged for, the purpose of servicing the Series 2009 A Bonds and the Series 2009 B Bonds under the conditions and restrictions set forth herein.

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 principal, interest, if any, and reserve payments with respect to the Series 2009 A Bonds and the Series 2009 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as herein above 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, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such 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 Section, 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 monies 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 herein above 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.

I. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2009 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2009 A Bonds and the Series 2009 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Bonds, there shall first be deposited with the Commission in the Series 2009 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2009 A Bonds for the period commencing on the date of issuance of the Series 2009 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 B 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 2009 B Bonds for the period commencing on the date of issuance of the Series 2009 B Bonds and ending 6 months after the estimated date of completion of construction of the Project

C. Next, from the proceeds of the Series 2009 A Bonds, there shall be deposited with the Commission in the Series 2009 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2009 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of

the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

F. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2009 A Bonds shall be expended as directed by the Council and any remaining proceeds of the Series 2009 B Bonds shall be expended as directed by the Purchaser.

Section 6.02. Disbursements from the Bond Construction Trust Fund.

A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2009 A Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2009 A Bonds from the Series 2009 Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer stating that:

- (i) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (ii) 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;
- (iii) Each of such costs has been otherwise properly incurred; and
- (iv) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2009 A Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2009 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

B. The proceeds of the Series 2009 B Bonds in the Series 2009 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

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 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not be nor constitute a corporate 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 2009 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bonds, or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service on the Series 2009 A Bonds and the Series 2009 B Bonds shall be secured by a first lien on the Gross Revenues derived from the System. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B 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. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall provide a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted March 31, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, 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 Series 2009 A Bonds and the Series 2009 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay 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 2009 A Bonds, immediately be remitted to the Commission for deposit in the Series 2009 A Bonds Sinking Fund, and with respect to the Series 2009 B Bonds, immediately be remitted to the National Finance Office, and, with the written permission of the Purchaser, the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds. Any balance remaining after the payment of the Series 2009 A Bonds and the Series 2009 B Bonds and interest, if any, thereon shall be remitted to the Issuer 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 is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds

derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided 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 2009 A Bonds and the Series 2009 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 A Bonds and the Series 2009 B Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 A Bonds and the Series 2009 B Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional Parity Bonds. No additional Parity Bonds payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 A Bonds and the Series 2009 B Bonds pursuant to this Ordinance, without the prior written consent of the Purchaser and the Authority and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereafter shall be on a parity in all respects with the Series 2009 A Bonds and the Series 2009 B Bonds.

So long as the series 2009 B Bonds are outstanding, no Parity Bonds shall be issued except for the purposes of financing the costs of design, acquisition and construction of additions, betterments or improvements to the System or refunding the Bonds issued pursuant hereto, or both such purposes.

So long as the Series 2009 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2009 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2009 B Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 2009 A Bonds are Outstanding, no such 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 Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall 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 to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates 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 herein above 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 the 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 Series 2009 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 the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System, and their source of and security for payment from said revenues, without preference of any Bond 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 on the revenues of the System of which is subject to the prior and superior lien of the Series 2009 A Bonds and the Series 2009 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such revenues, with the Series 2009 Bonds except in the manner and under the conditions provided in this section.

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 on account of 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 issuance of the Parity Bonds and the Issuer is then in full compliance with all the covenants, agreements and terms of this Bond Legislation

and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments.

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 Purchaser, the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser, the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2009 A Bonds and the Series 2009 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 A Bonds and the Series 2009 B Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2009 A Bonds and the Series 2009 B Bonds and shall submit the report to the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2009 A Bonds and the Series 2009 B Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Prior to the issuance of the Series 2009 A Bonds and the Series 2009 B Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed

payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds and the Series 2009 B Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirement are on deposit respectively in the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2009 A Bonds and the Series 2009 B Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds and the Series 2009 B Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance currently in effect.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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 Purchaser, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by 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 Purchaser, the Authority and the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the Authority and the Council and 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, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

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

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such

fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System 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 either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2009 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 greater of the fair appraised value or 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 Renewal and Replacement Fund and used only for the repair or reconstruction of such damages or destroyed portion or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreements, 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 Purchaser, the Authority, the Issuer, the prime contractor 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 not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Board or the Issuer 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 unless an increased amount is requested by the Purchaser from time to time.

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

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

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2009 A Bonds and Series 2009 B Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Purchaser and the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority, the Council, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Securities Law 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 7.20. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 A Bonds and the Series 2009 B 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 Purchaser and Council for written approval. The Issuer shall obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Purchaser, the Council and the 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.

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies 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 monies 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 monies 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 2009 A Bonds and the Series 2009 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2009 Bonds as a condition to issuance of the Series 2009 Bonds.

In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in

order to maintain the status of the Series 2009 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2009 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2009 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2009 Bonds and any additional information requested by the Authority.

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 2009 A Bonds and the Series 2009 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 A Bonds and the Series 2009 B 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.

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.

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

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

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

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

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

Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 2009 A Bonds and the Series 2009 B Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009 A Bonds and the Series 2009 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds from gross income for federal income tax purposes.

Except through such direct payment to the Holder of the Series 2009 B Bonds, the Issuer may not defease the Series 2009 B Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2009 A Bonds and the Series 2009 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 A Bonds and the Series 2009 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2009 A Bonds and the Series 2009 B 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 2009 A Bonds and the Series 2009 B 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 excludability of interest on the Series 2009 A Bonds and the Series 2009 B 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 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 2009 A Bonds and the Series 2009 B 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. Notices. All notices to be sent to the Issuer, the Authority or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Town of Falling Spring
Post Office Box 116
Renick, West Virginia 24966
Attention: Mayor

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

COUNCIL:

West Virginia Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301
Attention: Executive Director

All notices to be sent to the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. 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.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption 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 11.08. 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 *West Virginia Daily News*, a newspaper of general

circulation in the Town of Falling Spring, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the 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.

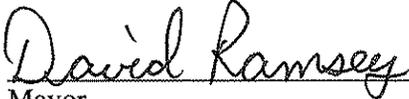
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Section 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading: June 1 , 2009

Passed on Second Reading: June 8 , 2009

Passed on Final Reading
Following Public Hearing: July 6 , 2009



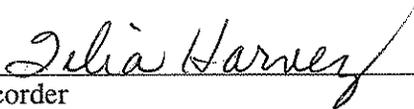
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF FALLING SPRING on the 6th day of July, 2009.

Dated: July 27, 2009.

[SEAL]


Recorder

04.15.09
748080.00001

CH4905354.1

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

TOWN OF FALLING SPRING

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), OF THE TOWN OF FALLING SPRING; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2009 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; DESIGNATING A DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Falling Spring (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective July 6, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF FALLING SPRING AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF FALLING SPRING OF NOT MORE THAN \$332,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE); 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 LOAN AGREEMENTS 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 Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed \$332,000 (the "Series 2009 A Bonds") and Water Revenue Bonds Series 2009 B (United States Department of Agriculture) in an aggregate principal amount not to exceed \$100,000 (the "Series 2009 B Bonds" and together with the Series 2009 A Bonds, the "Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Series 2009 A Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Series 2009 A Bonds (collectively, the "Loan Agreement"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A 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 date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, due to a bid under run, the Issuer no longer needs to issue the Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund) and will only issue the United States Department of Agriculture bonds designated as Water Revenue Bonds, Series 2009 A (United States Department of Agriculture);

WHEREAS, the Series 2009 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments; and

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

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

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 following bonds of the Issuer: Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, number AR-1 in the principal amount of \$100,000. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.375% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2009 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$451 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2009 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2009 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2009 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. The Water Revenue Bonds, Series 2009 A (West Virginia Infrastructure Fund) are hereby omitted and the Water Revenue Bonds, Series 2009 B (United States Department of Agriculture) are renamed the Water Revenue Bonds, Series 2009 A (United States Department of Agriculture).

Section 3. 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 4. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate First National Bank, Ronceverte, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 6. All proceeds of the Series 2009 A Bonds shall be deposited in or credited to the Series 2009 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2009 A Bonds.

Section 7. The Mayor and the 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 Series 2009 A Bonds may be delivered on or about July 27, 2009, to the Purchaser pursuant to the Letter of Conditions.

Section 8. 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 9. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 10. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2009 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 22nd day of July, 2009.

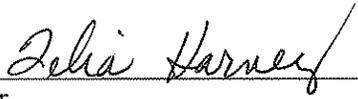
By: David Ramsey
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Falling Spring on the 22nd of July, 2009.

Dated: July 27, 2009.

[SEAL]



Recorder

07.09.09
748080.00001

CH4993846.1

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Town CouncilOF THE Town of Falling Springs, AKA Town of RenickAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
WATER SYSTEM

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Town of Falling Springs, AKA Town of Renick
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE HUNDRED THOUSAND AND XX / 100 DOLLARS (\$100,000.00)pursuant to the provisions of Chapter 8 Article 19, West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 563,000.00

under the terms offered by the Government; that Mayor

and Recorder of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 4 Nays 0 Absent 1

IN WITNESS WHEREOF, the Town Council of the

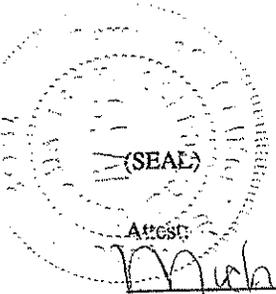
Town of Falling Springs, AKA Town of Renick has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 15th day of June, 2004

Town of Falling Springs, AKA Town of Renick

By David Ramsey
DAVID RAMSEY

Title Mayor



Attest:
Michelle Deeds
MICHELLE DEEDS
Title Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the Town of Falling Springs, AKA Town of Renick hereby certify that the Town Council of such Association is composed of 5 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and held on the 27th day of July, 2009; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of July 27, 2009, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 27th day of July, 2009

Lelia Harner
Title Recorder

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered: December 15, 2008

CASE NO. 08-0705-W-CN

**THE CORPORATION OF FALLING SPRING,
aka THE TOWN OF RENICK,
a municipal utility, Greenbrier County,**

**Application for a certificate of convenience and
necessity to construct a public water system in
the Renick area, in the County of Greenbrier.**

FINAL

1/4/2009

RECOMMENDED DECISION

On May 2, 2008, the Corporation of Falling Springs, also known as the Town of Renick (Applicant), Greenbrier County, West Virginia, filed an application with the West Virginia Public Service Commission (Commission) for a certificate of public convenience and necessity to construct an extension of its municipal water system to serve approximately 117 new customers, located generally along U.S. Route 219 between Frankford and Renick, and within the Town of Renick. The project will extend public water service northward from the existing Lewisburg Water System at Frankford, West Virginia, to the Corporation of Falling Springs. The project will include construction of approximately 27,838 linear feet of 8-inch water line; 19,830 linear feet of 6-inch water line; 3,303 linear feet of 2-inch water line; one master meter; a pressure reducing station; one 209,000 gallon water storage tank; and related valves, controls and appurtenances.

The project was estimated to cost approximately \$2,857,000 and will be financed by a Small Cities Block Grant of \$1,500,000; a Rural Utilities Service grant of \$563,000; a Rural Utilities Service loan of \$100,000 (at an annual interest rate of 4.50% for a period of 40 years); a West Virginia Infrastructure and Jobs Development Council loan of \$332,000 (payable at 0% interest for a period of 40 years); a West Virginia Infrastructure and Jobs Development Council grant of \$332,000 and a \$30,000 contribution from the City of Lewisburg. The Applicant asserted that the project was necessary because potential customers currently obtain water from private wells, springs and cisterns which are inadequate and are all located in areas of karst topography with septic systems as the only method of waste disposal. The Applicant also asserted that the project was necessary because it would afford better fire protection to the project area. The Applicant reported that an operating and maintenance agreement would be executed between the Applicant and the City of Lewisburg providing for the purchase of water by the Applicant from the City of Lewisburg (under a bulk water purchase agreement) and for the Applicant's system to be operated and maintained by the City of

KAB

Lewisburg. The Applicant also reported that a municipal rate ordinance establishing a schedule of rates and charges applicable to this project was voted upon and approved by the Applicant's City Council, following proper public notice. A Rule 42 Exhibit was filed by the Applicant along with the certificate application.

On May 16, 2008, a Referral Order was entered by the Commission in this matter which referred the case to the Division of Administrative Law Judges for resolution. The Referral Order provided that, if no public protests to the application were received by the Commission within thirty (30) days after the required notice has been provided, the Administrative Law Judge's decision would be required on or before September 15, 2008. If public protest was filed with the Commission within thirty (30) days after the required notice was provided, the Administrative Law Judge's decision would be required to render a decision on or before December 1, 2008.

On June 3, 2008, Staff Attorney Lisa L. Wansley of the Commission's Legal Division filed the Initial Joint Staff Memorandum, along with the Initial Internal Memorandum, prepared by Technical Analyst Joe Marakovits of the Commission's Engineering Division and Utilities Analyst Pete Lopez of the Commission's Water and Wastewater Division. Therein, Staff summarized the facts contained within the application and set forth a detailed list of additional specific information that would be required from the Applicant before a final recommendation could be made by Staff concerning this matter. Staff advised that, given the shorter statutory deadline applicable to this application, the Applicant would need to file the additional information within ten (10) days and that if the information was not filed within that ten (10) day time frame, Staff might have no alternative other than recommending that the case be dismissed. If the Applicant filed the additional information in a timely manner, Staff advised that it would complete its review of the case and file its final recommendation within the Commission established time frame. Staff also recommended that the case be referred to the Division of Administrative Law Judges. Legal Staff advised that a formal data request would be filed to assist Technical Staff in its efforts to obtain the additional information set forth in the Initial Internal Memorandum.

On June 3, 2008, Staff Attorney Wansley filed data requests in this matter. The filing required that the Applicant respond to the data request as soon as possible, but no later than noon on June 23, 2008.

On July 17, 2008, the Applicant filed a motion to toll the statutory deadlines in this case for ninety (90) days. In support thereof, the Applicant reported that it was in the process of assembling the materials requested by Commission Staff. The Applicant also reported that it was in the process of finalizing the Operation and Maintenance agreement with the City of Lewisburg. The Applicant stated that the parties to the Operation and Maintenance agreement had agreed in principle and would finalize the agreement in the very near future. The Applicant made the request because it had failed to file answers to Staff's data requests within the prescribed time frame and in an attempt to extend Staff's internal case processing deadline.

By Commission Order entered on July 22, 2008, the Applicant's motion to toll and extend the statutory deadline in this case was granted. The Order stated that, "the new deadline for the

Commission to process this case is January 27, 2009, if no public protest to the application is filed within thirty (30) days after the required notice has been provided. If public protest is filed, the new deadline to process this matter is April 27, 2009." The Order also extended the Administrative Law Judge's decision due date until December 15, 2008, if no public protests are filed; and until March 2, 2009, if public protests to the application are filed.

On July 24, 2008, the Applicant filed an affidavit of publication from *The West Virginia Daily News*, a daily newspaper of general circulation published at Lewisburg, West Virginia, in the County of Greenbrier, which affirmed that the Applicant's Notice of Filing was published therein once, on May 14, 2008.

On August 1, 2008, Staff Attorney Wansley filed a Further Joint Staff Memorandum which reported that the Applicant had filed partial answers to the Staff's data requests on July 23, 2008. However, the Applicant had not supplied answers to several remaining data requests. Staff indicated that, unless answers to the remaining data requests were filed by August 8, 2008, the Staff Attorney would file a motion to compel. Further delay on the Applicant's part could result in Staff recommending that the case be dismissed. Staff reported that it intended to file its final recommendation on the case (or at least update its status) by August 29, 2008.

On August 7, 2008, the Applicant filed its second set of responses to Staff's data request. Enclosed with the responses was a copy of the unexecuted Operation and Maintenance Agreement proposed by the parties.

On September 5, 2008, Staff Attorney Wansley filed the Final Joint Staff Memorandum, along with the Final Internal Memorandum, prepared by Technical Analyst Marakovits and Utilities Analyst Lopez. After specifically describing the project, Staff concludes that the need for a safe supply of potable water in the community of Renick was adequately documented by the project engineering firm, Stafford Consultants, Inc, in the Preliminary Engineering Report, dated February, 2002. The Applicant's investigation of need demonstrated that the potential customers in the project area currently rely on inadequate private wells and cisterns for their drinking water. The Applicant's engineer reported that the ground water in the project area is of poor quality and in short supply, particularly during dry periods. Many families haul water for domestic use. Staff also reported that the Applicant's engineering consultants evaluated a treatment plant alternative for the Applicant but concluded that the estimated construction costs and the estimated operation and maintenance expenses of the treatment plant alternative were higher than the option of extending a water main from the City of Lewisburg. Staff concluded that the estimated construction costs for this project appear to be reasonable. Customer density for the proposed project is 13.3 customers per mile. Staff reported that, as of August 29, 2008, the Applicant had obtained 121 signed users for the project.

Staff reported that finished water would be purchased from the City of Lewisburg at a cost of \$1.75 per thousand gallons. Staff concluded that the agreed-upon bulk water rate appears to be reasonable and fair given the City's current tariff and the amount of its tail block. Operation and maintenance services will be provided for the Applicant by the City of Lewisburg at a cost of \$20.39 per customer, per month, for a total annual cost of approximately \$41,577. Staff noted that the

proposed Operation and Maintenance agreement includes the purchased water provision and the applicable rate. Staff concluded that the operation and maintenance charge negotiated between the parties and the total annual cost of \$41,577 is reasonable for this project. The annual cost of \$41,577 includes the cost of purchased water from the City of Lewisburg. The Town's Rule 42 Exhibit projects annual operating revenues will be approximately \$58,043. Total costs associated with operating this proposed water system will be approximately \$57,942. The projected or estimated cash flow surplus will be approximately \$101, with a debt service coverage ratio of 121.45%. Staff concluded that the project, as proposed, is financially feasible and should be approved. Staff made the following specific recommendations:

(1) The Applicant be granted a certificate of convenience and necessity to construct a new public water system in the amount of \$2,857,000 and as more fully defined by the plans, specifications and contract documents filed with the Commission;

(2) Project financing (as set forth below) be approved:

WVIJDC loan at 0% interest for 40 years	\$ 332,000
WVIJDC grant	\$ 332,000
SCBG grant	\$1,500,000
RUS grant	\$ 563,000
RUS loan at 4.5% interest for 40 years	\$ 100,000
City of Lewisburg contribution	\$ 30,000
Total:	\$2,857,000

(3) Since this project has been approved by the WVIJDC, Staff recommends that if there are any changes in the plans or scope of the project, the Applicant must seek Commission approval of such changes. Further, Staff recommends that if there are changes in the rates to be charged associated with the project, the Applicant must also seek Commission approval of such changes. Finally, provided that the project-related rates remain unchanged, it is not necessary for the Applicant to seek further Commission approval of changes in project costs or financing. However, under such circumstances Staff recommends that the Applicant should be required to file an affidavit executed by its certified public accountant verifying that its rates and charges are not affected;

(4) The Applicant provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each contract to be awarded for this project;

(5) The Applicant provide a copy of the "Certificate of Substantial Completion" for each contract within ten (10) days of issuance;

(6) The Applicant adopt the Staff Recommended Tariff, set forth in Attachment 2 of the Final Internal Memorandum, in its next ordinance in order to bring its tariff language into compliance with the Commission's current Tariff Rules; and

(7) The proposed Operation and Maintenance Agreement, including the applicable charge for this service as well as the rate for purchased water, be approved, without specifically approving the terms and conditions.

DISCUSSION

On September 5, 2008, Commission Staff recommended approval of the Applicant's certificate application and approval of the proposed Operation and Maintenance Agreement. Those recommendations, along with several related recommendations, were set forth in Staff's Final Joint Staff Memorandum. Staff's recommendations were provided to the Applicant by mail. In a cover letter accompanying the Staff memoranda, the Applicant was advised that, "If you wish to respond to the enclosed Staff memorandum, you may do so in writing, within 10 days, unless directed otherwise, of this date." Also, the cover letter explained that, "Your failure to respond in writing to the utility's answer, Staff's recommendations, or other documents may result in a decision in your case based on your original filing and the other documents in the case file, without further hearing or notice." The record in this case reflects that the Applicant has not filed an objection or response to the recommendations of Commission Staff and more than ten (10) days have passed. Therefore, it is reasonable to conclude that the Applicant, the Corporation of Falling Springs, also known as the Town of Renick, does not object to Staff's recommendations, particularly since Commission Staff has recommended that the Commission grant the Applicant's certificate application.

The Commission issued the Notice of Filing in this case on May 2, 2008, which the Applicant was required to publish as a Class I legal advertisement. On July 24, 2008, the Applicant filed an affidavit of publication from *The West Virginia Daily News*, which established that the Notice of Filing had been published therein, as a Class I legal advertisement, on May 14, 2008. The thirty (30) day public protest period provided for in the Notice of Filing has expired and, as of the date of this Recommended Decision, no public protests have been received.

FINDINGS OF FACT

1. The Corporation of Falling Spring, also known as the Town of Renick, filed an application with the Public Service Commission for a certificate of convenience and necessity to construct a public water distribution system in the Renick area of Greenbrier County, West Virginia. Potential customers are located generally along U.S. Route 219 between Frankford and Renick, and within the Town of Renick. The project will extend public water service northward from the existing Lewisburg Water System at Frankford, West Virginia to the Corporation of Falling Spring.. The project will include construction of approximately 27,838 linear feet of 8-inch water line; 19,830 linear feet of 6-inch water line; 3,303 linear feet of 2-inch water line; one master meter; a pressure reducing station; one 209,000 gallon water storage tank; and related valves, controls and appurtenances. (See, May 2, 2008 filing).

2. The Applicant also requested Commission consent and approval of an Operation and Maintenance Agreement, including its provisions regarding bulk water purchases, proposed between the Applicant and the City of Lewisburg. (See, May 2, 2008 filing).

3. A Notice of Filing was issued to the Applicant by the Public Service Commission on May 2, 2008, which described the proposed project and rates and notified the public that anyone desiring to protest or intervene in this matter should file a written protest or notice of intervention within thirty (30) days following the date of publication of the Notice of Filing. The Notice of Filing required that it be published by the District once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Greenbrier County, West Virginia. (See, Notice of Filing, issued May 2, 2008).

4. The Applicant published the Notice of Filing regarding this certificate application in *The West Virginia Daily News*, a newspaper of general circulation, published at Lewisburg, West Virginia, on May 14, 2008. (See, July 24, 2008 filing).

5. The total estimated project cost is \$2,857,000 and will be financed through a Small Cities Block Grant in the amount of \$1,500,000; a Rural Utilities Service Grant in the amount of \$563,000; a Rural Utilities Service loan of \$100,000 (at an annual interest rate of 4.50% for a period of 40 years); a West Virginia Infrastructure and Jobs Development Council loan of \$332,000 (payable at 0% interest for a period of 40 years); a West Virginia Infrastructure and Jobs Development Council grant of \$332,000 and a \$30,000 contribution from the City of Lewisburg. (See, application).

6. The proposed project is necessary to provide portable drinking water to potential customers who currently rely on inadequate private wells and cisterns. (See, Final Internal Memorandum, filed September 5, 2008).

7. The total annual operation and maintenance expenses estimated by the Applicant will be \$41,577. (See, Final Internal Memorandum, filed September 5, 2008).

8. The City of Lewisburg will provide operation and maintenance services for the Applicant and the City of Lewisburg and the Applicant have negotiated a fee for providing the services. (See, Final Internal Memorandum, filed September 5, 2008).

9. The City of Lewisburg will provide bulk water to the Applicant and the City of Lewisburg's water treatment facility will be the source of water for this certificate project. (See, Final Internal Memorandum, filed September 5, 2008).

10. The Staff-recommended rates and charges to be imposed by the Applicant for providing public water service in the project area will generate a cash flow surplus of \$101, and a debt service coverage ratio of 121.45%. (See, Applicant's Rule 42 Exhibit and Final Internal Memorandum, filed September 5, 2008).

11. The Applicant did not object to the final recommendations of Commission Staff. (See, case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the construction of the public water distribution system to serve the Renick area of Greenbrier County, proposed by the Corporation of Falling Spring, also known as the Town of Renick, Greenbrier County, West Virginia, in its certificate application filed on May 2, 2008.

2. It is reasonable to grant the application filed by the Corporation of Falling Spring, also known as the Town of Renick, for a certificate of public convenience and necessity to construct a water distribution system, which will provide public water service to approximately 121 customers.

3. It is reasonable to approve the proposed financing for the project, consisting of a Small Cities Block Grant in the amount of \$1,500,000; a Rural Utilities Service grant of \$563,000; a Rural Utilities Service loan of \$100,000 (at an annual interest rate of 4.50% for a term of 40 years); a West Virginia Infrastructure and Jobs Development Council loan of \$332,000 (at 0% interest for a period of 40 years); a West Virginia Infrastructure and Jobs Development Council grant of \$332,000 and a \$30,000 contribution from the City of Lewisburg.

4. It is reasonable to approve the Staff-recommended tariff and the various rates and charges set forth in Attachment 2 of the Final Internal Memorandum, filed in this case on September 5, 2008, which are the same rates proposed by the Corporation of Falling Spring, also known as the Town of Renick, in its Rule 42 Exhibit, filed with the certificate application.

5. The Staff-recommended rates and charges are sufficient, but not more than sufficient, to cover the Applicant's operation and maintenance expenses, taxes, debt service requirements and necessary capital additions.

6. It is reasonable to grant the Public Service Commission's consent and approval to the Operation and Maintenance Agreement, proposed by the Applicant and the City of Lewisburg, including the negotiated operation and maintenance charge, as well as the rate for purchased water without specifically approving the terms and conditions thereof.

ORDER

IT IS, THEREFORE, ORDERED that the certificate application filed herein on May 2, 2008, by the Corporation of Falling Spring, also known as the Town of Renick, Greenbrier County, West Virginia, for a certificate of convenience and necessity to construct a water distribution system to provide public water service to the Town of Renick, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing for the project, consisting of a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$332,000, at an annual interest rate of 0% , for a term of 40 years; a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$332,000; a Small Cities Block Grant in the amount of \$1,500,000; a Rural Utilities Service grant in the amount of \$563,000; a Rural Utilities Service loan in the amount of \$100,000, at an annual interest rate of 4.5%, for a term of 40 years and, a contribution from the City of Lewisburg in the amount of \$30,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Corporation of Falling Spring, also known as the Town of Renick, submit a Certificate of Substantial Completion from its professional engineer for each contract associated with this water distribution project, as soon as each becomes available.

IT IS FURTHER ORDERED that, should there be any changes in the scope, plans or financing of the project, or if a change in project cost affects the project's rates, the Applicant obtain Public Service Commission approval of such changes, prior to commencing construction.

IT IS FURTHER ORDERED that, if there is a change in project cost that does not affect rates, the Applicant is not required to obtain Commission approval of such change. However, the Applicant shall, in such case, file an affidavit with the Public Service Commission, duly executed by its Certified Public Accountant, verifying that rates are not affected.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Applicant comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that the Applicant file with the Commission, within ten (10) days of the bid opening date, a copy of the engineer's certified tabulation of bids, for each contract to be awarded for this project.

IT IS FURTHER ORDERED that the Applicant bring its tariff into compliance with the Commission's *Rules for the Construction and Filing of Tariffs*, the next time it adopts a rate ordinance impacting its water rates..

IT IS FURTHER ORDERED that the proposed Operation and Maintenance Agreement, including the negotiated operation and maintenance charge, as well as the rate for purchased water, be, and hereby is, approved, without specifically approving the terms and conditions.

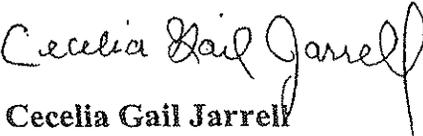
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

The Commission's Executive Secretary shall serve a copy of this Recommended Decision upon all parties of record by United States Certified mail, return receipt requested, and upon Commission Staff by hand delivery.

Leave is hereby granted to the parties to file written exceptions, supported by a brief, with the Executive Secretary of the Public Service Commission, within fifteen (15) days of the date this Recommended Decision 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 Recommended Decision 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 Recommended Decision by filing an appropriate petition, in writing, with the Commission's Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make an Administrative Law Judge's Recommended Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Public Service Commission.


Cecelia Gail Jarrell
Administrative Law Judge

CGJ:s
080705a.wpd

CORPORATION OF FALLING SPRINGS, a.k.a. TOWN OF RENICK
CASE NO. 08-0705-W-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service and sale for resale water service.

RATE (Customers with metered water supply)

First	2, 000 gallons used per month	\$ 10.70 per 1,000 gallons
All over	2,000 gallons used per month	\$ 10.70 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following based on meter size:

5/8 inch meter	\$ 21.40 per month
3/4 inch meter	\$ 32.10 per month
1 inch meter	\$ 53.50 per month
1-1/4 inch meter	\$ 78.11 per month
1-1/2 inch meter	\$ 107.00 per month
2 inch meter	\$ 171.20 per month
3 inch meter	\$ 321.00 per month
4 inch meter	\$ 535.00 per month
6 inch meter	\$1,070.00 per month
8 inch meter	\$1,712.00 per month

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. The preconstruction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the Corporation or a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT

A deposit of \$50.00 or 2/12ths of the average annual usage of the applicant's specific customers class, whichever is greater.

Affidavit of filing

The West Virginia Daily News
P.O. Box 471
Lewisburg, WV 24901
PHONE: (304) 645-1206



RECEIVED

2008 JUL 24 AM 8 42

AFFIDAVIT OF PUBLICATION

W VA PUBLIC SERVICE

COMMISSION

STATE OF WEST VIRGINIA

SECRETARY'S OFFICE
COUNTY OF

GREENBRIER, TO WIT:

08-0705-W-CN

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 2nd day of May 2008.

CASE NO. 08-0705-W-CN
THE CORPORATION OF FALLING SPRINGS, also known as THE TOWN OF RENICK

Application for a Certificate of Convenience and Necessity to construct a public water system in the Renick area, in the county of Greenbrier.

NOTICE OF FILING

WHEREAS, on May 2, 2008, the Corporation of Falling Springs a.k.a. Town of Renick filed an application, duly verified, for a certificate to construct a public water system in the Renick area, in the county of Greenbrier. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Corporation of Falling Springs a.k.a. Town of Renick (applicant) estimates that construction will cost approximately \$2,857,000.00 and will be funded by a West Virginia Small Cities Block grant of \$1,500,000.00; a RUS grant of \$563,000.00; a RUS loan in the amount of \$100,000.00; funds from the City of Lewisburg of \$30,000.00; a West Virginia Infrastructure and Job Development Council loan of \$332,000.00 payable at 0% interest over 40 years and a WVHDC grant of \$332,000.00.

WHEREAS, the utility anticipates charging the following adopted rates for its customers:

I, Louise Bassett,
one of the editors of The West Virginia Daily News, a daily newspaper of general circulation published at Lewisburg, West Virginia, in the County of Greenbrier, State of West Virginia, do certify that publication of the advertisement or advertisements attached hereto was made in one (1) issues of said newspaper, dated 14 May 2008

Given under my hand this the

14th day of May, 2008.

Louise Bassett

Editor or Publisher

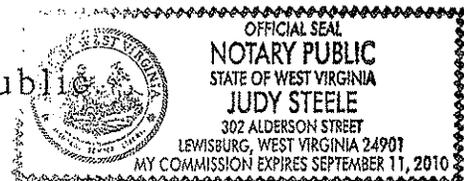
Subscribed and sworn to before me this 14th day of May, 2008.

My commission expires Sept 11, 2010

Judy Steele

Notary Public

Publication Fee: \$ 92.15



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W.VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFF

City of Falling Springs
Water Fund
Tariff

Rate Schedule

Availability of service

Available for general domestic,
commercial, industrial and resale service:

Customer Charge

5/8 Inch meter	\$4.14 per month
3/4 Inch meter	\$6.21 per month
1 Inch meter	\$10.35 per month
1 1/4 Inch meter	\$15.11 per month
1 1/2 Inch meter	\$20.69 per month
2 Inch meter	\$33.11 per month
3 Inch meter	\$62.08 per month
4 Inch meter	\$103.47 per month
6 Inch meter	\$206.95 per month
8 Inch meter	\$331.12 per month

Usage Charge

First 20,000 gallons used per month	\$5.41 per 1,000 gallons
Next 60,000 gallons used per month	\$3.79 per 1,000 gallons
All over 80,000 gallons	\$2.62 per 1,000 gallons

Delayed Payment Penalty

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

Connection and Reconnection Fees

1. The tap fee of each new connection to the system shall be three-hundred fifty dollars (\$350.00) minimum as per Public Service Commission regulation.

2. The reconnection fee shall be thirty dollars (\$30).

Processing Returned Check Fee

An administrative fee of twenty-five dollars (\$25) will be charged for processing returned checks. This fee will be in addition to any and all fees charged by the bank or other parties.

Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Corporation of Falling Springs a.k.a. Town of Renick give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Greenbrier County, making due return to this commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

Sandra Squire
Executive Secretary
(14my)

TOWN OF FALLING SPRING

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

RECEIPT FOR BOND

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 27th day of July, 2009, at Renick, West Virginia, the undersigned received for the Purchaser the single, fully registered Town of Falling Spring Water Revenue Bonds, Series 2009 A (United States Department Agriculture), No. AR-1 (the "Series 2009 A Bonds"), in the principal amount of \$100,000, dated as of the date hereof, bearing interest at the rate of 4.375% per annum, and payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2009 A Bonds had been executed and sealed by the designated officials of the Town of Falling Spring (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$100,000, being a portion of the principal amount of the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds, will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 27th day of July, 2009.



Authorized Representative

07.09.09
748080.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF FALLING SPRING
WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$100,000

FOR VALUE RECEIVED, the TOWN OF FALLING SPRING (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000) plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$451, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the

payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing a portion of the funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Bond Legislation. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Bond Legislation and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on July 6, 2009, and a Supplemental Resolution of the Borrower duly adopted on July 22, 2009, authorizing issuance of this Bond (collectively, the "Bond Legislation").

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.

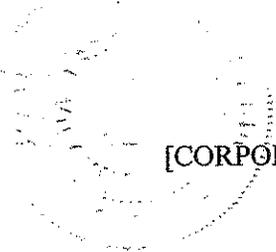
This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THE ISSUER HAS NO BONDS OR OBLIGATIONS OTHER THAN THIS BOND WHICH IS SECURED BY GROSS REVENUES OF THE SYSTEM.

In accordance with the requirements of the United States Department of Agriculture, 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF FALLING SPRING 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 as of the day and year first written above.



[CORPORATE SEAL]

TOWN OF FALLING SPRING

David Ramsey

Mayor
Post Office Box 116
Renick, West Virginia 24966

ATTEST:

Leticia Farnes
Recorder

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$100,000	July 27, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

TOWN OF FALLING SPRING

WATER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$100,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	July 27, 2009	United States Department of Agriculture	<i>Julia Harney</i>

07.09.09
748080.00001

CH4985618.1



July 27, 2009

Town of Falling Spring
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Town of Falling Spring
Renick, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Falling Spring, in Greenbrier County, West Virginia (the "Issuer"), of its \$100,000 Water Revenue Bonds, Series 2009 A, dated the date hereof (the "Bond"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a bond ordinance of the Issuer duly enacted on July 6, 2009 (the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bond, pursuant to the provisions of the Act and other applicable provisions of law.
2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bond, but subject to no other lien granted under the Act.

4. The Bond has been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

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

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

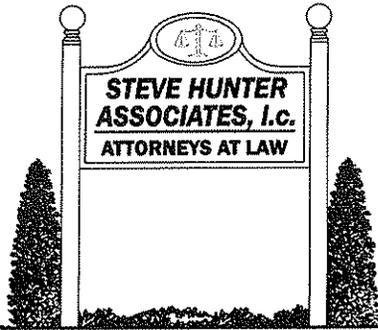
It is to be understood that the rights of the holder of the Bond and the enforceability of the Bond, the Bond Legislation and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights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

Very truly yours,



STEPTOE & JOHNSON PLLC

07.09.09
48080.00001



209 North Court Street
Lewisburg, WV 24901
304-645-4622

Fax 304-645-4064

July 27, 2009

Town of Falling Spring
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Town of Falling Spring
Renick, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Falling Spring, a municipal corporation and political subdivision of the State of West Virginia in Greenbrier County of said State (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond ordinance of the Issuer duly enacted on July 6, 2009, as supplemented by Supplemental Resolution duly adopted July 22, 2009 (collectively, the "Bond Legislation"), and other documents and papers relating to the Issuer and the above-captioned Bond of the Issuer (the "Bond"). Terms used in the Bond Legislation and not otherwise defined herein shall have the same meanings as in the Bond Legislation when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a municipal corporation and a political subdivision of the State of West Virginia.
2. The Mayor, Recorder and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
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 Bond and the consummation of the transactions contemplated by the Bond and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default

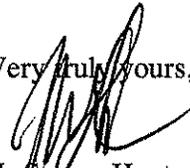
under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bond, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the Public Service Commission of West Virginia, and the Issuer has duly taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges, the time for appeal of which has expired prior to the date hereof without appeal.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, or the validity of the Bond, or the collection or pledge of the Gross Revenues therefor.

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

Very truly yours,



J. Steven Hunter
Town Attorney

TOWN OF FALLING SPRING

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BOND
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLICATION AND NO PROTEST
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES, ETC.
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. INCUMBENCY AND OFFICIAL NAME, ETC.
9. DELIVERY AND PAYMENT AND USE OF PROCEEDS
10. LAND AND RIGHTS OF WAY
11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
12. CONTRACTORS' INSURANCE, ETC.
13. CONNECTIONS, ETC.
14. MANAGEMENT
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Falling Spring, in Greenbrier County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, acting for the Issuer and in its name, hereby state and certify on this 27th day of July, 2009, in connection with the Town of Falling Spring Water Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1, fully registered, dated the date hereof, in the principal amount of \$100,000, and bearing interest at the rate of 4.375% per annum (the "Series 2009 A Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2009 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated June 15, 2004, as amended, and as appears in Section 7.03 of the Bond Ordinance duly enacted on July 6, 2009, as supplemented by Supplemental Resolution duly adopted July 22, 2009, authorizing issuance of the Bond (collectively, the

“Ordinance” or “Bond Ordinance”). Terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Ordinance when used herein. The Series 2009 A Bonds are being issued on this date to permanently finance a portion of the cost of acquisition and construction of the Project located within the boundaries of the Issuer and to pay costs of issuance thereof.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Series 2009 A Bonds or receipt of any grant moneys committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2009 A Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Series 2009 A Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, 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; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the “Governing Body”) or the title of the members and officers thereof to their respective offices; nor questioning the operation of the waterworks system of the Issuer (the waterworks system, as improved and expanded by the Project, as defined in the Ordinance, is herein called the “System”) or the acquisition and construction of the Project being financed in part out of the proceeds of sale of the Series 2009 A Bonds; nor questioning the rates and charges provided for services of the System

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 A Bonds have been duly and timely obtained and remain in full force and effect, the time for appeal of which or rehearing having expired. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on December 15, 2008 in Case No. 08-0705-W-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 the Commission Order has expired prior to the date hereof. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such Order remains in full force and effect.

The Issuer enacted water rates and charges for the System on March 31, 2008. The time for appeal of such rates has expired prior to the date hereof without any timely appeals having been filed.

4. PUBLICATION AND NO PROTEST: Notice of public hearing upon the Bond Ordinance was duly published as required by law.

There was not any protest to the passage of the Bond Ordinance, oral or written, and the Bond Ordinance became fully effective following the public hearing thereon and remains in full force and effect.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

The Issuer has no outstanding obligations which will rank on a parity with the Series 2009 A Bonds with respect to liens, pledge and source of and security for payment. The Series 2009 A Bonds are payable from and secured by a first lien on the Gross Revenues of the System.

6. SIGNATURES, ETC.: The undersigned Mayor and Recorder did, for the Issuer on the date hereof, officially execute and seal the Series 2009 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2009 A Bonds for the Issuer.

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

Bond Ordinance

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

Specimen Bond

Town Charter

Oaths of Office of Officers and Council Members

Resolution on Open Governmental Proceedings

Water Rate Ordinance

Affidavit of Publication on Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinance

Affidavit of Publication on Bond Ordinance

Minutes on Adoption and Enactment of Bond Ordinance

United States Department of Agriculture Letter of Conditions and Closing Instructions

Receipt of Depository Bank

8. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is the "Town of Falling Spring." The Issuer is a municipal corporation in Greenbrier 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, a 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:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
David Ramsey, Mayor	6/29/2009	6/30/2013
Telia Harvey, Recorder	6/29/2009	6/30/2013
Charles Tripi, Councilmember	6/29/2009	6/30/2013
Melinda Workman, Councilmember	6/29/2009	6/30/2013
Angela Lewis, Councilmember	6/29/2009	6/30/2013
Teresa Fields, Councilmember	6/29/2009	6/30/2013
Donald Kellison, Councilmember	6/29/2009	6/30/2013

The duly appointed and acting Counsel to the Issuer is Steve Hunter Associates, LC, in Lewisburg, West Virginia.

9. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2009 A Bonds were delivered to the Purchaser at Falling Spring, West Virginia, by the undersigned Mayor for the purposes herein set forth, and at the time of such delivery, the Series 2009 A Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Ordinance.

At the time of delivery of the Series 2009 A Bonds, the amount of \$188,836 was received by the undersigned Mayor, being a portion of the principal amount of the Series 2009 A Bonds, the balance to be paid as acquisition and construction of the Project progresses.

The Series 2009 A Bond is dated the date hereof and interest on advances thereon at the rate of 4.375% per annum is payable from the date of each respective advance.

The Series 2009 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

10. 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, 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 Series 2009 A Bonds.

11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized, enacted or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Charter of the Issuer and any 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 published and/or posted were so published and/or posted.

12. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Ordinance.

13. CONNECTIONS, ETC.: The Issuer will serve at least 95 bona fide full time users of the System, upon completion of the Project, in full compliance with the requirements of the Purchaser.

14. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

15. CONFLICT OF INTEREST: No 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 Bond, the Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. 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.

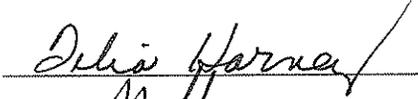
16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

17. 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.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official corporate seal of the TOWN OF FALLING SPRING on the day and year first written above.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
 _____	Mayor
 _____	Recorder
 _____	Counsel to Issuer

07.09.09
748080.00001



STAFFORD CONSULTANTS INCORPORATED

*Engineering, Design, and Consulting
Planning and Environmental Services*

TOWN OF FALLING SPRING

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

CERTIFICATE OF ENGINEER

I, C. Dean Upton, Registered Professional Engineer, West Virginia License No. 7829 of Stafford Consultants, Inc., of Princeton, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of improvements and extensions to the existing waterworks system (the "Project") of the Town of Falling Spring (the "Issuer"), to be acquired and constructed in Greenbrier County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned revenue bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that such system and Project are situate wholly or chiefly within the boundaries or water service area of the Issuer.

I further certify that the Project is adequate for the purposes for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 27th day of July, 2009.

STAFFORD CONSULTANTS, INC.




C. Dean Upton, P.E.
West Virginia License No. 7829

CH4984582.1

1105 Mercer Street • Post Office Box 5849 • Princeton, West Virginia 24740
Telephone (304) 425-9555 • Fax (304) 425-9557

**Town of Renick aka Corporation of Falling Springs
Water System Construction Project
Schedule B - With IJDC Grant only
Preliminary Cost of Project, Sources of Funds, and Cost of Financing**

A. Cost of Project	Total	SCBG	Lewisburg	RUS Grant & Loan	IJDC Grant
1. Construction Costs	1,961,876.00	1,245,192.00	30,000.00	546,334.00	140,350.00
Construction	1,339,813.00	882,010.00		384,443.00	73,360.00
Construction Contingency	66,990*				66,990.00
TAP Fee to Lewisburg	555,073**	363,182.00	30,000.00	161,891.00	
2. Technical Services	249,574.00	163,108.00	0.00	79,466.00	7,000.00
a. Engineering design - Basic	123,108.00	73,108.00		50,000.00	
b. Inspection	116,466.00	80,000.00		29,466.00	7,000.00
c. Additional (Survey & Geotech)	10,000.00	10,000.00			
3. Legal and Fiscal	14,000.00	0.00	0.00	14,000.00	0.00
a. Attorneys Fees (Easements, PSC, etc)	10,000.00	0.00		10,000.00	
b. Accountant (Rule 42)	4,000.00	0.00		4,000.00	
4. Administration	61,700.00	61,700.00	0.00	0.00	0.00
a. Region 4 PDC	60,000.00	60,000.00			
b. Tap Fees	1,700.00	1,700.00			
5. Sites and Other Lands	12,000.00	12,000.00	0.00	0.00	0.00
6. Other Costs	26,700.00	18,000.00		8,700.00	
a. Legal Ads/Recording fees	1,000.00	1,000.00			
b. Permits	17,000.00	17,000.00			
c. Capitalized Interest	8,700.00			8,700.00	
7. Contingency	18,650.00	0.00	0.00	0.00	18,650.00
8. Total of Lines 1 through 7	2,344,500.00	1,500,000.00	30,000.00	648,500.00	166,000.00
B. Cost of Financing	14,500.00			14,500.00	
9. Bond Counsel	14,500.00			14,500.00	
10. Registrar Fee	0.00				
11. Total Project Cost (Total Lines 8, 9 and 10)	2,359,000.00	1,500,000.00	30,000.00	663,000.00	166,000.00
C. Sources of Funds					
12. Small Cities CDBG	1,500,000.00	1,500,000.00			
13. City of Lewisburg	30,000.00		30,000.00		
14. USDA RUS Grant	563,000.00			563,000.00	
15. USDA RUS Loan	100,000.00				
16. IJDC Loan Grant	166,000.00				
17. IJDC Grant Loan	0.00				
18. Total Grants	2,093,000.00				
19. Size of Bond Issues	266,000.00			100,000.00	166,000.00

David Ramsey
Governmental Agency

7-6-09

Date

C. Dean Yates
Consulting Engineer

7-6-09

Date

* Includes estimated cost of \$6,800 for change from DR 25 pipe to DR 18 pipe as change order to contract 1, as requested by Lewisburg.

** Contract 2 bid + 5%. Includes estimated cost of \$5,700 for change from DR 25 pipe to DR 18 pipe as change order to contract 2, as requested by Lew

RESERVED

Charter 1906

Case No. _____

IN

THE CIRCUIT COURT OF
GREENBRIER COUNTY
WEST VIRGINIA

This is
a true copy
of our charter.

IN THE CIRCUIT COURT OF GREENBRIER COUNTY, WEST VIRGINIA.
BEFORE APRIL, 1906, TERM. APRIL 17, 1906.
PRESENT: HONORABLE W. R. BENNETT, JUDGE.

IN THE MATTER OF THE INCORPORATION
OF THE TOWN OF FALLING SPRING:

This day came P. P. Ferrell and four (4) others and filed their petition and application praying for a certificate for the incorporation of the town of Falling Spring, and it appearing to the Court from the evidence adduced that the said petitioners have in all respects complied with all the provisions of Chapter 47 of the Code of West Virginia, and that proper survey of the territory proposed to be incorporated has been duly had and certified as required by said Chapter of the Code, and that said territory contains more than one quarter of one square mile, and it appearing further that said petitioners have caused a census of the population of said territory and which is in form and certified as required by said Chapter of the Code, and that said census and said survey and map of said territory have been left at the store of P. P. Ferrell in said territory, and said blank being a resident of said territory, subject to the examination at all reasonable hours by all interested persons according to the requirements of said Chapter of the Code and for the period of time therein required, and it appearing to the Court

that notice of the making of this application at this time has been duly posted as required by said law at three (3) public places within said territory, there being no newspaper published within said territory, for the period of four (4) weeks next preceding the election herein after mentioned, and which notice also fixes the time and place of holding said election and shows where the said map, survey and census had been left for examination, and it appearing to the Court that at an election duly held by the voters of said territory in due form and as required by said Chapter of the Code and at the time and place fixed in said notice, a majority of the voters of said territory cast their ballots in favor of incorporation as shown by the certificate under oath of H. N. Renick, W. N. Welch and P. P. Ferrell, the persons duly selected by the voters present at said election to hold said election, and it appearing further that more than 100 persons live within said territory, It is therefore ORDERED that the Clerk of this Court do issue a certificate of the incorporation of such territory as the corporation of the town of Falling Spring in form and substance as follows:

"A certificate under oath of H. N. Renick, W. N. Welch and P. P. Ferrell was this day filed, showing that a majority of all the qualified voters residing within the following boundary, to-wit: That certain territory situate and lying in Falling Spring District of Greenbrier County, West Virginia,

And bounded as follows:

Beginning at a sugar tree on the east bank of Greenbrier River, thence up the same N 75 E 82 poles to a stake at the end of the bridge, N 87 E 84 poles to a station N 74 E 112 poles to a stake 10 feet N 62 E from sink of a spring branch, N 19 W 1/2 W 73 1/2 poles crossing river, and with John Callisons line to a hickory bush on the side of a ridge, thence through the R. W. Renick survey S 78 W 85 poles to a stake on Hankins Avenue, and with due west 52 3/4 poles to a stake, thence leaving same N 77 1/2 W 92 poles to a stake on a road on top of a ridge near McMillion dwelling house, N 15 1/2 W 37 3/4 poles, crossing county road, to a fence post corner to R. H. Pickering, and with N 20 W 59 1/2 poles to a fence post, corner to W. T. Givens, and with S 46 1/2 W 64 1/2 poles, crossing the turnpike to a stake on Captain Edgars line, thence through his survey, S 37 1/2 W 113 1/2 poles, crossing the county road to a stake thence with the east side of road, S 85 E 32 poles to a stake, thence S 56 E 76 poles crossing the county road and turnpike, and through George Hill survey to a cedar bush on the point of a ridge, thence S 36 E 53 poles, crossing the river to the beginning, and containing 216 acres or 1/4 and 7/80ths of a square mile have been given in due form of law in favor of the incorporation of the town of Falling Spring in Greenbrier County, bounded as herein set forth, and it appearing to the satisfaction of the Court that all the provisions of Chapter 47 of the Code of West Virginia by the applicants for said incorporation, the

said town is duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said Chapter from and after the date of this certificate."

To be signed J. Mays, Clerk & c".

It is further ordered that from and after the date of said certificate the aforesaid territory shall be an incorporated town and as such shall be authorized and empowered to exercise all the corporate powers conferred by Chapter 47 of the Code of West Virginia.

It is further ORDERED that H. N. Renick, W. N. Welch and P. P. Ferrell three legal voters residing within said territory be and are hereby appointed commissioners and authorized and empowered to hold the first election to be held in said town of Falling Spring in the manner and form and for the purposes set forth in said Chapter of the Code.

A COPY TESTE:


CLERK.

(ENTERED IN LAW ORDER BOOK NO. 16, PAGE 137).

CORPORATION OF FALLING SPRINGS
TOWN OF RENICK

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Corporation of Falling Springs, AKA Town of Renick does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Town Recorder not less than 3 business days before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the Town Hall not less than 2 business days before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 3rd day of Dec, 2007.

David Ramsey
Mayor

SEAL

ATTEST:

Lelia Harnes
Recorder

02 576

O F F I C E R ' S O A T H

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

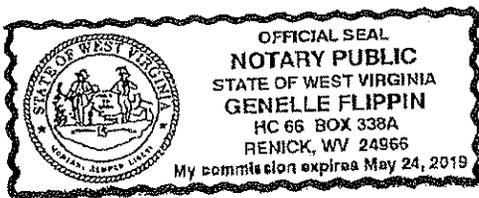
I, David Ramsey, who have been duly
appointed/elected to the office of Mayor

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.

David Ramsey

Subscribed and sworn to before me, in said County and
State, this 29th day of June 2009.

Genelle Flippin



O F F I C E R ' S O A T H

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

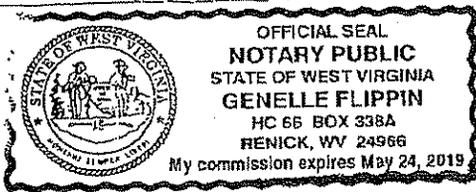
I, Telia Harvey, who have been duly
appointed/elected to the office of Recorder

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.

Telia Harvey

Subscribed and sworn to before me, in said County and
State, this 29th day of June 2009.

Genelle Flippin



O F F I C E R ' S O A T H

STATE OF WEST VIRGINIA,

GREENBRIER COUNTY, TO-WIT:

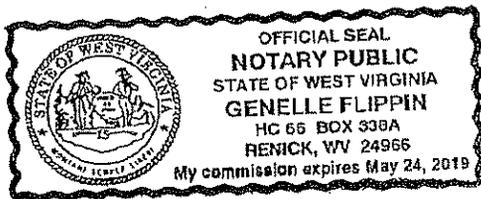
I, Charles Tripi, who have been duly
appointed/elected to the office of Town Council

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.

Charles Tripi

Subscribed and sworn to before me, in said County and
State, this 20th day of June 2009.

Genelle Flippin

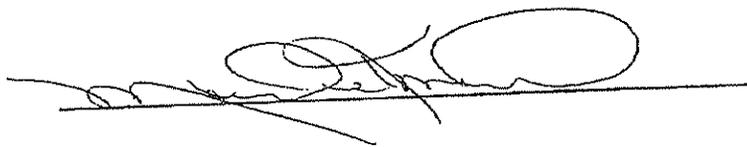


O F F I C E R ' S O A T H

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

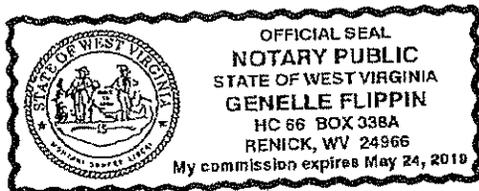
I, Melinda L. Workman, who have been duly
appointed/elected to the office of Renick Town Council

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.



Subscribed and sworn to before me, in said County and
State, this 29th day of June 2009.





OFFICER'S OATH

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

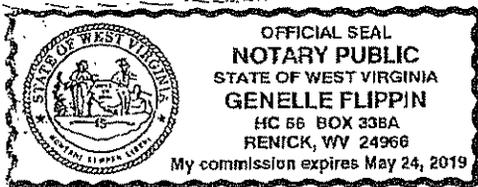
I, TERESA FIELDS, who have been duly
appointed/elected to the office of TOWN COUNCIL

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.

Teresa J. Fields

Subscribed and sworn to before me, in said County and
State, this 29th day of June 2009.

Genelle Flippin



OFFICER'S OATH

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

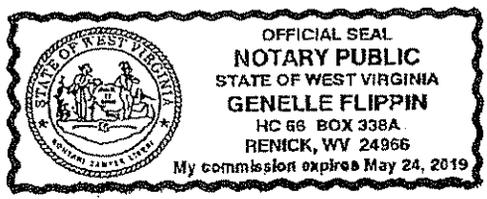
I, Angie Lewis, who have been duly
appointed/elected to the office of Council Member

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.

Angie Lewis

Subscribed and sworn to before me, in said County and
State, this 29th day of June 2009.

Genelle Flippin



O F F I C E R ' S O A T H

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

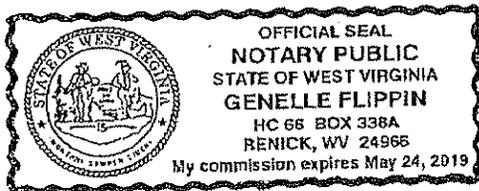
I, Donald Kellison, who have been duly
appointed/elected to the office of Justice Clerk

do solemnly swear that I will support the Constitution of the
United States and the Constitution of the State of West Virginia,
and that I will truly and faithfully perform all the duties of
said office, during my continuance therein, to the best of my
skill and judgment. So help me God.

Donald Kellison

Subscribed and sworn to before me, in said County and
State, this 29 day of June, 09.

Genelle Flippin



AN ORDINANCE TO ESTABLISH WATER RATES

Councilmember Charles W. Lupis introduced the following ordinance which motion was seconded by Councilmember Donald Hallison, the ordinance being in the following words and figures:

AN ORDINANCE TO ENACT THE TOWN'S WATER FUND TARIFF RATE

BE IT ENACTED AND ORDAINED, by the Council of the Falling Springs Corporation (Town of Renick), West Virginia, that the Town's water fund tariff rate schedule be enacted to read as follows:

**Falling Springs Corporation
a.k.a. Town of Renick
Water Fund Tariff**

Rate Schedule

Availability of service

Available for general domestic, commercial, and industrial service.

Metered Rate

First 2,000 gallons used per month	\$10.70 per 1,000 gallons
All water usage over 2,000 gallons	10.70 per 1,000 gallons

Minimum Charge

The above schedule is subject to a monthly minimum charge based on the size of the meter, as follows:

$\frac{5}{8}$ Inch meter	\$21.40 per month
$\frac{3}{4}$ Inch meter	32.10 per month
1 Inch meter	53.50 per month
1 $\frac{1}{4}$ Inch meter	78.11 per month
1 $\frac{1}{2}$ Inch meter	107.00 per month
2 Inch meter	171.20 per month
3 Inch meter	321.00 per month
4 Inch meter	535.00 per month
6 Inch meter	1,070.00 per month
8 Inch meter	1,712.00 per month

Delayed Payment Penalty

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

Preconstruction Connection Charge

Prior to construction starting, the connection charge shall be one hundred dollars (\$100.00) for all customers requesting service prior to the beginning of construction. After construction begins, the normal connection charge of three hundred fifty dollars (\$350.00) will be charged.

Connection Charge

A fee of three hundred fifty dollars (\$350.00) will be charged for each new connection to the system.

Reconnection Charge

The reconnection charge shall be twenty five dollars (\$25.00).

Bad Checks - Returned Checks

If a check received is returned by the bank for any reason, the bank's charge to the Corporation of Falling Springs shall be the Corporation's charge to the customer for a bad check.

This ordinance shall be effective upon passage.

I, the undersigned Recorder for the Town of Falling Springs, State of West Virginia, do hereby certify that the foregoing ordinance was duly passed and adopted by the Town Council of the Corporation of Falling Springs (Town of Renick), and that the proposed ordinance was read by title at not less than two (2) meetings of the Town Council with at least one (1) week intervening between each meeting, the publication requirements have been met, and that the ordinance is now in full force and effect.

Passed 1st Reading 3-6-08

Passed 2nd Reading 3-31-08

Jelica O. Harnoff
(Recorder)

The West Virginia Daily News
P.O. Box 471
Lewisburg, WV 24901
PHONE: (304) 645-1206

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF
GREENBRIER, TO WIT:

I, Louise Bassett,
one of the editors of The West
Virginia Daily News, a daily newspaper
of general circulation published
at Lewisburg, West Virginia,
in the County of Greenbrier, State
of West Virginia, do certify that
publication of the advertisement
or advertisements attached hereto
was made in two (2)
issues of said newspaper, dated
17 March 2008
24 March 2008

NOTICE
FALLING SPRINGS
CORPORATION
a.k.a. TOWN OF RENICK
Notice is hereby given that the
Falling Springs Corporation a.k.a. Town
of Renick, a municipal corporation, will
hold a hearing before the final vote on a
proposed ordinance, the principal object
of which is the adoption of water rates
for customers of the water system to be
constructed and operated by the Falling
Springs Corporation a.k.a. Town of
Renick.
The title of such ordinance is:
"AN ORDINANCE TO ENACT
THE CITY'S WATER FUND
TARIFF RATE"
The final vote on adoption of said
proposed ordinance shall be held in
the council chambers of the Falling
Springs Corporation Town Hall,
Renick, West Virginia on March 31,
2008 at seven o'clock (7:00) p.m.
Interested parties may appear and be
heard at such time with respect to the
passage of the proposed ordinance.
Copies of the proposed ordinance
are available for review at the office of
the recorder, and posted at Town Hall, in
Renick, West Virginia.
Falling Springs Corporation
a.k.a. Town of Renick
By: David Ramsey, Mayor
(17,24m)

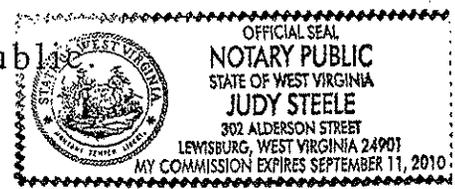
Given under my hand this the
23rd day of April, 2008.
Louise Bassett

Editor or Publisher

Subscribed and sworn to before me this 23rd day of April,
2008.

My commission expires Sept 11, 2010

Judy Steele Notary Public
Publication Fee: \$ 42.43



AFFIDAVIT OF PUBLICATION

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 2nd day of May 2008.

CASE NO: 08-07 15-W-CN
THE CORPORATION OF FALLING SPRINGS, also known as THE TOWN OF RENICK

Applicant's Fair Certificate of Convenience and Necessity to construct a public water system in the Renick area, in the county of Greer.

NOTICE OF FILING

WHEREAS, on May 2, 2008, the Corporation of Falling Springs a.k.a. Town of Renick filed an application, duly verified, for a certificate to construct a public water system in the Renick area, in the county of Greer. The application is on file with an available for public inspection at the Public Service Commission, 20 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Corporation of Falling Springs a.k.a. Town of Renick (applicant) estimates that construction will cost approximately \$2,857,000.00 and will be funded by a West Virginia Small Cities Block grant of \$1,500,000.00; a RUS grant of \$563,000.00; a RUI loan in the amount of \$100,000.00; funds from the City of Lewisburg of \$30,000.00; a West Virginia Infrastructure and Job Development Council loan of \$3,200,000.00 payable at 0% interest over 40 years and a WVHDC grant of \$332,000.00.

WHEREAS, the utility anticipates charging the following adopted rates for its customers:

City of Falling Springs
Water Fund
Tariff

Rate Schedule	Availability of service
Available for general domestic, commercial, industrial and resale service:	
Customer Charge	
3/8 inch meter	\$4.14 per month
1/2 inch meter	\$6.21 per month
1 inch meter	\$10.35 per month
1 1/4 inch meter	\$15.71 per month
1 1/2 inch meter	\$20.69 per month
2 inch meter	\$33.11 per month
3 inch meter	\$62.08 per month
4 inch meter	\$103.47 per month
6 inch meter	\$206.93 per month
8 inch meter	\$337.78 per month
Usage Charge	
First 20,000 gallons used per month	\$3.81 per 1,000 gallons
Next 40,000 gallons used per month	\$3.79 per 1,000 gallons
All over 80,000 gallons	\$2.62 per 1,000 gallons
Delayed Payment Penalty	

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

Connection and Reconnection Fees

1. The tap fee of each new connection to the system shall be three-hundred fifty dollars (\$350.00) minimum as per Public Service Commission regulation.

2. The reconnection fee shall be thirty dollars (\$30).

Processing Returned Checks Fee

An administrative fee of twenty-five dollars (\$25) will be charged for processing returned checks. This fee will

STATE OF WEST VIRGINIA
COUNTY OF
GREENBRIER, TO WIT:

I, Louise Bassett,
one of the editors of The West Virginia Daily News, a daily newspaper of general circulation published at Lewisburg, West Virginia, in the County of Greenbrier, State of West Virginia, do certify that publication of the advertisement or advertisements attached hereto was made in one (1) issues of said newspaper, dated

14 May 2008

Given under my hand this the 14th day of May, 2008.

Louise Bassett

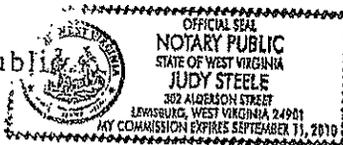
Editor or Publisher

to before me this 14th day of May,

Sept 11, 2000

Sub

Notary Public



known. This delayed payment of penalty is not interest and is to be collected only once for each bill when it is appropriate.

Connection and Reconnection Fees

1. The application fee of each new connection to this system shall be three hundred fifty dollars (\$350.00) minimum as per Public Service Commission regulation.

2. The reconnection fee shall be thirty dollars (\$30)

Processing Returned Check Fee

An administrative fee of twenty-five dollars (\$25) will be charged for processing returned checks. This fee will be in addition to any and all fees charged by the bank or other parties.

Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Corporation of Falling Springs a.k.a. Town of Renick give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Greenbrier County, making due return to this commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by commission order. Failure to timely protest or intervene can affect your right to participate in future proceedings, including any associated rate increases. All protests or requests to intervene must briefly state the reason for the protest or intervention. Requests to intervene must comply with the commission's rules on intervention set forth in the Commission's Rules of Procedure and Practice. All protests and interventions should be addressed to: Ira Squire, Executive Secretary, P.O. 812, Charleston, West Virginia

IT IS FURTHER ORDERED that if protests are received within said (30) day period, the commission will give formal hearing and grant the petition based on the evidence adduced with said application and its hereof.
Ira Squire
Executive Secretary

OCT 01 2008
Region of Planning & Development Council

March 3, 2008

Regular meeting time is first Monday of each month.

Donald Kellison and Charlie Tripi council members, Mayor Ramsey and recorder, and Dean Upton were in attendance.

No quorum, we did have a motion by Charlie, second by Donald; to approve payment of Resolution number 10, on the water project.

March 6, 2008

Special meeting called to approve an ordinance to establish water rates.

Motion to accept rates by Charlie Tripi, second by Donald Kellison. Council approved.

March 31, 2008. Special meeting
Council present were: Angie, Charlie, Donald, Brian, Mayor and recorder -
we had the second reading of the water rate tariff. Council approved.
we decided to order gravel for two alleys under the hill, Lewis and jail house.
Council also read over the resolution for the O & M, operational & maintenance agreement with Lewisburg. Several questions come up which need to be answered before signing

The West Virginia Daily News

PO Box 471

Lewisburg, WV 24901

PHONE: (304) 645-1206

NOTICE OF PUBLIC HEARING ON THE TOWN OF FALLING SPRING BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Falling Spring (the "Town") to be held on Monday, July 6, 2009, at 7:00 p.m. at the Town Hall, Renick, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

TOWN OF FALLING SPRING

Ordinance authorizing the acquisition and construction of additions, betterments and improvements to the existing public waterworks system of the town of Falling Spring and the financing of the cost, not otherwise provided, thereof through the issuance by the town of Falling Spring of not more than \$332,000 in aggregate principal amount of water revenue bonds, series 2009 A (West Virginia infrastructure fund) and not more than \$100,000 in aggregate principal amount of water revenue bonds, series 2009 B (United States Department Of Agriculture); 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 loan agreements 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 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 the Ordinance. The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from Gross Revenues of the system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Falling Spring on June 8, 2009. A certified copy of the above entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/ David Ramsey Mayor

(22,29jn)

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA COUNTY OF GREENBRIER, TO WIT:

I, Louise Bassett one of the editors of The West Virginia Daily News, a daily newspaper of general circulation published at Lewisburg, West Virginia, in the County of Greenbrier State of West Virginia, do certify that publication of the advertisement or advertisements attached hereto was made in two (2) issues of said newspaper, dated

22 June 2009

29 June 2009

Given under my hand this 30th day of

of June, 2009

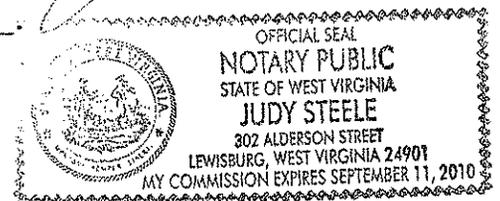
Louise Bassett

Editor or Publisher

to before me this 30th day of June, 2009.

My commission expires Sept 11, 2010, Notary Public

Publication Fee: \$ 93.31



TOWN OF FALLING SPRING

Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned RECORDER of the Town of Falling Spring, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Town:

The Council of Town of Falling Spring met pursuant to notice duly posted, on the 22nd day of July, 2009, at the Town Hall, Renick, West Virginia, at the hour of 7:00 pm

PRESENT:

David Ramsey	Mayor
Telia Harvey	Recorder
Charles Tripi	Councilperson
Melinda Workman	Councilperson
Angela Lewis	Councilperson
Teresa Fields	Councilperson
Donald Kellison	Councilperson

ABSENT: None

David Ramsey, Mayor, presided, and Telia Harvey, acted as Recorder. 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 then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO
PRINCIPAL AMOUNT, DATE, MATURITY DATE,

REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), OF THE TOWN OF FALLING SPRING; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2009 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; DESIGNATING A DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Charles Tripi and seconded by Angela Lewis it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

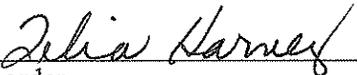
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing action of Town of Falling Spring remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of July, 2009.



Recorder

07.15.09
748080.00001

June 1, 2009

Regular meeting:

Council present: Charlie, Donald, Keenan, Angie, Mayor and recorder.
Also Steve Hunter and Dean ~~Hunter~~ ^{Upton}, Gary and Lisa Snedegar, and Glenn and Zwyła Diehl.

Motion by Charlie to approve and accept both contractors bids for the water project. Angie second, approved by council.

Dean suggested The Town of Renick keep money approved over bid's as contingency funds and add customers on the south end of Spring Creek Station Rd. Angie motioned to approve, Donald second. Approved by council.

Steve read an ordinance from Step-toe and Johnson. Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2009A (the Bonds).
Motion to approve bond by Charlie, Donald second. Approved by council.

Two ordinances, one for junk cars and one on vicious dogs were read by Steve. Keenan motioned to approve, Angie seconded. Approved by council.

Angie made the motion to approve Mr. Diehl's offer to clean the area around the "Ponderosa". Donald second. Approved by council.

Requisition No. 19 for a total of \$2,706.75 was presented for councils approval:

Stafford Consultants	2286.06
WVA Daily News (construction bids)	216.44
Charleston Newspaper's	374.31

Motion to approve by Charlie, Keenan second. Approved by council.

Cat problems were discussed.

The recorder got approval from council.

Angie made the motion to approve moving the recorders office ~~to~~ ^{to} the back room, the only room in the building with a door. Charlie second. Approved by council.

Motion to adjourn:

Lelia Harney
Recorder

June 8, 2009

Special meeting to have second reading of bond ordinance:

Council members present: Keenan, Charlie, Donald, Brian, Mayor, and recorder.

Second Reading of proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2009A (the Bonds). Keenan motioned, Charlie seconded. Approved by council.

Paving of Renick Lane

Keenan motioned, Donald second. To approve:

Greenbrier Excavating and Paving, Inc.

Bids of \$8,150.00 for patching, leveling, and paving Renick Lane.

Third Reading July 6, 2009 at Regular meeting

Ilea Harney
Recorder

JULY
~~June~~ 6, 2009

Regular meeting night; Council members present : Angie, Melinda, Donald, Charlie . Teresa Mayor and Recorder,, Also guest Brenda Cohernour, Bonnie Brown, Twyla Diehl, Dean Upton And Alice King.

Dean read the Bond Ordinance for the third time, Angie moved to adopt the ordinance as Read , Charlie seconded, and approved by council.

Dean read Amendment No 3, on the water project; rules and conditions for the Contractors to go by. Charlie made a motion to approve, Melinda second, council approved ,

Council approved the idea of canvassing potential customers on the south end of Spring Creek Station Road, and also Jonas Landing. Both the Mayor and Dean had discussed the idea with Mayor Manchester and he seems to be against the idea.

Alice read Requisition No. 20 for Council to approved.

Stafford Consultants, Inc.	5,025.20
City of Lewisburg	161,891.00
Steve Hunter, Associates, LC	10,000.00
Jeffery Feamsrer, CPA	2,445.00
Steve Hunter Associates - Permits & Ads	334.00
Step toe & Johnson, Bond Counsel	14,500.00
Total	\$194,195.20

Donald made a motion to make payments ^{to} for all parties read and Teresa seconded, council Approved.

Dean also notified council that Jim Slusher would be visiting the Water systems customers To try to decide where water meters would be located.

Minutes were read and approved with Donald's motion and Melinda's second. The Mayor needs to move his speed bumps to different locations, seems the "Speeders" are going around them.

The Mayor presented a bill from Osborns for cleaning the Parks toilet tank for \$ 238.50. Charlie Motioned to pay the bill, second by Donald.

Council was asked to be present at a special meeting on July 22 at 7 p.m., and July 23 at 11:30 a.m. For a pre-construction conference.

+Motion to adjourn by Angie.

David Ramsey

JULY 22, 2009

SPECIAL MEETING

COUNCIL IN ATTENDANCE:

Melinda Workman, Charlie Tripi, Angie Lewis,

Donald Kellison and Mayor David Ramsey, and

Recorder Telia Harvey.

Guests in attendance were Bonnie Brown, Dwyla

Diehl and Brenda Cohernour and Donald Stump with

Steptoe and Johnson.

John Stump read the final reading of the Bond

Revenue Ordance, for Series 2009 A-RUS Bonds.

He also answered Questions from council on the

Bond proceedings.

Charliemade a motion to adjourn, Angie second.

Recorder

A handwritten signature in cursive script, appearing to read "Telia Harvey". The signature is written in dark ink and is positioned below the typed name "Recorder".

WV MUNICIPAL BOND COMMISSION
 1207 Quarrier Street
 Suite 401
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 27-Jul-09

(See Reverse for Instructions)

ISSUE: Town of Falling Spring
Water Revenue Bonds, Series 2009 A (United States Department of Agriculture)

ADDRESS: Post Office Box 116, Renick, West Virginia 24966 COUNTY: Greenbrier

PURPOSE OF ISSUE:

New Money: x
 Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 27-Jul-09

CLOSING DATE: 27-Jul-09

ISSUE AMOUNT: \$100,000

RATE: N/A

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:

Firm: Steptoe & Johnson PLLC
 Contact: John Stump, Esquire
 Phone: (304) 353.8196

UNDERWRITERS COUNSEL

Firm: _____
 Contact: _____
 Phone: _____

CLOSING BANK:

Bank: N/A
 Contact: _____
 Phone: _____

ESCROW TRUSTEE:

Firm: _____
 Contact: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact: David Ramsey
 Position: Mayor
 Phone: 304.497.3018

OTHER:

Agency: United States Department of Agriculture
 Contact: Teresa Miller
 Position: Rural Development Specialist
 Phone: 304.252.8644 x 163

DEPOSITS TO MBC AT CLOSE

By: _____	Wire _____	Accrued Interest: \$ _____
_____	Check _____	Capitalized Interest: \$ _____
		Reserve Account: \$ _____
		Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____	Wire _____	To Escrow Trustee \$ _____
_____	Check _____	To Issuer \$ _____
_____	IGT _____	To Cons. Invest. Fund \$ _____
		To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made directly to the National Finance Office.
The Municipal Bond Commission will only hold the Series 2009 A Bonds Reserve Account.
Payments into the Series 2009 A Bonds Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

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 specified 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.



**United States Department of Agriculture
Rural Development
West Virginia State Office**

July 23, 2009

The Honorable David Ramsey
Mayor, Corporation of Falling Springs, AKA Town of Renick
P. O. Box 116
Renick, WV 24966

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Ramsey:

This letter, with Attachment No. 1 amends the letter of conditions dated June 15, 2004 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$100,000, an RUS grant in the amount of \$563,000, and other funding in the amount of \$1,696,000, for a total project cost of \$2,359,000. The other funding is planned in the form of a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$166,000, a Small Cities Block Grant in the amount of \$1,500,000 and a contribution from the City of Lewisburg in the amount of \$30,000.

Subject to the requirements noted herein, all of the conditions of the June 15, 2004 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

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

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

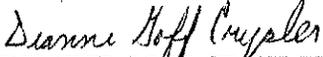
Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

If the conditions set forth in this letter are not met within six (6) months from the date hereof, USDA-Rural Development reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, our agency reserves the right to require that it be revised or replaced.

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

Sincerely,


DIANNE GOFF CHRYSLER
Acting State Director
Enclosures

cc: Area Specialist (CP)
Beckley, WV

Jeffrey Feamster, CPA
P. O. Box 982
Lewisburg, WV 24901

Steve Hunter, Attorney at Law
209 N. Court Street
Lewisburg, WV 24901

WV Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

Region IV Planning & Development Council
425 Main Street, Suite A
Summersville, WV 26651

City of Lewisburg
119 West Washington Street
Lewisburg, WV 24901

Stafford Consultants
P. O. Box 5849
Princeton, WV 24740

✓ Steptoe & Johnson
Attorneys at Law
P. O. Box 1588
Charleston, WV 25326-1588

Attachment No. 1 to Letter of Conditions
 For: Corporation of Fallings Springs
 Date: July 23, 2009

Project Construction Budget

<u>PROJECT COST</u>	<u>LEWISBURG CONTRIB</u>	<u>WIJDC GRANT</u>	<u>SCBG</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION		\$ 66,110	\$ 875,210	\$ 359,278	\$ 39,215	\$ 1,339,813
CONTINGENCY		\$ 85,140				\$ 85,140
LAND & RIGHTS			\$ 12,000			\$ 12,000
LEGAL FEES			\$ 6,800	\$ 2,600	\$ 600	\$ 10,000
BOND COUNSEL	\$ 7,750				\$ 7,250	\$ 15,000
ACCOUNTING				\$ 4,000		\$ 4,000
ENGINEERING FEES	\$ 7,000	\$ 163,108	\$ 57,000	\$ 22,466		\$ 249,574
Basic - \$	123,108					
Insp. - \$	116,466					
Special - :	10,000					
INTEREST					\$ 8,700	\$ 8,700
ADMINISTRATION			\$ 61,700			\$ 61,700
TAP FEE	\$ 30,000		\$ 363,182	\$ 140,122	\$ 21,769	\$ 555,073
PERMITS			\$ 18,000			\$ 18,000
TOTAL	\$ 30,000	\$ 166,000	\$ 1,500,000	\$ 563,000	\$ 100,000	\$ 2,359,000

 **UNITED STATES DEPARTMENT OF AGRICULTURE**
RURAL DEVELOPMENT

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

June 15, 2004

The Honorable David Ramsey
Mayor, Town of Falling Springs, AKA Town of Renick
P.O. Box 116
Renick, WV 24966

RECEIVED

JUL 26 2004

**Region 4 Planning &
Development Council**

Dear Mayor Ramsey:

This letter, with Attachments 1 through 15 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$100,000, an RUS grant in the amount of \$563,000, and other funding in the amount of \$1,530,000, for a total project cost of \$2,193,000. The other funding is planned in the form of a grant from the Small Cities Block Grant Program and a contribution from the city of Lewisburg.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

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

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for the Town of Falling Springs (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)

[Http://www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

COMMITTED TO THE FUTURE OF RURAL COMMUNITIES

- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
- Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
- Attachment No. 14 - RUS Policy regarding Use of Remaining Funds
- Attachment No. 15 - Various other RD Forms as identified on Attachment No. 2

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

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.50% interest rate and a monthly amortization factor of .00459, which provides for a monthly payment of \$459.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

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

2. Security - The loan must be secured by a statutory lien of first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security

requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 95 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 95 signed user agreements.

The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of \$100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the town should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the

following:

- a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
- b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your town. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 and 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts, or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be

handled.

- d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
 - e. On the day of loan closing, the town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the town has already acquired real property(s) (land or facilities), the town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection
 - Corps of Engineers
 - Public Land Corporation
10. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:
- a. A Certificate of Convenience and Necessity.
 - b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
 - c. Approval of financing for the project's proposed financing arrangements.

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

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to \$250,000.00. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
 - (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:

(1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

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

(1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the town and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

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

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

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

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

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.13).

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your town, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of \$100 per year will be

submitted to RUS at least quarterly as required in 7 CFR 3016.

The town will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

15. Other Project Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
 - Form RD 442-7 - "Operating Budget"
 - Form RD 1940-1 - "Request for Obligation of Funds"
 - RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
 - RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 - Form RD 400-1 - "Equal Opportunity Agreement"
 - Form RD 400-4 - "Assurance Agreement"
 - Form AD 1047 - "Certification Regarding Debarment - Primary"
 - Form AD 1049 - "Certification Regarding Drug-Free Workplace"
 - Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 - FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 - Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
 - Certification of Compliance
 - Form RD 1942-46, "Letter of Intent to Meet Conditions"
17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
18. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes.

Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

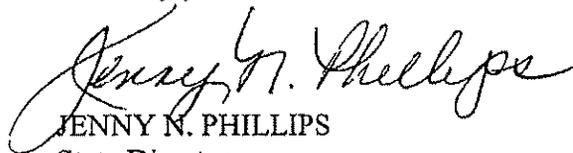
The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 14). This policy should be adhered to when addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

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

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely yours,


JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Jeffrey S. Feamster
Lewisburg, WV

Region IV Planning and Development Council
Summersville, WV

C. Dean Upton
Stafford Consultants, Inc.
Princeton, WV

Steven Hunter
Lewisburg, WV

Project Construction Budget

<u>PROJECT COST</u>	<u>LEWISBURG CONTRIB.</u>	<u>SCBG</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION		\$ 774,000	\$ 298,500	\$ 46,500	\$ 1,119,000
CONST. CONTINGENCY		\$ 77,400	\$ 29,800	\$ 4,700	\$ 111,900
LAND & RIGHTS		\$ 10,000	\$ 4,000	\$ 400	\$ 14,400
LEGAL FEES		\$ 3,400	\$ 1,300	\$ 300	\$ 5,000
BOND COUNSEL		\$ 8,300	\$ 3,200	\$ 500	\$ 12,000
ACCOUNTING		\$ 2,800	\$ 1,200		\$ 4,000
ENGINEERING FEES		\$ 94,000	\$ 36,300	\$ 5,700	\$ 136,000
Basic - \$77,000					
Insp. - \$54,000					
Special - \$5,000					
INTEREST				\$ 12,500	\$ 12,500
ADMINISTRATION		\$ 40,000			\$ 40,000
TAP FEE TO LEWISBURG	\$ 30,000	\$ 473,800	\$ 182,800	\$ 28,400	\$ 715,000
PROJECT CONTG.		\$ 15,500	\$ 5,600	\$ 900	\$ 22,000
PERMITS		\$ 800	\$ 300	\$ 100	\$ 1,200
TOTAL	\$ 30,000	\$ 1,500,000	\$ 563,000	\$ 100,000	\$ 2,193,000

Rates

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$ 7.78	per M gallons
Over	2,000	gallons @	\$ 7.78	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	\$ 15.56	per month
3/4"	meter	\$ 23.34	per month
1"	meter	\$ 38.90	per month
1 1/2"	meter	\$ 77.80	per month
2"	meter	\$ 124.48	per month
3"	meter	\$ 233.40	per month
4"	meter	\$ 389.00	per month
6"	meter	\$ 778.00	per month
8"	meter	\$ 1,244.80	per month

Minimum Monthly Bill \$ 15.56 for 2,000 gallons

Delayed Payment Penalty

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

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

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$300.00 for connection to the system.

Reconnection Charge

\$25.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions
 For: Town of Falling Springs, AKA Town of Renick
 Date: June 15, 2004

TOWN OF FALLING SPRINGS, AKA TOWN OF RENICK
 USE AND INCOME ANALYSIS
 EXISTING SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 2,000	Over 2,000	TOTAL REVENUE
0 - 2,000						
Over 2,000	95	361.00		190.00	171.00	
<hr/>						
Monthly Total	95.00	361.00	0.00	190.00	171.00	
<hr/>						
Proposed Rates			\$ 15.56	\$ 7.78	\$ 7.78	
<hr/>						
Monthly Revenues			\$ -	\$ 1,478.20	\$ 1,330.38	\$ 2,808.58
<hr/>						
Annual Revenues			\$ -	\$ 17,738.40	\$ 15,964.56	\$ 33,702.96
<hr/>						

TOWN OF FALLING SPRINGS
OPERATING BUDGET

OPERATING INCOME

Metered Sales	\$ 33,702	
Penalties	\$ 511	
Other Income	\$ 100	
TOTAL OPERATING INCOME		<u>\$ 34,313</u>

NON OPERATING INCOME

Interest income	\$ -	
TOTAL NON OPERATING INCOME		<u>\$ -</u>

TOTAL INCOME

\$ 34,313

EXPENSES

O & M	\$ 27,970	
Taxes	\$ -	
TOTAL EXPENSES		<u>\$ 27,970</u>

INCOME AVAILABLE FOR D/S (A)

\$ 6,343

DEBT SERVICE

Existing Bond P & I (B)	\$ -	
Proposed Bond P & I (B)	\$ 5,508	
TOTAL DEBT SERVICE		<u>\$ 5,508</u>

DEBT SERVICE RESERVE

Debt Service Reserve*	\$ 550	
TOTAL DEBT SERVICE RESERVE		<u>\$ 550</u>

SURPLUS (DEFICIT)

\$ 285

DEBT COVERAGE (A/B)

\$ 1.15

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL UTILITIES SERVICE
 Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	DUNS Number	1		Applicant			3
	CAIVRS Number	1		RUS			CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		HAVE	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		HAVE	3
	Staff Review Financial Statements	1	S.I. 1780.2	RUS			1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		HAVE	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		HAVE	5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Environmental Report	2	1794	Applicant		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant		HAVE	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		HAVE	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the <u>total number</u> of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		HAVE	8
	Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Det- ermination on the Availability of "Other Credit" with Docu- mentation	1	1780.7(d)	RUS		HAVE	3
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
Automated Form	Grant Deter- mination	3	1780.35(b)	RUS		HAVE	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		HAVE	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		HAVE	2
CPAP Form	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	3
CPAP Form	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant		HAVE	2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant		HAVE	2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41(a)(6)	Applicant		HAVE	3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		HAVE	5
	Relationships/Associations with Agency Employees	1	1780.1(f)	RUS		HAVE	3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant		HAVE	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant		HAVE	5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		HAVE	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		HAVE	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		HAVE	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RUS			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documenta- tion	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
	Evidence of Applicant Contribution	1	1780.44(f)	Applicant			2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
	PSC Approval of Engineering Agreement	1	LOC	Engineer			6
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated June 15, 2004 between

Town of Falling Springs, AKA Town of Renick

a public corporation organized and operating under

Chapter 8 Article 19, West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREA

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 2,193,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,630,000.00 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge

Said sum of \$ 1,630,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 563,000.00 or 25.67% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 25.67% percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, ~~which for XXXXX XXXXX XXXXX~~ as approved by the West Virginia Public Service Commission.

~~of service, adopted by resolution dated XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All that real property associated with the construction of the Town of Renick water extension project, including above ground structures such as pump stations, water storage tanks and appurtenances thereto.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

N/A

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 563,000.00 which it will advance to Grantee to meet not to exceed 25.7% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

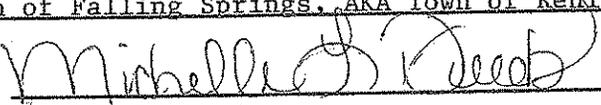
and attested and its corporate seal affixed by its duly authorized

Recorder

Attest:

Town of Falling Springs, AKA Town of Renick

By:


MICHELLE DEEDS

(Title) Recorder

By:


DAVID RAMSEY

(Title) Mayor

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By:


TERESA A. MILLER

Rural Development Specialist

(Title)

GRANT AGREEMENT
(2002W-672)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the TOWN OF FALLING SPRING (AKA RENICK) (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$166,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit A, unless the Council and Authority are provided replacement instructions in writing.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit B.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council 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 groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

TOWN OF FALLING SPRING (AKA
RENICK)

By: David Ramsey
Its: Mayor
Date: July 27, 2009

(SEAL)

Attest:

Lelia Harne

Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

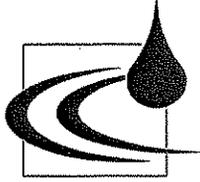
By: [Signature]
Its: Executive Director
Date: July 27, 2009

(SEAL)

Attest:

Carol A. Cummings

Its: Secretary-Treasurer



WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

Exhibit A

Wiring Instructions

_____, 20__

 (Name of Governmental Agency)

 (Street Address)

Payor:	West Virginia Water Development Authority
Source:	Grant Proceeds
Amount:	\$ _____
Date:	_____, 20__
Form:	Electronic Funds Transfer
Payee:	_____
Bank:	_____
Bank Contact:	_____
Telephone:	_____
Routing No.:	_____
Account No.:	_____
Account Name:	_____

Exhibit B

Project Description

The Project consists of acquisition and construction of additions, betterments and improvements for the existing public waterworks system of the Governmental Agency, consisting of construction of extension of the municipal water system to serve approximately 117 new customers located generally along U.S. Route 219 between Frankford and Renick, together with all necessary appurtenances.



State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WY 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wv.gov.org

February 16, 2007

The Honorable David Ramsey
Mayor
Town of Renick
Post Office Box 116
Renick, West Virginia 24966

RECEIVED
MAR 09 2007
DEPARTMENT OF PUBLIC SAFETY & CORRECTIONS

RECEIVED
JUL 23 PM 8 37
WVA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Dear Mayor Ramsey:

Thank you for your application to the Small Cities Block Grant Program.

Your request has been approved in the amount of \$1,500,000. These funds will enable you to provide a safe, potable water supply to the residents of Renick.

In order to effectively use the limited dollars available, I hereby commit \$300,000 from our fiscal year 2006 allocation that will immediately be available to you. The remaining \$1,200,000 necessary to complete the project will be evaluated and committed in a future year allocation based on your ability to proceed forward with this project. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule.

Please contact Mr. Michael Browning of the West Virginia Development Office, at (304) 558-2234, to complete the necessary contract in order to proceed with your project.

I am pleased to assist with these improvements for the citizens of the Town of Renick.

With warmest regards,

Joe Manchin III
Governor

JM:mbm

WEST VIRGINIA DEVELOPMENT OFFICE
GRANT AWARD

Grant Number: 07-382

CFDA Number: 14.228
State Acct. No.: 8746-2007-0307-096-128

Fiscal Year: 2007
Program Name: SCBG

Grantee Name & Address: F.E.I.N. 550-376-652

Town of Renick
P.O. Box 116
Renick, WV 24966

Grant Period:
From: 10-Feb-07
To: 10-Feb-10

Project Name: Water Improvements

Grant ID: B06DC540001

Project Number: 06SCBG0049X

Project Description

Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to provide safe, potable, water supply to the residents of Renick.

Change Orders

Number: Date: Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____.

PAYMENT NUMBER _____.

TOTAL AMOUNT OF THIS GRANT \$ 300,000.00

Authorized Signature: 

Title: Executive Director

Date: 4/19/2007



CITY OF LEWISBURG

National Register Historic District

P.O. Drawer 548 • 119 W. Washington Street • Lewisburg, West Virginia 24901-0548
(304) 645-2080 • Fax (304) 645-2194

RECEIVED

August 5, 2008

David Ramsey, Mayor
Corporation of Falling Springs
P O Box 116
Renick, WV 24966

Dear Mayor Ramsey:

This note is to confirm Lewisburg's commitment of \$30,000 to the Corporation of Falling Springs' water project. This \$30,000 represents the estimated incremental cost to oversize the tank that will serve both Falling Springs and add fire protection capability for Lewisburg's northern most customers.

Sincerely,

John Manchester

John Manchester
Mayor

JM/bys

cc: Jesse Gulls
Steve Hunter
Alice King
Mark Carver

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS

1 DAVIS SQUARE, SUITE 200
TELEPHONE 304-558-2981

CHARLESTON, WEST VIRGINIA 25301

PERMIT

PROJECT: (Water)
Corporation of Falling Springs

PERMIT NO.: 17,870

LOCATION: Falling Spring (Renick) COUNTY: Greenbrier

DATE: 1-30-2008

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Corporation of Falling Springs
P. O. Box 116
Renick, West Virginia 24966

is hereby granted approval to: install approximately 27,838 LF of 8", 19,830 LF of 6" and 3,303 LF of 2" water lines; one (1) master meter station; a pressure reducing station; one (1) 209,000 water storage tank; all necessary valves, controls and appurtenances; with water to be provided by the City of Lewisburg (PWSID: WV3301307).

Facilities are to serve 137 new customers in the Corporation of Falling Springs.

NOTE: This permit is contingent upon: 1) All new water line and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the new 209,000 gallon water storage tank with a minimum six (6) feet high fence with a locking gate.

The Environmental Engineering Division of the OEHS Beckley District Office (304) 256-6666 is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr.
William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

pc: ✓ Stafford Consultants Incorporated
City of Lewisburg
James W. Ellars, P.E., PSC
Amy Swann, PSC
Greenbrier County Health Department
OEHS-EED Beckley District Office

RECEIVED
FEB 07 2008

Public Health &
Environmental Council

TOWN OF FALLING SPRING

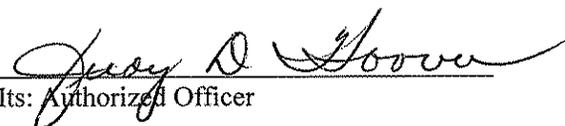
Water Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of First National Bank, Ronceverte, West Virginia (the "Bank"), hereby certify that on July 27, 2009, the Bank received an automated clearinghouse transfer in the amount of \$100,000 for the Series 2009 A Bonds to the credit of the Project Construction Account (Account Number 701416).

WITNESS my signature on this 27th day of July, 2009.

FIRST NATIONAL BANK

By: 
Its: Authorized Officer

07.15.09
748080.00001

ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion. See Page 2 for additional instructions.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY:

USDA Rural Development

AGENCY IDENTIFIER:

57

AGENCY LOCATION CODE (ALC):

503

ACH FORMAT:

 CCD+ CTX

ADDRESS:

481 Ragland Road

Beckley, WV 25801

CONTACT PERSON NAME:

Fiscal Control Branch

TELEPHONE NUMBER (Include Area Code):

(314) 539-2424

ADDITIONAL INFORMATION:

PAYEE / COMPANY INFORMATION

NAME

Corporation of Falling Springs - Water Construction Account

SSN NO. OR TAXPAYER ID NO.:

550637652

ADDRESS:

P.O. Box 116

Renick, WV 24966

CONTACT PERSON NAME:

Telia Harvey, Recorder

TELEPHONE NUMBER (Include Area code):

(304) 497-2788

FINANCIAL INSTITUTION INFORMATION

NAME:

First National Bank

ADDRESS:

1 Cedar Street, Ronceverte, WV 24970

ACH COORDINATOR NAME:

Connie Hedrick

TELEPHONE NUMBER (Include Area code):

(304) 647-5051

NINE-DIGIT ROUTING TRANSIT NUMBER

0 5 1 5 0 1 5 5 8

DEPOSITOR ACCOUNT TITLE:

Town of Renick Water System Construction

DEPOSITOR ACCOUNT NUMBER:

701416

LOCKBOX NUMBER:

TYPE OF ACCOUNT:

 CHECKING SAVINGS LOCKBOXSIGNATURE AND TITLE OF AUTHORIZED OFFICIAL:
(Could be the same as ACH Coordinator):

Connie S Hedrick, Sr. ACH Coordinator

TELEPHONE NUMBER (Include Area code):

(304) 647-5051

AUTHORIZED FOR LOCAL REPRODUCTION

SF 3881 (Rev 2/2003)
Prescribed by Department of Treasury
31 US C 3322; 31 CFR 210

**RESOLUTION OF THE TOWN OF RENICK
ALSO KNOWN AS CORPORATION OF FALLING SPRINGS
APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE
PROPOSED WATER SYSTEM CONSTRUCTION PROJECT AND AUTHORIZING PAYMENT
THEREOF,**

WHEREAS, The Town of Renick also known as Corporation of Falling Springs has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Water System Construction Project funded in part by the HUD Small Cities Community Development Block Grant, the USDA Rural Development Grant/Loan and the West Virginia Infrastructure and Jobs Development Council (IJDC), and finds as follows:

- a) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement heretofore made.
- b) That each item for which the payment is proposed to be paid is or was necessary in connection with the project and constitutes a cost of the project.
- c) That each of such costs has been otherwise properly incurred.
- d) That payment for each of the items proposed is due and owing as the date hereof.

WHEREAS, Town of Renick will deposit the SCBG, USDA Rural Development Grant/Loan, and or West Virginia Infrastructure and Jobs Development Council bond proceeds in the Construction Account and will apply said proceeds to the payment of eligible construction invoices received by Town of Renick. Town of Renick will provide the funding agencies with copies of said construction invoices.

NOW, THEREFORE, BE IT RESOLVED by the Town of Renick as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

VENDOR	INVOICE AMOUNT	SCBG	City of Lewisburg	USDA RUS loan and Grant	IJDC Grant
Arch/Engineering Stafford Consultants, Inc. P.O. Box 5849 Princeton, WV 24740 Inv. 661115002 dated 6/24/09 Bidding	5,025.20	5,025.20	0.00	0.00	0.00
Construction City of Lewisburg POBox 548, 119 W Washington St. Lewisburg, WV 24901 TAP FEE Construction Contract #2	161,891.00	0.00	0.00	161,891.00	0.00
Legal and Fiscal Steve Hunter Associates, L.C. Attorneys at Law 209 North Court Street Lewisburg, WV 24901 Legal Services	10,000.00	0.00	0.00	10,000.00	0.00
Jeffrey S. Feamster, CPA P.O. Box 982 Lewisburg, WV 24901 Rule 42, Invoice #11989	2,445.00	0.00	0.00	2,445.00	0.00
Other Costs- Permits, Ads Steve Hunter Associates, L.C Attorneys at Law 209 North Court Street Lewisburg, WV 24901 Recording Fees	334.00	334.00	0.00	0.00	0.00
Cost of Financing Steptoe & Johnson PLLC P.O. Box 1588 Charleston, WV 25326 Bond Counsel Services	14,500.00	0.00	0.00	14,500.00	0.00
TOTAL	\$194,195.20	\$5,359.20	0.00	\$188,836.00	0.00

ADOPTED BY THE TOWN OF RENICK, at the meeting held on the 6th day of July 2009.

Town of Renick
By: David Ramsey
David Ramsey, Mayor

Town of Renick
By: Telia Harvey
Telia Harvey, Recorder